

# United Nations Global Compact



The United Nations has developed a global agreement, or compact, to help businesses align their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. TELUS supports the compact and we became a signatory of the United Nations Global Compact (UNGC) in 2010 and continued our support throughout 2017.

## Communication on Progress

### Embracing global sustainability principles

As a visionary member of the [Global Compact Network Canada \(GCNC\)](#), TELUS continues to demonstrate our commitment to the Principles of the UNGC. The GCNC offers Canadian business and non-business sectors a unique opportunity to learn and exchange best practices in corporate responsibility within the network and amongst global peers. In doing so, we build the capacity of the Canadian corporate sector, empowering companies to embrace the UNGC's principles within their national and global operations.

Specifically in 2017, TELUS presented during several webinars hosted by the GCNC, on topics such as sustainability reporting, gender equality and private and public partnerships for supporting [Sustainable Development Goals](#).



## Human rights

**UNGC Principle 1:** Businesses should support and respect the protection of international human rights within their sphere of influence.

TELUS has a long-standing commitment to respecting and protecting human rights as outlined in our [Code of Ethics and Conduct](#), and reflected in our respectful workplace, employment equity and diversity practices. The Code ties together policies outlining expected business behaviour and provides guidelines for the standards of ethical conduct expected of all employees, including officers and members of the TELUS Board of Directors. The Code, which is updated and published annually, formalizes our commitment to safeguard internationally proclaimed human rights. Further details about our expectations are provided for employees in our Respectful Workplace policy.

Each year, TELUS requires all employees and contractors to complete an online Integrity training course that outlines key aspects of the Ethics, Respectful Workplace, Security and Privacy policies. The 2017 course was completed by 100 per cent of employees by April 12, 2018.

We have also implemented specific training based upon our Respectful Workplace policy.

In addition to complying with the Code of Ethics and Conduct and Respectful Workplace policy, our [international operations](#) follow local legislation that protects human rights in all jurisdictions where we operate.

TELUS has several processes in place to further monitor our human rights practices:

- Collective agreements that set out the steps of grievance and arbitration processes available to employees
- An internal complaints procedure about respectful workplace practices that are investigated and addressed by the Respectful

Workplace Office, and reported quarterly to the Human Resources and Compensation Committee of TELUS' Board of Directors

- The TELUS [EthicsLine](#), which provides an opportunity for anyone to anonymously and confidentially ask questions, request support or make a good faith report about a real or perceived violation of the Code of Ethics and Conduct, government law or regulation, questionable business practices or accounting/auditing matters.

TELUS' [Supplier Code of Conduct](#) (SCOC) sets out social and environmental practices that our business partners must adhere to. The SCOC aligns to the 10 principles of the UNGC. We expect our suppliers to:

- Comply with applicable laws and regulations wherever they operate
- Follow recognized standards of behaviour
- Advance social and environmental responsibilities
- Operate consistently with TELUS' commitment to being a leading corporate citizen
- Make certain their affiliates, suppliers, employees and contractors perform obligations to TELUS that are consistent with the ethical standards set out in this Code.

In 2016, we began the process to draft a specific Human Rights Policy, which we hope to publish in 2018.

**UNGC Principle 2:** Businesses should make sure that they are not complicit in human rights abuses.

TELUS' focus on respect in the workplace is an indication of our commitment to nurturing a positive, professional and safe working environment and is a cornerstone of our leadership values and culture. When employees respect each other, we improve work relationships, enhance teamwork and increase productivity. In support of this priority, TELUS launched the Respectful Workplace Office in 2004, which oversees our Respectful Workplace policy and works to resolve any issues identified through our processes.

Each year, key points from TELUS' Respectful Workplace policy are covered in our mandatory Integrity training course. In addition, all newly hired employees are provided training on the policy. Our overriding goals are to:

- Help employees understand the law and what is considered acceptable behaviour at work
- Be sure employees are aware of the protections and processes available to them should an inappropriate workplace issue arise.

Complaints filed by our employees with the [Canadian Human Rights Commission](#) are analyzed to determine if there are any internal practices that are causing concern and require attention. In our international locations, we comply with regulatory laws and requirements for each jurisdiction.

