

## **APPENDIX H – TERMS OF REFERENCE FOR THE PENSION**

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TELUS Corporation (the “Company”) is the sponsor and administrator of the Pension Plan for Management and Professional Employees of TELUS Corporation, the TELUS Edmonton Pension Plan, the TELUS Corporation Pension Plan, the TELUS Québec Defined Benefit Pension Plan, the TELUS Defined Contribution Pension Plan, the TELUS Defined Contribution Pension Plan For Provincially Regulated Employees, any successor plans, related supplemental retirement arrangements as mandated by the Board, and any related trust funds (collectively the “Pension Plans”). The Board is responsible for the management and administration of the Pension Plans.

The Board has established a Pension Committee (the “Committee”) to oversee the administration, financial reporting and investment activities of the Pension Plans. The Committee is responsible for reporting to the Board in respect of the actuarial soundness of the Pension Plans, administrative aspects of the Pension Plans, investment policy, performance of the investment portfolios and applicable legislative and regulatory compliance.

The Committee has delegated certain duties and responsibilities to the Management Pension Committee (the “Management Pension Committee”) which is established and appointed by the Chief Financial Officer of the Company and is governed by its own terms of reference (as noted below).

### **1. MEMBERSHIP**

- 1.1. The Committee will consist of a minimum of three members, including the chair of the Committee. The Board, upon the recommendation of the Corporate Governance Committee, will appoint and remove the members of the Committee by a majority vote. The members will sit on the Committee at the pleasure of the Board.
- 1.2. The Board, upon the recommendation of the Corporate Governance Committee, will appoint the chair of the Committee from the Committee’s members by a majority vote. The chair of the Committee will hold such position at the pleasure of the Board.
- 1.3. All members of the Committee will be Independent Directors.

### **2. MEETINGS**

- 2.1. The Committee will meet at least once each quarter and otherwise as necessary. Any member of the Committee may call meetings of the Committee.
- 2.2. All directors of the Company, including management directors, may attend meetings of the Committee provided, however, that no director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if the director is not a member of the Committee.
- 2.3. The Chief Legal and Governance Officer or their nominee will act as secretary to the Committee.
- 2.4. The Committee should hold an in-camera session without management present, including management directors, as a regular feature of each Committee meeting.
- 2.5. The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee’s meetings and meeting materials, regardless of whether the director is a member of the Committee.

### **3. QUORUM**

The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee. A quorum once established is maintained even if members of the Committee leave the meeting prior to conclusion.

### **4. DUTIES**

Subject to the Articles of the Company and the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board in respect of each Pension Plan, except for those powers and duties expressly delegated to the People, Culture and Compensation Committee in respect of the Supplemental Retirement Plans ("SRPs") for Executive Management. These delegated powers and duties are subject to exceptions and limitations in certain instances where the Pension Plan documents concerned provide that certain powers and duties are assigned to various parties other than the Board or the Company.

#### **4.1. Risk Oversight**

Except to the extent reserved by the Board or delegated to the People, Culture and Compensation Committee, in the exercise of its powers and duties hereunder, the Committee will oversee and monitor the timely identification of material risks associated with the administration and investment activities of the Pension Plans, including SRPs for Executive Management and the implementation of appropriate systems and processes to identify and manage those risks.

#### **4.2. Plan Design**

- (a) Initiation, Merger and Termination of Pension Plan – The Committee will review and recommend to the Board for approval all decisions to initiate a pension plan, merge or terminate any Pension Plan, or otherwise fundamentally change the nature of the pension arrangement for any Pension Plan.
- (b) Appointment of Trustee(s) – The Committee will review and recommend to the Board for approval the appointment of the trustee for each Pension Plan.
- (c) Trust Agreement – The Committee will review and recommend to the Board for approval any trust agreement between the Company as the sponsor of a Pension Plan and the trustee, as well as any amendments thereto which give rise to a fundamental change in the nature of the trust arrangement. The Committee may review and approve amendments to any such trust agreements where the amendments do not give rise to a fundamental change in the nature of the trust arrangement.
- (d) Plan Amendments – The Committee will approve all amendments to any Pension Plan that, in the opinion of the actuary of the Pension Plan in question, affect the cost of pension benefits. The Committee may, however, in its discretion and on such terms as it may consider appropriate from time to time, delegate to the Management Pension Committee the authority to approve amendments to any Pension Plan where such amendments do not give rise to any change in the cost of pension benefits beyond a maximum amount specified by the Committee, or where such amendments are required to maintain the registration of the Pension Plan under applicable laws.

