



leading the way



2003 corporate social responsibility report

leading in wireless and IP

TELUS Corporation is the largest telecommunications company in Western Canada and the second largest in Canada. The company provides a full range of telecommunications products and services including data, Internet protocol (IP), voice and wireless services. Our strategic intent is to unleash the power of the Internet to deliver the best solutions to Canadians at home, in the workplace and on the move.

We are committed to enhancing the communities we serve through progressive and innovative contributions and we intend to continue on towards our vision of being recognized as Canada's premier corporate citizen.

In 2003, we generated more than \$7 billion in revenues, and were a global leader among major telecom companies in growth of operating earnings and cash flow.

We are a Canadian wireless and IP leader:

- maintaining a strong incumbent market position in Western Canada and Eastern Quebec with integrated solutions, 4.9 million network lines and 881,000 Internet subscribers
- operating two state-of-the-art national digital wireless networks covering 29.5 million people and providing innovative solutions to 3.4 million wireless subscribers across Canada
- utilizing our national wireline next generation network to offer advanced IP-based network applications focused on serving the telecom needs of business customers.

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Le Bilan social de TELUS est également disponible en français à l'adresse telus.com.

forward-looking statements

This report may contain statements about expected future events and goals of TELUS that are forward-looking and subject to risks and uncertainties. Accordingly, these statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Readers are cautioned not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. The company disclaims any intention or obligation to update or revise any forward-looking statements, whether the result of new information, future events or otherwise.

what does triple bottom-line mean?

This report presents TELUS' 2003 economic, environmental and social performance and is an essential element of our annual reporting process. TELUS' 2003 corporate social responsibility report continues to build on global reporting standards and best practices for sustainability reporting, which concerns all aspects of an organization's performance. We believe this report represents an important step in our journey towards triple bottom-line reporting. Our future goal is comprehensive reporting built on both the principles and content of the Global Reporting Initiative framework.



economic

In this section we demonstrate our belief that good corporate citizenship is important. We outline TELUS' economic growth including revenue, earnings and cash flow growth, community investment and development and customer service.



environmental

We are committed to balancing healthy business growth with environmental stewardship and respect for the communities where we live, work and do business. In this section we specifically address our impact on our physical surroundings.



social

For TELUS, leading the way in social performance means putting firmly in place the right processes, systems and technologies to consistently deliver business and workplace excellence. In this section we discuss the myriad of opportunities and challenges we face in the arena of social performance – specifically health and safety, labour relations, business ethics, and workplace diversity and equity.

our commitment



Darren Entwistle
President and
Chief Executive Officer
Member of the TELUS Team

to being Canada's premier corporate citizen

At TELUS, we are deeply committed to the role we play in corporate citizenship and our ability to make a positive difference in the communities where we live, work and serve. We are of the belief that, in order to make a meaningful impact, our commitment to corporate social responsibility must become an integral part of everything we do.



Photograph of Darren Entwistle taken by team member Karen Mackennot

Clearly, meeting our financial goals is essential to our success but that is only part of the overall equation for sustainable growth. Being a strong corporate citizen also encompasses behaving in a socially responsible manner, effectively serving our customers' needs, treating the environment with care, developing environmentally friendly practices, and reaching out and supporting the communities where we earn our living. It is the additional achievement on these non-financial performance measures that will ensure we make a positive impact for all stakeholders. In fact, fundamental to our success in the years to come is our ability to build on the collective strengths of all facets of our business to truly make a positive difference – to our customers, our team members, the environment and the community.

We have long been recognized as a leader in protecting the environment and improving the quality of life in the communities where we live and work. Through the collective support and passionate efforts of TELUS, our team members and our retirees, we are continuing to make a sustainable difference and we intend to continue on towards our vision of being Canada's premier corporate citizen.

With these beliefs and goal in mind, I am pleased to present the 2003 TELUS Corporate Social Responsibility report. Utilizing a triple bottom-line sustainability approach, this report provides detailed information related to our performance in three areas – economic, environmental and social.

Strong results in 2003

From an economic perspective, 2003 was an exceedingly strong year for TELUS. Through a diligent focus on our core business and the continued delivery of our national growth strategy, we delivered leading financial and operating results in the global telecom industry, reflected in part by significant increases in

operating margins, earnings and cash flow. For example, we increased our free cash flow by \$962 million in 2003 as compared to a year earlier.

Excellence in customer service

Striving for excellence in customer service is a top priority as we work towards our ultimate goal of making unparalleled customer service a key competitive differentiator at TELUS. At TELUS Mobility, we are leading the way on customer care, by achieving a 1.46 per cent churn rate, the second lowest monthly customer disconnect rate amongst all major North American wireless operators in 2003.