We support suppliers who demonstrate a strong commitment to sustainable development. This involves adhering to ethical, privacy, labour, health and safety, and environmental principles that align with ours, and ensure the well-being of our suppliers' employees, contractors and communities. Our SCOC is fundamentally aligned with TELUS' commitment to be a leading corporate citizen. The SCOC is incorporated in major procurement contractual templates, and goes beyond legal compliance, drawing upon internationally recognized standards, to advance social and environmental responsibility and business ethics.

It is paramount that our SCOC leads the industry in ethical and sustainability standards. In 2017, our team worked on updates to the SCOC to ensure it reflected best in class practices. To reinforce our leadership in this area, the revised SCOC, to be published in 2018, will include more:

- Specific detail around obligations, including those related to responsible sourcing of minerals
- Robust language around items such as risk, privacy and information security, accessibility for our customers and team members, and supplier diversity.

During 2018, TELUS will continue its focus on the SCOC internally and externally, challenging ourselves—together with our suppliers—to set an example of the highest standards and enhance our monitoring of potential human rights issues.

### Conflict Minerals

In 2012, the [Securities and Exchange Commission](#) (SEC) finalized reporting requirements to disclose the use of designated minerals and metals mined in the Democratic Republic of Congo and adjacent countries. Cassiterite (a source of tin), wolframite (a source of tungsten), columbite-tantalite (or coltan, a source of tantalum) and gold are often referred to collectively as conflict minerals. Such minerals may be used in electronic and communications equipment that we use or sell. As a signatory of the UNGC, we are committed to preventing human rights abuses that could result from our operations.

Through our SCOC, we expect our suppliers to evaluate the origin or source of their materials throughout their supply chains to reasonably assure that they have not been obtained in any illegal or unethical manner. In particular, our suppliers must have a policy to reasonably assure that the tantalum, tin, tungsten and gold, or other rare earth minerals in their products, do not directly or indirectly finance or benefit armed groups that are perpetrators of human rights abuses in the Democratic Republic of the Congo or an adjoining country. Suppliers are expected to exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to TELUS upon request.

These SEC reporting requirements for conflict minerals, mandated by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, came into effect for our 2013 annual reporting cycle. Through the establishment of an internal Conflict Minerals Working Group, we have performed our due diligence and have met the reporting requirements annually.

## Labour standards

**UNGC Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Unionized team members of TELUS are covered by four major collective agreements with the following unions:

- Telecommunications Workers Union , United Steelworkers Local 1944 (TWU)
- Syndicat québécois des employés de TELUS (SQET)
- Syndicat des agents de maîtrise de TELUS (SAMT)
- B.C. Government and Services Employees' Union (BCGEU).

The TWU collective agreement expires on December 31, 2021. The contract with the TWU covers 9,019 team members across Canada predominantly located in B.C., Alberta, Ontario and Quebec. Our contract with the TWU is the only nationwide collective agreement in the wireless and wireline telecommunications industry.

Additionally, we have two major collective agreements in the province of Quebec. The larger of the two is between TELUS and the SQET which covers 752 trades, clerical and operator services team members and the other is between TELUS and the SAMT covering 635 management and professional team members. The agreement with the SAMT expires on March 31, 2021. The contract with the SQET expires on December 31, 2022.

Our subsidiary, TELUS Sourcing Solutions Inc., has 61 team members covered by a collective agreement with the BCGEU, which expires on April 30, 2019.

We maintain respectful and professional relationships with the bargaining agents that represent our team members across Canada and we uphold our team members' right to freedom of association at the workplace.

Our collective agreements contain mutually agreed upon adjustment processes that include:

- Redeployment to another position based on seniority/qualifications
- Wage protection/retraining opportunities
- Paid relocations
- Early retirement or voluntary severance options for employees affected by organizational change
- Advance notice periods for employees and the union in cases of management initiated workplace changes. The notice periods are different in each collective agreement and vary based on the nature of the operational issue, and in some cases an employee's seniority.
- Notice for operational changes varies from a minimum of three weeks to a maximum of 12 months.

