

Sustainability-Linked Bond Framework

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TELUS Overview

TELUS Corporation (TSX: T; NYSE: TU) (TELUS) is a dynamic, world-leading communications technology company with \$16 billion in annual revenue and 16 million customer connections spanning wireless, data, IP, voice, television, entertainment, video and security. We leverage our global-leading technology and compassion to enable remarkable human outcomes. Our long-standing commitment to putting customers first fuels every aspect of our business, making us a distinct leader in customer service excellence and loyalty. Over the past decade, TELUS has been regularly recognized as having one of the fastest wireless networks in the world, reinforcing our commitment to provide Canadians with access to superior technology that connects us to the people, resources and information that make our lives

better. TELUS Health is Canada's leader in digital health technology, improving access to health and wellness services and revolutionizing the flow of health information across the continuum of care. TELUS Agriculture provides innovative digital solutions throughout the agriculture value chain, supporting better food outcomes from improved agri-business data insights and processes. TELUS International (Cda) Inc. (TSX and NYSE: TIXT) is a leading digital customer experience innovator that delivers next-generation AI and content management solutions for global brands across the sectors of technology, gaming, ecommerce/FinTech, communications/media, health care and travel/hospitality. TELUS and TELUS International operate in 25+ countries around the world.

TELUS' Sustainability Strategy

Sustainability is embedded in our corporate strategy, values and culture and our sustainability performance provides us with social, environmental and economic opportunity. We take action on sustainability issues that are important to our stakeholders, have a significant impact on our company, and that we have an opportunity to positively influence.

The objective of our sustainability strategy is to use our world-leading technology to create meaningful change.

As a signatory to the United Nations Global Compact (UNGC), we set goals that contribute to advancing progress toward the United Nations Sustainable Development Goals (SDGs). The SDGs are transformative global targets that are intended to shape policy development, organizational strategy and stakeholder engagement through 2030. We report on these SDGs as well as our progress on human rights, labour, environment and anti-corruption issues through our UNGC Communication on Progress. We disclose climate-related information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which recommendations address the disclosure of the material financial impacts of climate-related risks and opportunities to help stakeholders better understand how organizations are addressing climate change.

Having surpassed our previous climate-related targets in 2019 – which were to reduce absolute energy use by 10 per cent and

absolute domestic Scope 1 and 2 greenhouse gas (GHG) emissions by 25 per cent by 2020 over 2010 levels – in 2020, we set new transformational targets to address climate change:

- Achieve operational net carbon neutrality by 2030.
- Procure 100 per cent of our electricity requirements from renewable or low-emitting sources by 2025.
- Reduce our energy intensity by 50 per cent over 2019 levels by 2030.

In early 2021, we committed to the following transformational emission reduction targets that were approved by the Science Based Targets initiative (SBTi)*, and SBTi determined that our Scope 1 and 2 target is aligned with a rate of decarbonization consistent with keeping any global temperature increase to 1.5°C compared to pre-industrial temperatures, in accordance with the Paris Agreement:

- 1 Reduce absolute Scope 1 and 2 GHG emissions by 46 per cent from 2019** levels by 2030.
- 2 Reduce absolute Scope 3 GHG emissions from business travel and employee commuting by 46 per cent within the same timeframe.
- 3 Reduce Scope 3 GHG emissions from purchased goods and services, capital goods, and use of sold products by 75 per cent per million dollars' revenue within the same timeframe.

* See Appendix I for more detail on the external validation of our targets by SBTi.

** We chose 2019 as our base year as it provided the most recent full year of available GHG data when preparing our submission to the SBTi. In addition, we determined that 2020 results included atypical reductions in Scope 1 and 2 GHG emissions caused by impacts of the COVID-19 pandemic.

We routinely conduct materiality assessments through a range of stakeholder engagement activities to inform our sustainability strategy, validate priorities and identify emerging issues. The insights gained from these materiality assessments help us to determine priorities that can have the greatest impact on our business and are the most relevant across our value chain. The priorities which we have established are as follows:



1 Giving back to our communities: we believe that giving where we live helps to build stronger, healthier communities and ensures that the most vulnerable among us don't get left behind.