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### **4.3. Pension Governance**

- (a) Governance Structure – At least once every five years, the Committee will review the governance structure for the Pension Plans which sets out the major decision-making bodies and the mandate, scope, duties and responsibilities of those decision-making bodies and recommend any amendments thereto to the Board for approval. The Committee may, however, review and approve amendments to the governance structure where such amendments do not give rise to a fundamental change in the nature of the governance structure.
- (b) Terms of Reference of the Pension Committee – The Committee will review at least annually, and evaluate the adequacy of, Appendix H - Terms of Reference for the Pension Committee and the Committee's performance and report its evaluation and any recommendations for change to the Corporate Governance Committee of the Board.
- (c) Terms of Reference of the Chief Financial Officer of the Company – The Committee will periodically review and approve the terms of reference of the Chief Financial Officer of the Company with respect to the management and administration of the Pension Plans.
- (d) Terms of Reference of the Management Pension Committee – The Committee will periodically review and approve the terms of reference of the Management Pension Committee, and monitor compliance of the Management Pension Committee with its terms of reference.
- (e) Terms of Reference of Pension Advisory Councils – The Committee will periodically review the terms of reference of the pension advisory councils approved by the Management Pension Committee in order to ensure that they set out appropriate terms and procedures for the effective administration of the councils.
- (f) TELUS Pensions Governance Policy – The Committee will establish and review at least once every three to five years or more often if necessary, the TELUS Pensions Governance Policy that specifies the major monitoring and reporting requirements for the various decision-making or advisory bodies including reports and documents in order to fulfill their responsibilities with respect to the management and administration of the Pension Plans.

### **4.4. Valuation and Funding**

- (a) Funding Policy – The Committee will review and recommend to the Board for its approval, at least every five years, a funding policy which sets out guidelines with respect to the valuation and funding of the liabilities of the defined benefit Pension Plans.
- (b) Major Actuarial Assumptions – The Committee will review, at least annually, the major actuarial assumptions for the valuation and funding of the liabilities of the defined benefit Pension Plans, as approved by the Chief Financial Officer of the Company.
- (c) Actuarial Valuation – The Committee will review the actuarial valuation of the defined benefit Pension Plans prepared by the actuary of the Pension Plans, as approved by the Management Pension Committee, subject to the Chief Financial Officer approving the pension contributions.
- (d) Pension Contributions – The Committee will review, at least annually, the contributions to

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the pension funds of the defined benefit Pension Plans, as approved by the Chief Financial Officer of the Company.

- (e) Transfer of Surplus – The Committee will review, at least annually, any transfers of surplus to the Supplemental Benefits Account of the TELUS Corporation Pension Plan in accordance with section 18.08 of that pension plan, as approved by the Chief Financial Officer of the Company.

### **4.5. Asset Mix Policy and Investment Program**

- (a) Goals, Objectives and Asset Mix Policy for Defined Benefit Pension Plans – The Committee will establish, and periodically review, the goals, objectives and long-term asset mix policy for defined benefit Pension Plans, in terms of the proportion of the assets to be invested in various asset classes on average over the long term.
- (b) Goals, Objectives and Investment Program for Defined Contribution Pension Plans – The Committee will establish, and periodically review, the goals, objectives and investment program for defined contribution Pension Plans, in terms of the number and types of investment options to be offered to the members of the plans.

### **4.6. Investment Philosophy**

Statement of Investment Beliefs and Principles – The Committee will establish, and periodically review, a Statement of Investment Beliefs and Principles (the “SIB&P”) which sets out the fundamental assumptions and rationale underlying the development of investment policies and the management of the assets of the defined benefit and defined contribution Pension Plans.

### **4.7. Investment Policies and Management**

Statement of Investment Policies and Procedures – The Committee will review, at least annually, the Statement of Investment Policies and Procedures for each Pension Plan approved by the Management Pension Committee for compliance with the investment principles and beliefs as set out in the SIB&P.

### **4.8. Communication and Education**

Defined Contribution Pension Plan Member Communication and Education Policy – The Committee will review periodically the Member Communication and Education Policy approved by the Management Pension Committee.

### **4.9. Operations and Implementation**

- (a) Pension Expense Policy – The Committee will approve and periodically review a Pension Expense Policy which sets out guidelines for the payment of expenses incurred in the management and administration of the Pension Plans from the assets of the pension funds.
- (b) Internal Controls Policy – The Committee will establish and periodically review an Internal Controls Policy on the appropriate financial and operating controls and procedures necessary to safeguard the assets of the Pension Plans and maintain the integrity of pension payments. It will undertake an internal audit of these controls and procedures as required but in any event at least every three to five years and it will make such changes to the

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controls and procedures that the Committee determines are necessary as a result of the audit.

- (c) Appointment of Auditor - The Committee will appoint annually the external auditor of the Pension Plans.
- (d) Appointment of Actuary – The Committee will appoint annually the actuary of the Pension Plans.

### **4.10. Review and Approval**

The Committee will periodically review all other policies and appointments approved by the Committee and make any required amendments or changes thereto.

### **4.11. Miscellaneous**

The Committee will have such other duties and responsibilities that are delegated to it and review such other matters as are from time to time referred to it by the Board.

## **5. ACCOUNTABILITY**

The Committee will provide a report to the Board as soon as practicable following every Committee meeting, which will include a summary of investment performance for each Pension Plan, and will provide annually audited financial statements for Pension Plans, as applicable.

## **6. OUTSIDE ADVISORS**

The Committee may engage and terminate outside advisors, at the expense of the Company, to provide advice with respect to anything within its duties, responsibilities and authority.

## **7. AUTHORITY**

The Committee, in fulfilling its mandate, will have the authority to:

- (a) communicate directly with any member of management as the Committee deems appropriate;
- (b) delegate tasks to Committee members or subcommittees of the Committee;
- (c) delegate tasks to the Management Pension Committee and management; and
- (d) access appropriate funding as determined by the Committee to carry out its duties.