### Union recognition through consultation

TELUS strongly believes in building professional and respectful relationships with the bargaining agents representing our team members. Communication with the unions is recognized as an important element in nurturing these relationships. We have negotiated provisions in our collective agreements with the TWU and the SQET that establish formal structured consultation committees and processes. In addition to the regular day-to-day information sharing with unions, in 2017, there were several joint consultation sessions at the senior leadership and executive level to discuss matters of mutual interest.

In the collective agreement with the TWU, we have expanded our commitment to consultation through three new formalized joint union-management consultation processes concerning workplace accommodation, workplace issues of mutual concern and the grievance and arbitration process.

Additionally, TELUS provides advance notice to our unions and affected team members regarding operational changes such as contracting out, technological change and mergers, acquisitions and divestitures. Notice requirements of such changes are contained in each of the collective agreements.

## Board of Directors diversity representation

We believe the diversity of our team is a significant competitive advantage and we value the contribution and worth of each team member. We embrace diversity and inclusiveness because it is the right thing to do and it is critical to our success. Simply put, we recognize and leverage the value of diversity for our Shareholders, customers, team members and the communities we serve. In 2013, the Board adopted a diversity policy to improve the representation of diversity on the TELUS Board. The policy provides that the Corporate Governance Committee, which is responsible for recommending director nominees to the Board, will consider director candidates on merit, based on a balance of skills, background, experience and knowledge. In identifying the highest quality directors, the Corporate Governance Committee will take into account diversity considerations such as gender, age and ethnicity, with a view to ensuring that the Board benefits from a broader range of perspectives and relevant experience. The Corporate Governance Committee assesses the effectiveness of this policy annually and recommends amendments to the Board for approval, as appropriate. A copy of our Board diversity policy can be found at [telus.com/governance](http://telus.com/governance).

According to the policy, the Corporate Governance Committee must also set measurable objectives for achieving diversity and recommend them to the Board for adoption on an annual basis. In 2013, the Board adopted a target of having diverse members represent between 30 and 40 per cent of its independent directors, with a minimum representation of 25 per cent women, by May 2017. The Board also agreed to have TELUS sign the Catalyst Accord and thereby pledge to increase the overall representation of women on the Board to a minimum of 25 per cent by 2017. In February 2015, the Board adopted an additional target of having women represent 30 per cent of its independent directors by the end of 2019. This was in line with Darren Entwistle being a founding member of the 30% Club Canada, which is also working toward having women represent 30 per cent of board members by the end of 2019. As noted on page 26 in our [Annual Report](#), in 2016, the Board reframed its diversity objectives and expressed them in terms of a minimum percentage of both men and women, reflecting the principle that a board that consists

entirely of women is no more diverse than a board that consists entirely of men. The Board also accelerated the target date for having a minimum of each gender representing 30 per cent of the independent directors from 2019 to 2018. Our diversity objective now states that diverse members will represent not less than 30 per cent of the Board's independent directors by May 2017, with a minimum of each gender representing not less than 30 per cent of such directors by 2018.

Diverse members (five nominees out of 12) represent 42 per cent of the independent directors nominated for election, and female members (three nominees out of 12) represent 25 per cent of the independent directors nominated for election at our annual general meeting in 2018. We intend to meet our goal of having 30 per cent of each gender represented by the end of 2018. We are actively seeking to add another female director to our Board.

**UNGC Principle 4:** The elimination of all forms of forced and compulsory labour.

The following codes and policies guide our workplace practices and provide assurance TELUS does not use or support forced labour at any of our operations:

- The TELUS Code of Ethics and Conduct states that employees have the right to a safe and violence-free workplace, and violence in the workplace is considered a criminal issue
- A Violence Prevention in the Workplace Investigation and Reporting policy
- Our Supplier Code of Conduct addresses forced labour and does not allow the use of forced labour in our supply chain.

**UNGC Principle 5:** The effective abolition of child labour.

TELUS does not use or support child labour at any of our operations. In fact, the TELUS [Supplier Code of Conduct](#) does not allow the use of child labour anywhere in our supply chain.