At TELUS Communications a number of significant improvements to our customer service systems and processes were undertaken in 2003. Notwithstanding this, we did experience some challenges between August and October, as our quality of service dropped owing to a number of concurrent and unprecedented events, including forest fires and floods, computer viruses, a third-party cable cut and, disappointingly, difficulty with our implementation of a new trouble management system. Through tremendous efforts by our team members, we turned the situation around and by the end of 2003 we were surpassing historical levels of customer service.

Protecting the environment

On the environmental front, while our industry has a relatively low impact on the environment, we have been working diligently to protect the environment while pursuing sustainable business growth. Evidence of our dedication to environmental stewardship came in October when TELUS was named Canada's most environmentally friendly company by Corporate Knights, in its 2003 ranking of "Green Machines." Some of the activities that



In 2003, Corporate Knights recognized TELUS as Canada's most environmentally friendly company in its annual listing of "Green Machines." The ranking was determined by three leading corporate social performance research firms that evaluated the 100 largest companies on the Toronto Stock Exchange on a wide range of indicators.

our values in action

The TELUS team is working together to deliver a friendly future for our customers, team members and shareholders. Our values guide the way, both at work and in our communities:



we have the
courage to innovate



we embrace
change and initiate
opportunity



we believe in
spirited teamwork



we have a passion
for growth

make TELUS a green machine include our program to reduce resource consumption, reduction of our Halon inventory and reclamation of contaminated sites.

Supporting the communities we work in

As a long-time Imagine Caring Company, we have a proud history of actively supporting the communities where our team members work and live. In the last five years, TELUS has contributed more than \$64 million of financial and in-kind assistance to charitable organizations across Canada.

Our team members continue to give generously, both financially and personally. In the fall of 2003, during our annual TELUS Team Charitable Giving Campaign, team members pledged more than \$2.7 million. With TELUS matching every pledge, more than \$5.4 million will be donated to over 2,000 Canadian charities in 2004. Additionally, in support of volunteer efforts, in 2003 TELUS donated \$320,000 to charitable and non-profit organizations in recognition of the 1,600 team members who volunteered more than 60 hours of their personal time. In total in 2003, TELUS contributed more than \$10 million of financial and in-kind assistance to a variety of charitable and non-profit organizations.

At TELUS, our long-term success relates to much more than just financial and operational performance to make a positive difference. It means providing excellent customer service and having a positive impact on the environment by helping to develop environmentally friendly solutions. It means actively contributing – as individuals and as an organization – to the communities where we live, work and serve. Finally, it means continuing to provide a workplace of choice for our dedicated team members.

When we achieve top performance on all these fronts, we achieve true success for all our stakeholders. What better way to create a friendly future for all concerned.

