



Mandate

The Audit Committee supports the Board in fulfilling its oversight responsibilities regarding the integrity of the Company's accounting and financial reporting, internal controls and disclosure controls; legal, regulatory and ethical compliance and reporting and timeliness of filings with regulatory authorities; the independence and performance of the Company's external and internal auditors; the management of the Company's risks, creditworthiness, treasury plans and financial policy; and the Company's whistleblower and complaint procedures. For more information on the Audit Committee, including the text of its terms of reference, refer to the Audit Committee section in our annual information form for the year ended December 31, 2016.

Membership

The current membership of the Committee is as follows:

Name	Independent
Bill MacKinnon (Chair) Audit committee financial expert	Yes
Dick Auchinleck	Yes
Ray Chan	Yes
Sabi Marwah	Yes
David Mowat	Yes

Prior to May 5, 2016, Rusty Goepel, Lisa de Wilde and Mary Jo Haddad were members of the Committee. On May 5, 2016, David Mowat joined the Board and its Audit Committee and Rusty retired from the Board.

The Board has determined that each member of the Committee is independent and financially literate, and that at least one member, Bill MacKinnon, is an audit committee financial expert and has accounting or related financial management expertise as defined by applicable securities laws. No member of the Committee serves simultaneously on the audit committee of more than three public companies. Information regarding the education and experience of the Committee members is contained in our annual information form for the year ended December 31, 2016.

Meetings

The Committee meets at least once each quarter and reports on its activities to the Board. Activities reviewed are based on its mandate and annual work plan. At each quarterly meeting, the Committee has the opportunity to meet separately in-camera with each of the Chief Financial Officer (CFO), Chief Internal Auditor and external auditors. It also meets separately with management. In addition, it holds an in-camera session without management present at each meeting. The Committee held five meetings in 2016.

Highlights

The following sets forth highlights of the actions taken by the Committee in 2016.

Financial reporting

- Received presentations from the CFO and made inquiries related to the quarterly and annual financial performance and operating results of the Company, including its reporting segments, relative to results in prior periods and to investor expectations
- Reviewed, throughout the year, any changes to, or adoption of, significant accounting policies and significant estimates impacting the current and future financial statements of the Company
- Reviewed and discussed with the President and Chief Executive Officer (CEO) and the CFO their readiness to certify the annual financial statements and related disclosure material, as required under the *Sarbanes-Oxley Act* (SOX), and the annual and interim financial statements and related disclosure materials, as required under Canadian securities legislation
- Reviewed and recommended to the Board for approval the public release and filing of the annual audited Consolidated financial statements and quarterly unaudited Consolidated financial statements of the Company and those subsidiaries for which financial statements are publicly filed, including related news releases and Management's discussion and analysis
- Reviewed and recommended to the Board for approval key securities filings that contain financial information, including the annual information form and Form 40-F.

External auditors

- Oversaw the work of the external auditors
- Conducted an evaluation of the external auditors in accordance with Chartered Professional Accountants (CPA) of Canada and Canadian Public Accountability Board (CPAB) protocols
- Reviewed and approved the annual audit plan
- Monitored the progress of the external audit
- Received reports on the external auditors' internal quality control procedures, independence and confidentiality procedures
- Met quarterly with the external auditors without management present
- Recommended to Shareholders the appointment of external auditors
- Reviewed and set the compensation of the external auditors
- Reviewed and pre-approved all audit, audit-related and non-audit services provided by the external auditors or their affiliates.