TELUS routinely monitors developments with respect to the [International Labour Organization \(ILO\) conventions 138 and 182](#) with respect to child labour, particularly in countries in which we do business.

**UNGC Principle 6:** The elimination of discrimination in respect of employment and occupation.

The TELUS [Code of Ethics and Conduct](#) states that every employee has the right to a workplace that is free from discrimination and harassment. We place great importance on maintaining a culture that encourages the achievement of our business objectives in a manner consistent with our values. To promote company-wide awareness of this issue, all employees must complete annual online Integrity training as a condition of employment as noted above under Principle 1.

TELUS recognizes an inclusive environment that values diversity of thought, background, skills and experience facilitates a broader exchange of perspectives. TELUS' Diversity and Inclusiveness Council has developed and implemented initiatives including providing diversity training to TELUS employees and assisting with the establishment of team member resource groups. These resource groups include:

- Abilities Network: for employees and family members with varying abilities
- Alliance: for active and retired military personnel and the families who support them
- Connections: our women's network
- Eagles: our Indigenous Peoples network
- Mosaic: for multicultural employees
- Spectrum: our network for our lesbian, gay, bisexual, transgender, queer and allied team members.

Results from our annual employee survey in 2017 indicate that 95 per cent of employees agree or strongly agree that we have a work environment that embraces diversity and accepts individual differences (e.g., gender, race, ethnicity, sexual orientation, religion, age).

To learn more about diversity and inclusiveness at TELUS, please visit our [website](#).

## Environment

**UNGC Principle 7:** Businesses should support a precautionary approach to environmental challenges.

Responsibility for managing TELUS' environmental footprint is shared by senior leaders from across our Company who have specific areas of expertise such as risk management, network operations, real estate operations, supply operations, procurement and our environmental consultants. The Corporate Governance Committee of TELUS' Board of Directors receives quarterly reports about TELUS' ongoing environmental risk management activities.

### Environmental Management System

TELUS believes that an effective environmental management system provides the foundation for our environmental sustainability initiatives. In 2017, TELUS completed the required external audits to maintain our ISO 14001 certification. The globally recognized ISO 14001 standard has recently been updated (ISO14001:2015) and in 2017 we made progress on adapting our current system to the new version. Maintaining this ISO standard also requires continual improvements to our environmental management processes, and TELUS is committed to identifying even more ways to better our performance.

### Auditing and site assessments

To affirm our compliance with regulatory requirements, TELUS standards, and to maintain our ISO 14001 certification, we conduct regular site assessments and audits of our operations. In 2017, SGS Canada, our ISO 14001 registrar, completed a maintenance audit of our operations in Canada. This was followed by an environmental management system (EMS) internal audit of Ontario and Quebec operations in the fall. Going forward, TELUS will continue to have annual ISO 14001 maintenance audits, as well as our yearly internal regulatory compliance and EMS audits. The internal audit will be focused on operations in the province of B.C. in 2018.

In addition to the formal audits, our team of environment professionals conducted over 50 site assessments at TELUS facilities. These facilities were prioritized by their potential for environmental risks. This work complements the more than 2,000 annual facility assessments conducted by network technicians at TELUS.

## Training

Environmental training, provided to our employees and contractors for more than 30 years, is a key component of our EMS. Our training programs are designed to give employees the necessary information to address potential environmental risks associated with their work. Training covers topics such as spills and releases, response and reporting, and the transportation and disposal of waste. In 2017, employees completed 3,722 training courses with environmental themes. This is an increase over the 3,119 courses completed in 2016, and is a result of our course refresher frequency, which ranges from one to three years.

TELUS established a Climate Change Strategy in 2010, with a goal of reducing absolute energy consumption by 10 per cent and realizing a 25 per cent reduction in greenhouse gas (GHG) emissions by 2020 based on 2010 levels. We have reduced our energy consumption by 7.1 per cent and our GHG emissions by 19 per cent since 2010. We monitor and report our progress annually and these goals form a component of the Sustainability Index in our Corporate Scorecard, the results of which impact the variable component of our employees compensation.