Cheers,

Darren Entwistle

President and Chief Executive Officer

Member of the TELUS Team

April 2, 2004

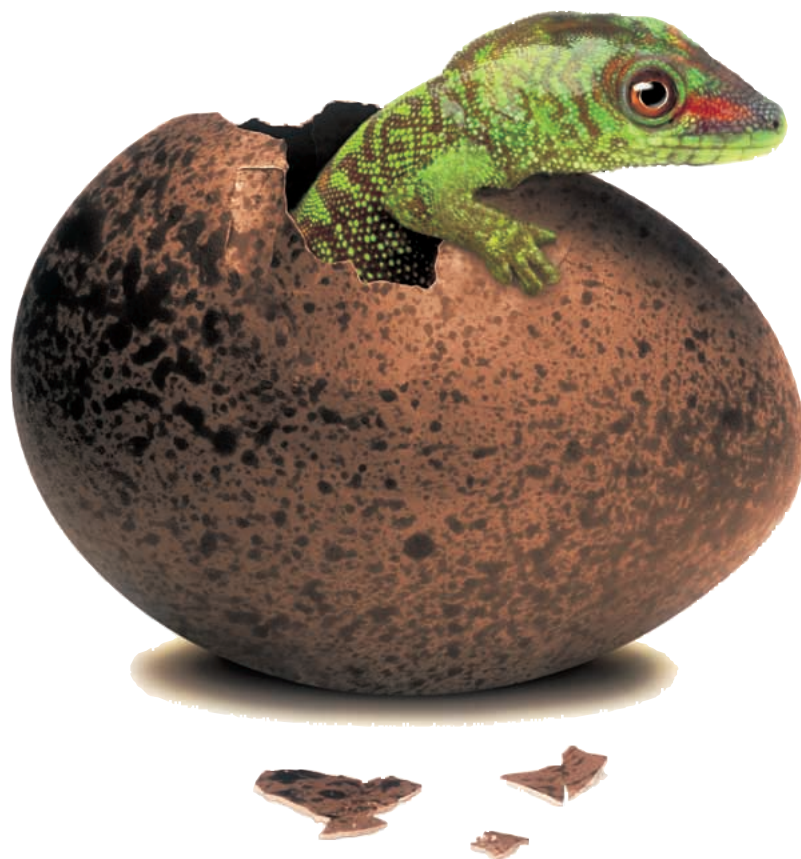


sustainability

TELUS was named to the Dow Jones Sustainability Index in 2003 for the third year in a row. Of the 317 companies listed, TELUS was one of 14 Canadian companies and the only North American telecommunications company. The index is a worldwide ranking of companies that are economic, environmental and social leaders.

leading in economic performance

The cornerstone of TELUS' long-term success rests not only on how well we perform financially but also on how we nurture our role as a corporate citizen by building relationships with all stakeholders and being accountable to them. We play an important role in sparking economic growth through the development of innovative products and services that build a strong and sustainable future for all. And we are committed to fostering telecommunications policy positions that safeguard, enrich and strengthen the social and economic fabric of Canada.



economic leadership

leading in economic performance

From an economic perspective, 2003 was a strong year for TELUS. Through a diligent focus on our core business and continued delivery of our national growth strategy, TELUS delivered leading financial and operating results in the global telecom industry.

In this section we demonstrate our commitment not only to economic growth and customer service as a corporate priority, but also to building strong communities through our community investment, public policy and economic development activities.



Equally important, we intend to provide unparalleled levels of service such that customer service excellence becomes a hallmark for TELUS in 2004 and beyond.

Through revenue, earnings and cash flow

Industry overview – Canadian telecommunications operators continue to follow strategies focused on core operations and increasing cash flow. In 2003, the wireless market was generally characterized by strong subscriber growth and increased usage leading to double-digit revenue growth and enhanced profitability. However, the slow economic rebound and continued telecom price competition and regulation in Canada meant that wireline revenue growth remained elusive.

The Canadian telecom industry generated revenues of approximately \$31 billion in 2003, with Bell Canada and its affiliated regional telecommunications companies representing about 54 per cent of the total revenue. TELUS generated about 22 per cent of total revenues for the industry.

Overall revenue growth in the Canadian telecom market in 2003 was approximately 2.2 per cent, less than the 2.9 per cent growth experienced in 2002, with weakness evident especially in the wireline business and wholesale markets. Wireline local voice experienced flat revenue growth, while long distance continued to decline. Enhanced data, Internet and wireless growth continued in 2003, but at a slower rate than previously experienced. It is estimated that wireless revenue growth in Canada was approximately 14 per cent in 2003. TELUS' strategic focus on delivering national capabilities in data and IP, and our large exposure to the fast-growing Canadian wireless market, positions the company well for growth in 2004 and beyond.

A complete review of TELUS' financial and business information is available in our online annual report at telus.com/agm.

TELUS financial highlights

Operating revenues grew two per cent in 2003 to \$7.1 billion, led by strong wireless growth. Operating earnings or "EBITDA (excluding restructuring)" is earnings before interest, taxes, depreciation and amortization (EBITDA) excluding Restructuring and workforce reduction costs. EBITDA (excluding restructuring) increased 13 per cent led by a 53 per cent wireless EBITDA growth and modest two per cent wireline EBITDA growth.

Net income increased by \$561 million in 2003 due primarily to strong EBITDA growth and the recognition of \$570 million of restructuring costs in 2002. Capital expenditures decreased 26 per cent in 2003 as significant growth-oriented investments were made in recent years. Free cash flow, defined as EBITDA (excluding restructuring) less cash interest paid, cash taxes, capital expenditures and cash dividends, plus cash interest received, increased strongly from negative \$1 million to positive \$961 million in 2003.

Financial highlights			
(\$ in millions except per share amount)	2003	2002	Change
Operating revenues	\$ 7,146	\$ 7,007	2.0%
EBITDA (excluding restructuring) ¹	\$ 2,844	\$ 2,519	12.9%
Operating income	\$ 1,163	\$ 378	207%
Net income (loss)	\$ 332	\$ (229)	\$ 561
Earnings (loss) per share	\$ 0.92	\$ (0.75)	\$1.67
Capital expenditures	\$ 1,253	\$ 1,698	(26.2)%
Free cash flow ²	\$ 961	\$ (1)	\$ 962

1 EBITDA (excluding restructuring) is defined as earnings before interest, taxes, depreciation and amortization, and excludes Restructuring and workforce reduction costs.