Accounting and financial management

- Reviewed and approved the Company's major accounting policies, including alternatives and potential key management estimates and judgments and the Company's financial policies and compliance with such policies
- Reviewed quarterly financing reports and approved key treasury matters, including the status of capital markets and the global credit availability and implications for TELUS, telecom industry credit rating developments, credit ratings and comments about the Company by credit agencies, hedging programs, pension funding updates and financing plans
- Reviewed and approved the renewal of the Company's \$2.25 billion syndicated credit facility
- Reviewed and approved the establishment of a new syndicated credit facility for TELUS International (Cda) Inc., a TELUS subsidiary
- Reviewed and recommended to the Board for approval the renewal of the Company's accounts receivable securitization program
- Reviewed and recommended to the Board for approval the advancement of the 2017 normal course issuer bid program for the repurchase of up to \$250 million of Shares through to September 29, 2017
- Reviewed and recommended to the Board for approval the renewal of the Company's shelf prospectus
- Reviewed and recommended to the Board for approval the issuance of 2.80% Notes maturing on February 16, 2027 for aggregate gross proceeds of U.S.\$600 million
- Reviewed the proposal to extend the multi-year dividend growth model and share purchase programs through to 2019

- Reviewed and recommended to the Board for approval increases to the Company's dividend within the target dividend payout ratio guideline
- Reviewed quarterly reports on derivatives, guarantees and indemnities
- Received quarterly reports regarding taxation matters, including an analysis of the tax expense, any tax adjustments and tax morality
- Reviewed corporate reorganizations
- Reviewed and discussed with management at each regularly scheduled quarterly meeting the results of significant capital expenditures, including specific milestone reviews of major capital projects together with variances to authorized business cases (including the TELUS Sky real estate development in Calgary).

Internal controls and disclosure controls

- Reviewed and approved the internal audit program to provide assurance regarding risk exposures and internal controls
- Reviewed quarterly reports on internal audit activities
- Reviewed internal audit's evaluation of the Company's disclosure controls and internal control systems and risk mitigation progress
- Met regularly with the Chief Internal Auditor without management present
- Reviewed and approved amendments to the internal audit charter, which defines the scope, responsibilities and mandate of TELUS' internal audit function
- Monitored the adequacy of resourcing (including compensation, retention and people-sourcing strategies) and the independence and objectivity of the internal audit function
- Received updates regarding key audit report followups
- Reviewed quarterly the results of the cascading SOX 302 certifications by key stakeholders in the financial reporting and disclosure controls processes to provide reasonable assurance and confidence to the CEO and CFO
- Received and reviewed management's quarterly reports on activities to ensure SOX 404 compliance for the 2016 financial year, including a specific review of the status of remediation efforts with respect to deficiencies to remediate or significant deficiencies (there were no known material weaknesses)
- Considered reports from the Chief Trust and Data Officer and Chief Legal and Governance Officer on matters relating to compliance with laws and regulations, including those pertaining to the Company's Canadian and international operations
- Received and considered quarterly reports regarding the receipt, investigation and treatment of whistleblower, ethics and internal controls complaints.

Enterprise risk governance

- Reviewed the results of management's annual risk assessment (and quarterly updates thereto), the identification and prioritization of key enterprise risks, the engagement of executives to mitigate risk exposures, the perception of risk appetite by key risk category, and management's perceptions of the Company's resilience and readiness level for key risks, including the development of key risk mitigation strategies for 2017
- Reviewed reports on management's approach for safeguarding corporate assets and information systems
- Reviewed security reports
- Received and considered quarterly reports on litigation matters and business continuity
- Received periodic presentations on risk mitigation strategies from certain executive key risk owners.

Audit Committee related governance

- Reviewed the Committee's terms of reference and recommended to the Corporate Governance Committee minor amendments thereto, for further recommendation to the Board for approval
- Reviewed the policy on corporate disclosure and confidentiality of information and recommended changes to the Board for approval
- Reviewed and approved the Committee's annual work plan
- Received and reviewed with management updates throughout the year related to changing governance-related laws, rules and emerging best practices, and implications of the proposals of Canadian and United States regulators with respect to the Committee

- Reviewed and recommended to the Board for approval our 2016 code of ethics and conduct
- Monitored management's annual conflict of interest disclosure and review process.

Signed, the members of the Audit Committee



Bill MacKinnon (Chair)



Sabi Marwah



Dick Auchinleck



David Mowat



Ray Chan