**UNGC Principle 8:** Undertake initiatives to promote greater environmental responsibility.

The strength of our environmental and sustainability culture at TELUS is the result of over two decades of dedicated work in this field. Since we published our first environmental report in 1992, we have continued to evolve our environmental management and sustainability program to support what we

believe is a best-in-class sustainability program. Our [disclosure](#) now aligns to the Global Reporting Initiative G4 guidelines at the Core level and in 2017, we were named to the Dow Jones Sustainability World Index (DJSI) for the second consecutive year and to the DJSI North American Index for the 17th consecutive year.

**UNGC Principle 9:** Encourage the development and diffusion of environmentally-friendly technologies.

TELUS develops and implements technology solutions that support the principle of moving ideas instead of people. Our TELUS Technology Labs enable testing, trialing and proof-of-concept of emerging technologies and services. Associated with the labs, TELUS Innovation Centres across Canada showcase our current and potential future networks and services. When we implement environmentally-friendly technologies internally, we not only support our own sustainability goals, we provide benefits to society as a whole by reducing resource use and GHG emissions. Externally, we offer videoconference and teleconference technologies for our customers and partners, which reduces the need for travel, providing a reduced carbon footprint.

Key 2017 energy efficiency program highlights include:

- A 1.3 per cent decrease in fuel consumption in our fleet, due to 0.8 per cent less km driven.
- Avoidance of 100.3 GWh in energy through more than 80 initiatives driven by our energy efficiency program
- The elimination of eight floors of real estate and the sublease of 69,000 square feet, which generated annual cost savings and reduced our energy footprint due to the continued success of our Work Styles® Program
- LED lighting upgrade programs in Alberta which will realize 1,668 tonnes CO<sub>2</sub>e of GHG emissions reduction annually
- An HVAC chiller modernization project in Alberta which is expected to reduce our GHG emissions by 1,800 tonnes CO<sub>2</sub>e annually

- Energy Management Program network optimization initiatives which are expected to reduce GHG emissions by 800 tonnes CO<sub>2</sub>e annually in our Eastern operations
- Purchase of 30,000 eMWh of EcoLogo Certified Renewable Energy Credits generated from Alberta sources.

Additionally, our Work Styles program, Green Building initiatives and many of our [TELUS Health](#) solutions support this principle.

### Anti-corruption

**UNGC Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Bribery and corruption is one of the primary obstacles to economic development. It undermines the rule of law, weakens trust in public institutions and challenges democratic principles. Bribery and corruption can exist in any society, rich or poor, creating a need for continued vigilance by regulators, law enforcement agencies and industry leaders.

Risks from bribery and other forms of corruption are a concern for companies both in Canada and abroad. Companies may be confronted with demands for bribes, challenged by competitors acting corruptly or faced with employees violating their codes of conduct. TELUS mitigates these risks by implementing and enforcing a robust Anti-Bribery and Corruption Compliance Program that is supported by clear policies, processes and controls.

Since 2012, we have addressed anti-bribery and corruption risks through a risk-based framework that includes:

- Senior management involvement and support: senior leaders across TELUS are responsible and accountable for making sure the Anti-Bribery and Corruption Compliance Program is effectively implemented and consistently monitored. Senior executives set the tone to create a culture where bribery is unacceptable.
- Corporate compliance policies and procedures: a specific Anti-Bribery and Corruption Policy was rolled out to the TELUS team after being approved by the TELUS Board of Directors. Our Anti-Bribery and Corruption Compliance Policy provides further clarity and guidance for employees and third parties engaged by TELUS, and supplements other guidance in the TELUS Code of Ethics and Conduct, the Supplier Code of Conduct, and our Code of Conduct for Business Sales Activities.
- Training and education: our annual Integrity training highlights our zero-tolerance approach to bribery and corruption. Further training continues to be provided through our Business Sales Code of Conduct and Anti-Bribery and Corruption programs.
- Incentives and consistent disciplinary procedures: annual performance objectives were created for employees responsible for implementing and monitoring the compliance program. Failure to act in accordance with the Anti-Bribery and Corruption Policy may subject employees to disciplinary action, which may include dismissal.