2 Free cash flow is defined as EBITDA excluding Restructuring and workforce reduction costs less cash interest paid, cash taxes, capital expenditures and cash dividends, plus cash interest received.

Revenue composition – TELUS' total operating revenues in 2003 consisted of 44 per cent from voice (local and long distance) revenues, 33 per cent from wireless revenues and 19 per cent from data revenues. Combined data and wireless

revenues were 52 per cent of total operating revenues in 2003, a four per cent increase from 2002. This is consistent with TELUS' continued focus on the growth markets of data and wireless.

Revenue composition				
(\$ in millions)	2003		2002	
Voice – local and long distance	\$ 3,122	44%	\$ 3,212	46%
Data	1,368	19	1,367	19
Wireless	2,360	33	2,017	29
Other	296	4	411	6
Total operating revenues	\$ 7,146	100%	\$ 7,007	100%

economic leadership

Segmented information – The company's reportable segments, which reflect TELUS' organization structure and are used to manage the business, are TELUS Communications and TELUS Mobility. The two segments are differentiated based

on products and services, distribution channels, technology and regulatory treatment. The following table provides a segmented breakdown of various financial data.

Segmented data						
(\$ in millions)	2003			2002		
	Communications	Mobility	Consolidated ²	Communications	Mobility	Consolidated ²
Operating revenue	\$ 4,881	\$ 2,375	\$ 7,146	\$ 5,085	\$ 2,035	\$ 7,007
Operations expense	\$ 2,852	\$ 1,560	\$ 4,302	\$ 3,101	\$ 1,500	\$ 4,488
EBITDA (excluding restructuring) ¹	\$ 2,029	\$ 815	\$ 2,844	\$ 1,984	\$ 535	\$ 2,519
Capital expenditures	\$ 893	\$ 360	\$ 1,253	\$ 1,238	\$ 460	\$ 1,698

1 EBITDA (excluding restructuring) is defined as earnings before interest, taxes, depreciation and amortization, and excludes Restructuring and workforce reduction costs.

2 Intersegment revenues and associated operating expenses between TELUS Communications and TELUS Mobility are eliminated upon consolidation.

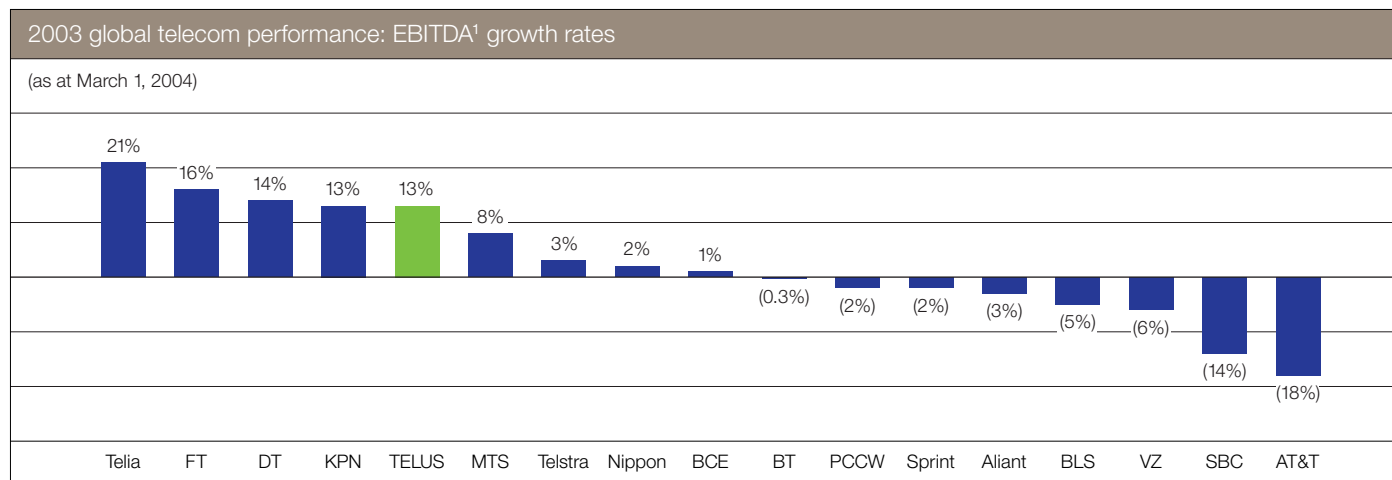
Capital expenditures – TELUS' capital expenditures of \$1.253 billion in 2003 decreased 26 per cent from the prior year. Approximately 65 per cent of the 2003 capital expenditure

was spent in B.C. and Alberta with 34 per cent spent in Central Canada. This compares to 69 and 30 per cent, respectively, of capital expenditures spent in the same provinces in 2002.