2 Caring for our planet and enabling responsible agriculture: we believe that by investing in innovative technologies and sustainable business practices, we are working to build a better future for the next generation.



3 Innovating in healthcare: we believe that by applying innovative technologies to improve access to healthcare, we are helping Canadians live healthier lives.



4 Creating positive economic impact: we believe in contributing to the development of sustainable communities and a digital and clean economy.



5 Supply chain sustainability: we believe in aligning our supply chain practices with our values (including by way of the TELUS Supplier Code of Conduct) and we focus on putting our customers and communities first.



6 Privacy, transparency and regulatory compliance: we believe that it is critical to earn and maintain our customers' trust by protecting their personal information through a privacy management program (including through the implementation of the seven principles of Privacy by Design), maintaining publicly available privacy and security policies and corporate governance practices, and continuing to be an advocate for positive regulatory changes, demonstrating compliance with legislation, and regulatory rules and requirements.



7 Our people and culture: we believe that our team members are the foundation of our business and drive our success by enabling a diverse, safe, empowering and engaging culture of collaboration and spirited teamwork.



Sustainability-Linked Bond Framework

As we continue to build upon our robust sustainability strategy, and in recognizing the value of linking it to our funding, TELUS has chosen to create a Sustainability-Linked Bond Framework

which is aligned with the five core components of the Sustainability-Linked Bond Principles published by the International Capital Markets Association (ICMA) in June 2020:

1. Selection of Key Performance Indicator

KPI: Company-wide Scope 1 and 2 greenhouse gas emissions reduction

Rationale:

One of the most significant challenges we face is building our business and expanding our product and service solutions while also decreasing our environmental footprint. We recognize that future deployment of 5G technology and fibre technology and growing customer demand for data and connectivity will increase energy requirements. We continue to pursue solutions to reduce energy consumption and to switch to cleaner sources of energy in order to reduce GHG emissions.

We have demonstrated what a committed organization can do to address climate change. Since 2010, we have realized significant absolute reductions in energy use and the resulting GHG emissions in our operations as a result of many programs and initiatives focused on our buildings and network. More recently,

we have been investing in renewable energy in the form of Power Purchase Agreements that enable the development of new solar and wind power facilities, adding clean energy to the electricity grid and generating Renewable Energy Certificates (RECs) for our use.

This metric is measurable, quantifiable and externally verifiable.

Scope and Methodology for Calculating KPI:

This KPI covers all Scope 1 and 2 emissions in TELUS' GHG inventory. Our energy and GHG consumption is calculated according to the GHG Protocol Corporate Accounting and Reporting Standard, Revised Edition (2004). Additionally, TELUS uses a number of publicly available data sources to calculate GHG emissions based on the emission factors in the countries in which we operate. We expect an independent third-party to provide 'limited assurance' on our annual climate-related (and other) KPI results disclosure.



2. Calibration of Sustainability Performance Target (SPT)

Of our targets approved by the SBTi, we have selected the following as our SPT: **Reduce absolute Scope 1 and 2 GHG emissions by 46 per cent from 2019 levels by 2030**

This SPT is aligned with TELUS' sustainability strategy towards science-based emissions reduction goals by 2030 to a 2019 baseline. This SPT will be further defined and detailed in the relevant documentation for the applicable bond offering.

We chose 2019 as our base year as it provided the most recent full year of available GHG data when preparing our submission to the SBTi. In addition, we determined that 2020 results included atypical reductions in Scope 1 and 2 GHG emissions caused by impacts of the COVID-19 pandemic. The 2019 baseline has received limited assurance from Deloitte LLP in connection with our 2019 Sustainability Report.

GHG emissions (tCO₂e)¹

Company-wide GHG emissions	2020	2019	2018
Scope 1	53,002	61,393	65,039
Scope 2	214,590	256,497	264,070
Total company-wide GHG emissions	267,592	317,890	329,109
Renewable energy GHG emission reductions			
Renewable energy GHG impact ²	13,742	15,311	17,119
Net GHG emissions	253,850	302,579	311,990

¹ Data scope for any given year does not include acquisitions made in-year

² 2018-2020 renewable energy from Brooks, Alberta Solar Project RECs

External Validation of SPT by SBTi

We have adopted the guidelines established by the SBTi*. Using the Absolute Contraction Approach, the targets covering Scope 1 and 2 emissions are classified as 1.5°C aligned. The SBTi commended TELUS' ambitious 1.5°C aligned target, and at the time of creation of this Framework, it is the most ambitious designation available through the SBTi process.