Capital expenditures by province				
(\$ in millions)	2003		2002	
British Columbia	\$ 352	28.1%	\$ 522	30.7%
Alberta	463	37.0	643	37.9
Saskatchewan	1	0.1	2	0.1
Manitoba	4	0.3	10	0.6
Ontario	274	21.9	296	17.4
Quebec	151	12.1	212	12.5
Atlantic Canada	3	0.3	4	0.2
Outside Canada	4	0.3	9	0.5
Total capital expenditures	\$ 1,253	100.0%	\$ 1,698	100.0%

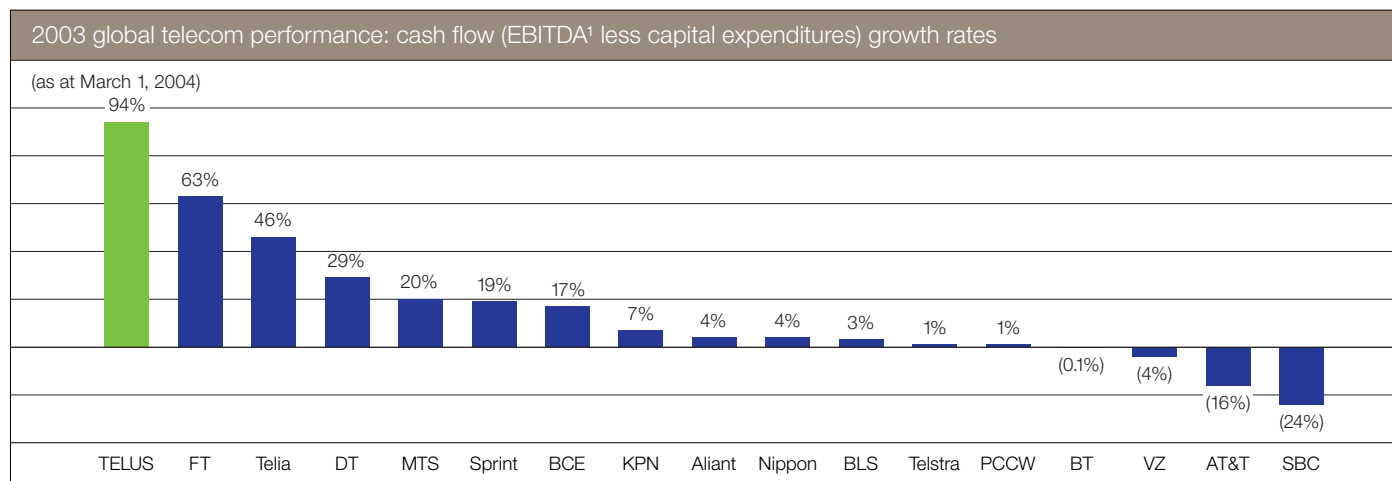
Vendor payments – TELUS' total vendor payments in 2003 were approximately \$3.5 billion (including GST and PST). Nearly 86 per cent of these payments were made to vendors in Canada, with the remaining 14 per cent made to non-Canadian vendors.

Comparative performance – The following two charts summarize TELUS' 2003 financial performance by comparing TELUS' EBITDA (excluding restructuring) growth and cash flow growth to global telecom companies. The charts provide evidence of TELUS' economic leadership amongst its global peers.



1 Excluding restructuring.

TELUS data based on 2002 and 2003 results. Other results provided by Bloomberg, company and analyst reports.



1 Excluding restructuring.

TELUS data based on 2002 and 2003 results. Other results provided by Bloomberg, company and analyst reports.

economic leadership

TELUS 2003 taxes – The taxes TELUS pays to all three levels of government go to support services for all Canadians. During 2003, TELUS paid taxes to the federal, provincial and

municipal governments as follows (including payroll taxes, property and business taxes, and sales taxes on goods and services used by TELUS):

TELUS taxes		
(\$ in millions)	2003	2002
Federal government	\$ 65.6	\$ 76.9
Provincial and municipal governments:		
British Columbia	\$ 67.5	\$ 86.0
Alberta	35.7	35.0
Saskatchewan	0.1	
Manitoba	0.5	0.5
Ontario	26.4	27.9
Quebec	21.1	23.8
Prince Edward Island	0.1	0.1
Provincial sub-total	\$ 151.4	\$ 173.3
Total	\$ 217.0	\$ 250.2

In 2003, TELUS recorded a net recovery of \$165.5 million (\$18.6 in 2002) in federal and provincial corporate income taxes. Of this amount, \$157.1 million (negative \$35.2 in 2002) was due to the effect of losses net of federal capital tax, and the remaining \$8.4 million (\$53.8 in 2002) was federal investment tax credits earned on projects qualifying as scientific research and experimental development.

In addition, TELUS collected from customers and remitted to governments the following amounts of sales taxes:

(\$ in millions)	2003	2002
Goods and services tax and harmonized sales tax	\$ 505.4	\$ 477.7
Provincial sales taxes	\$ 225.5	\$ 204.6

For detailed information on TELUS' financial results, visit about.telus.com/investors/reports.html.

TELUS jobs benefit all Canadians – TELUS' contributions to the Canadian economy are significant and include innovative high-tech job creation with competitive industry salaries and company benefits for team members, as well as payment of federal and provincial income taxes from these jobs. Across Canada in 2003, the TELUS team shared \$1.9 billion in total salaries and benefits.

Producing the strong revenue, earnings and cash flow growth TELUS achieved in 2003, and is targeting in 2004, enables us to reinvest a portion of this financial success into the communities we serve, through a wide variety of programs. Also, as a successful company TELUS can more effectively improve customer service and address labour relations issues.

Through our community investment

We are committed to making a real difference and leading in corporate social responsibility. Setting a standard of excellence in good corporate citizenship means not only understanding the issues affecting our communities but also leveraging our resources to contribute to society's social and economic development and growth. We eagerly embrace this role through responsible corporate citizenship, which fuels a passionate spirit of giving and energetic community involvement in our TELUS team members.

With thousands of hours of time and millions of dollars in financial and in-kind assistance, TELUS and our team members and retirees are leading the way. Our support ranges across a variety of charitable organizations in health and social well-being, education, sports and the arts, as well as emergency assistance.

Imagine Caring Company – We are proud of our status as an Imagine Caring Company – a priority for us since 1995. This designation means we donate more than one per cent of our pre-tax profits to charitable and non-profit organizations on an annual basis. In 2003, we contributed more than \$10 million of financial and in-kind assistance to a variety of charitable and non-profit organizations across Canada.

TELUS Learning Connection program – Now in its sixth year, the TELUS Learning Connection program offers invaluable assistance to more than 30,000 teachers through Internet training and Web-based teaching tools. In 2003, the program received the Imagine New Spirit of Community Partnership Award for our ability to demonstrate creative sustainable solutions that meet community needs and provide measurable benefits to the community.

Support for the arts – Through our support for the arts, we not only nurture the quality of life in the communities where we live and work, we also help weave a vibrant tapestry of diverse expression and creativity. For example, our support of the National Arts Centre's National Youth and Education Trust helps young people explore their passion and potential in the performing arts. This support was recognized in the 2003 National Post Awards for Business in the Arts with an award of distinction.

We also lend support to Theatre Calgary for their goal of developing and nurturing the Calgary theatrical community through engaging local artists, designers and technicians. In creating stories relevant to the local community, they seek to work with both audience members and young artists, helping them intensify their relationship to language, theatre and art. Their plays allow students and teachers to explore history, literature and social issues through live theatre.

The Edmonton Opera's mission statement is to create understanding of, interest in, and ultimately, passion for opera. Although they have had to make some very difficult decisions in the past few years, the Edmonton Opera has undertaken strong fiscal management and stabilized their operation. Since they are one of only a handful of opera companies in Western Canada, we were pleased to help bring their vision to life.



learning

Through the TELUS Learning Connection program, more than 30,000 teachers can access valuable Internet training and Web-based teaching tools. In 2003, the program received the Imagine New Spirit of Community Partnership Award.

economic leadership

“Support from corporate partners is especially important in the arts. At Theatre Calgary, programs like our Student Matinee Series, which provides the opportunity for 20,000 junior and senior high school students to attend Theatre Calgary plays, are possible only through the generous support of corporate leaders like TELUS.”

Theatre Calgary

Terry Whitehead,
Director of Advancement,
Theatre Calgary

Building strong communities – Dixon Hall and the Vancouver Crisis Centre support our strategy of building healthy and vibrant communities.