Rationale

The selected SPT accounts for 6.5% of TELUS' overall GHG emissions, over which TELUS has operational control. TELUS considers this SPT to be material and relevant because Scope 1 and 2 GHG emissions, which primarily include direct energy sources, such as fuel combustion that include natural gas,

gasoline and diesel, and indirect energy sources, such as electricity used to power our network and offices, capture all of our GHG inventory resulting from our own operations. TELUS recognizes the importance of reducing its Scope 3 GHG emissions and has therefore, under the guidelines of the SBTi, committed to reducing Scope 3 GHG emissions, which are those originating from business travel and employee commuting, as well as from purchased goods and services, capital goods, and use of sold products. Of note, GHG emissions that originate from purchased goods and services and capital goods account for over 80% of TELUS' Scope 3 emissions, of which TELUS has limited or no control; however, TELUS is committed to addressing the main sources of our value chain GHG emissions.

3. Bond Characteristics

If the SPT has not been reached by the SPT observation date, as per the reporting commitments published following the SPT observation date, a premium payment amount or step-up margin amount, as applicable, will be specified in the relevant

documentation of the specific bond transaction and will include specifics with respect to payment mechanisms and back-up mechanisms in case the SPT cannot be calculated or observed, or cannot be calculated or observed in a satisfactory manner.

* See Appendix I for more detail on the external validation of our selected SPT by SBTi.

4. Reporting

TELUS will report annually on the performance of the selected KPI in its annual Sustainability Report, or other similar report(s) as the case may be, which will be made available on TELUS' website. Beginning in our 2021 Sustainability Report (to be reported in 2022), information on the performance of the selected KPI will include: base year information and annual progress on Scope 1 and 2 GHG emissions reductions, data and explanations concerning any adjustments to previously disclosed data and scope of reporting, a summary of the performance of the selected KPI against the SPT including the verification assurance

report ('limited assurance'), and any other relevant information which may enable monitoring of the progress of the selected KPI.

For purposes of the SPT, certain potential events, such as acquisitions or divestitures, including events not within our control, such as changes in the regulatory environment, can substantially impact the calculation of the KPI, and may require the restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope. Any such readjustment will be disclosed as part of TELUS' annual reporting on the KPI.

5. Verification

Pre-issuance

TELUS has obtained and made publicly available a Second Party Opinion ("SPO") by a recognized ESG research and rating agency on the alignment of our Framework with the ICMA's Sustainability Linked Bond Principles and an opinion on the sustainability benefit of this SPT. The SPO will be available on TELUS' website.

Post-issuance

Annually, and for the SPT observation date, TELUS will seek an independent and external verification, in the form of a 'limited assurance' report, by a qualified third party assurance provider on the relevant KPI performance which will be included in our annual Sustainability Report, or other similar report(s) as the case may be. This report will be available on TELUS' website.



Disclaimer

This Sustainability-Linked Bond Framework is provided for informational purposes only and is subject to change without notice.

TELUS and its directors, officers, agents, employees, advisors or other representations (collectively, the “Representatives”) do not assume any responsibility or obligation to update or otherwise revise or correct any statements in this document, regardless of whether those statements are affected by the results of new information, future events or otherwise. The Representatives do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained herein and this document should not be relied on in connection with, or act as any inducement in relation to, an investment decision. No liability or responsibility whatsoever is or will be accepted by any of the Representatives for any loss or damage howsoever arising out of or in connection with the use of, or reliance upon, the information contained in this document.