Dixon Hall is a multi-facility/multi-service agency in Toronto. TELUS’ investment in Dixon Hall is having an impact in bridging the ever-widening technology gap experienced by residents in Regent Park, Toronto’s largest low-income community. Each year, TELUS funding supports over 10,000 hours of computer and Internet access and software instruction to low-income children and adults from a variety of ethnic backgrounds.

At the Vancouver Crisis Centre, we work together with the Community Education Stress Management and Suicide Prevention program for high school students. The program teaches coping mechanisms and life skills to vulnerable youth, including students in Vancouver’s Downtown Eastside and as far away as Powell River, B.C.

Team member charitable giving and matching campaign –

We are proud of the generous support of our team members in their efforts to make a difference in their communities. Each fall, during the 2003 annual TELUS Team Charitable Giving Campaign, team members pledge contributions to charities of their choice. TELUS matches these pledges dollar-for-dollar and the total contribution is donated to the selected charities the following year. During the 2003 campaign, team members pledged more than \$2.7 million for 2,000 charities. With TELUS matching these pledges, a total contribution of more than \$5.4 million will be donated in 2004.

TELUS Volunteer Involvement Fund –

TELUS volunteers make innovative projects happen. Thanks to their passion and drive, communities benefit tremendously in many ways. Through the TELUS Volunteer Involvement Fund, we recognize the spirited teamwork as well as the individual and collective efforts of our team members. In 2003, TELUS donated \$320,000 to charitable and non-profit organizations across Canada in recognition of the 1,600 team members who volunteered more than 60 hours each of their personal time. In 2003, the TELUS team donated more than 344,000 volunteer hours to community service.

TELUS Team Charitable Giving Campaign				
Campaign year ¹ (\$ in millions)	2003	2002	2001	2000
Team member pledges	\$ 2.7	\$ 2.3	\$ 2.4	\$ 1.5
TELUS matching funds	2.7	2.3	2.4	1.5
Total contributions pledged	\$ 5.4	\$ 4.6	\$ 4.8	\$ 3.0

¹ Campaign year is defined as the year in which money is pledged during the fall campaign of that year for the TELUS Team Charitable Giving Campaign. Total contributions pledged are then distributed to charities the following year.

“TELUS employees went above and beyond the call of duty. They played a key role in rebuilding infrastructure to those who suffered losses due to the 2003 wildfires.”

Mel Rothenburger,
Mayor,
Kamloops, British Columbia



Fires in the Heart – During the devastating forest fires in Alberta and B.C. in 2003, the TELUS team demonstrated classic team spirit with their fire aid efforts. In addition to working non-stop to restore telecommunications services to devastated areas, team members also supported relief efforts in the affected communities. Working with TELUS volunteers, team members worked tirelessly to distribute cellular phones, pagers and 14,000 prepaid calling cards to firefighters and emergency workers. They also installed phone lines for emergency and relief centres, distributed 4,000 comfort kits filled with personal hygiene items to evacuation centres, assisted with food preparation, transported bedding and clothing, and helped comfort many who had lost their homes and possessions.

Supporting volunteerism – In 2003, we aided Volunteer Calgary and Volunteer Vancouver in their efforts to increase their ability to impact the communities they serve. Our support helped create a powerful Internet application to centralize volunteer opportunities and enhance data on volunteerism. At Volunteer

Calgary, we helped non-profit organizations with training for volunteer recruitment using the Internet. Both of these programs helped expand their abilities to serve communities within the voluntary sector.

Through our public policy and safety

The convergence of technologies is the focus of Canada's telecommunications future and TELUS' strategy for growth. In research and public policy, TELUS is a Canadian leader both in value of investment and long-term commitment to innovation and policies that help build a safe and sustainable future for tomorrow.

Media Awareness Network – TELUS promotes safe and responsible use of the Internet. To this end, we support the Media Awareness Network (MNet), a national non-profit organization dedicated to promoting critical thinking in young people about the media. We support three core programs offered on MNet's Web site: Media Education in Canada, Young Canadians in a Wired World, and Web Awareness Canada. The latter program is now recognized as the public education pillar of the Government of Canada's *Cyberwise* Internet awareness strategy. For more information, visit MNet at media-awareness.ca/english/index.cfm.

Cybertip.ca – TELUS supports this initiative to safeguard children from being sexually exploited on the Internet. Cybertip.ca provides the public with a mechanism to report illegal content on the Internet, and facilitates the investigation and prosecution of those who use the Internet to victimize children.