This Sustainability-Linked Bond Framework does not constitute an offer to sell, a solicitation of an offer to purchase securities under the securities laws of any jurisdiction or a solicitation to enter into any transaction. Any offers or solicitations of offers to purchase securities will be made only in accordance with all applicable laws. Offers to sell, sales, solicitation of offers to buy or purchases of securities issued by TELUS may only be made or entered into pursuant to appropriate offering materials prepared and distributed in accordance with the laws, regulations, rules and market practices of the jurisdictions in which such offers, solicitations or sales may be made. Professional advice should be sought prior to any decision to invest in securities.

Certain statements made in this Sustainability-Linked Bond Framework are forward-looking statements, including statements with respect to TELUS’ sustainability strategy, future goals, TELUS’ commitment to achieving operational net carbon neutrality across all of its global operations by 2030, its targeted commitment to reduce absolute Scope 1 and 2 GHG emissions by 46 per cent by 2030, any premium payment amount or step-up margin amount that TELUS may voluntarily offer if it fails to achieve this target as specified in any relevant bond documentation, TELUS’ commitments to report annually on its performance against its Scope 1 and 2 GHG emissions target, to

obtain an annual independent and external verification of its performance against this target and to include such performance and such independent and external verification in TELUS’ annual Sustainability Report or other similar report(s) and make them available on TELUS’ website, TELUS’ commitment to reduce absolute Scope 3 GHG emissions from business travel and employee commuting by 46 per cent and to reduce Scope 3 GHG emissions from purchased goods and services, capital goods and use of sold products by 75 per cent per million dollars’ of revenue by 2030, as well as other future actions, targets or expectations. All such forward-looking statements are made pursuant to the “safe harbour” provisions of applicable securities laws in Canada and the U.S. Private Securities Litigation Reform Act of 1995.

By their nature, forward-looking statements require TELUS to make assumptions and predications and are subject to inherent risks and uncertainties. There is significant risk that the forward-looking statements will not prove to be accurate. These forward-looking statements are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. These statements are not guarantees of future performance or events. Readers are cautioned not to place undue reliance on forward-looking statements, since a number of factors could cause actual future performance and events to differ materially from those described in the forward-looking statements.

Important risk factors that could cause actual results or events to differ materially from those expressed in, or implied by, our forward-looking statements include the risk factors set forth in TELUS’s most recent management’s discussion and analysis (MD&A), as may be updated by subsequent quarterly and annual MD&As. Investors and others should carefully consider these risk factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. The forward-looking statements contained in this document describe TELUS’ expectations as at the date of this document and, accordingly, are subject to change after such date. Except as required by law, TELUS disclaims any intention or obligation to update or revise any of the forward-looking statements.

Appendix I – SBTi assessment of SPT

The SPT complies with the boundary set by the SBTi as:

- The target covers 99 per cent of all Scope 1 and 2 GHG emissions in TELUS' GHG inventory, developed in line with the GHG Protocol Corporate Standard;
- The GHG inventory and Scope 1 and 2 target include all relevant GHGs, including direct carbon emissions from combustion of biofuels and/or biomass and the relevant emissions are included in the Scope 1 and 2 target boundary;
- The target year of the SPT (2030) is set 10 years from the date of target submission and therefore complies with the minimum 5 years and maximum 15-year threshold;
- The required reduction between 2019 and the Scope 1 and 2 target year is sufficiently ambitious and is aligned with a rate of decarbonization consistent with keeping any global temperature increase to 1.5°C compared to pre-industrial temperatures;
- The target has been assessed against the Absolute Contraction approach endorsed by the SBTi and does not include offsets or avoided emissions.

The SPT meets all SBTi GHG emissions inventory and target boundary criteria, in addition to meeting all Scope 1 and 2 timeframe and ambition criteria.

The chart above compares the SPT (referred to as 'ABS1 Target') against two long-term Absolute Contraction temperature pathways. The ambition of the proposed Scope 1 and 2 target exceeds the minimum ambition for the 1.5°C pathway in the target year of 2030 and is therefore considered ambitious.

Using the Absolute Contraction Approach, the SPT covering Scope 1 and 2 emissions is classified as 1.5°C aligned. The SBTi commended TELUS' ambitious 1.5°C aligned target, and at the time of creation of this Sustainability-Linked Bond Framework, it is the most ambitious designation available through the SBTi process.