Cybertip.ca was developed as a pilot project and officially launched in 2002 by Child Find Manitoba under the auspices of the Manitoba Department of Justice. TELUS worked with



comforting

The TELUS volunteers' Comfort Bear Program provides a huggable bear to children in trauma-type situations. TELUS Community Connections™ volunteers cut, sew and package the bears with care and love. During 2003, more than 4,000 comfort bears were distributed in the fire-ravaged areas of B.C.

economic leadership

a number of industry and government partners – including the Canadian Association of Internet Providers (CAIP), Industry Canada, the RCMP, Justice Canada, the Ontario Provincial Police and Sûreté du Québec – to support the very successful pilot project. **Cybertip.ca** is now being considered for nation-wide implementation.

Ensuring safe cellular phone use – As a Canadian wireless industry leader, TELUS is committed to ensuring our products are safe. We achieve this in part through membership in the Canadian Wireless Telecommunications Association (CWTA), and actively supporting the following CWTA committees and initiatives:

- **Responsible Driving Committee** – undertakes a variety of initiatives to educate drivers on the importance of using their cellular phones safely
- **Health Council** – dedicated to the open study of health and safety issues related to wireless technologies
- **Wireless Information Resource Centre** – provides a comprehensive source of information on health issues in the wireless communications industry
- **Wireless Scholarship Program** – \$500,000 fund for graduate students whose primary field of study is related to wireless telecommunications.

For more information, visit cwta.ca/cwta_guide/index.php3.

Supporting wireless research – TELUS also sponsors research chairs at the University of B.C. and the University of Victoria for the purpose of developing new wireless projects exploiting emerging broadband capabilities.

Combating spam and computer viruses – Spam is a constantly evolving problem that impacts nearly every individual and company using e-mail and the Internet. TELUS is taking a leadership role by joining forces with other industry players to combat this growing issue. As a member of the international Messaging Anti-Abuse Working Group (MAAWG), TELUS is collaborating with other service providers who represent a total of 80 million subscribers and 40 million e-mail accounts. As well, in November 2003, we became the first Internet service provider in Alberta and B.C. to offer a free Spam Control service to TELUS high-speed Internet service customers to help filter out junk e-mail.

Through economic development

TELUS supports local and regional economic development through a variety of initiatives:

LINX BC® – LINX BC is a joint initiative of the Government of British Columbia, TELUS, the Economic Development Association of B.C. and eight regional municipal governments in B.C. This team markets British Columbia internationally as a dynamic and competitive location for call centre investments. In the past five years, LINX BC has attracted over 7,000 jobs to the province. In 2003, the International Economic Development Council recognized LINX BC as the best contact centre attraction program in the world.

TELUS Ventures Fund – TELUS has a TELUS Ventures Fund to incubate start-up businesses and invest in emerging technologies that are consistent with our strategy of exploiting the convergence of data, IP, voice and wireless. We have invested \$48 million and assisted 17 company start-ups since 2001.

Canada-TELUS New Media Learning Fund – TELUS, in partnership with Canadian Heritage, created the Canada-TELUS New Media Learning Fund to promote the development of quality online Canadian content for Canadian schools (kindergarten to grade 12). The \$5 million fund, launched in May 2002, was established with equal contributions from Canadian Heritage and TELUS.

TELUS New Media and Broadcast Fund – Launched in 1998, the TELUS New Media and Broadcast Fund supports the creation and production of new media and broadcast content for distribution across Canada and around the world. To date, the revolving fund has generated more than \$7 million in interim financing for a variety of award-winning film productions and more than \$3 million toward new media productions.

2010 Olympic and Paralympic Winter Games – As the Premier Founding Supporter of the 2010 Olympic bid, TELUS has committed over \$4 million since 1997 to help secure the Games for Vancouver. With the announcement of Vancouver's successful bid in July 2003, TELUS is focused now on ensuring

“When no-one believed in us...
TELUS was there in every
respect – a perfect partner.
We owe you so much.”

John Furlong,
President & COO,
Vancouver 2010
Bid Corporation



the benefits of the Games are optimized throughout the province and building on our track record of supporting amateur and professional sports.

Through Aboriginal relations

TELUS is conscious of the vital role we play in shaping the quality of economic, social and physical life in the communities where we do business. This is particularly evident in our long-standing relationship with Aboriginal communities.

Progressive Aboriginal Relations program – TELUS is committed to seeing Aboriginal communities benefit fully from opportunities for local partnerships, joint ventures and the transfer of knowledge and expertise. Building on this commitment, TELUS joined the Progressive Aboriginal Relations (PAR) program in 2003. This program provides a framework for assessing and

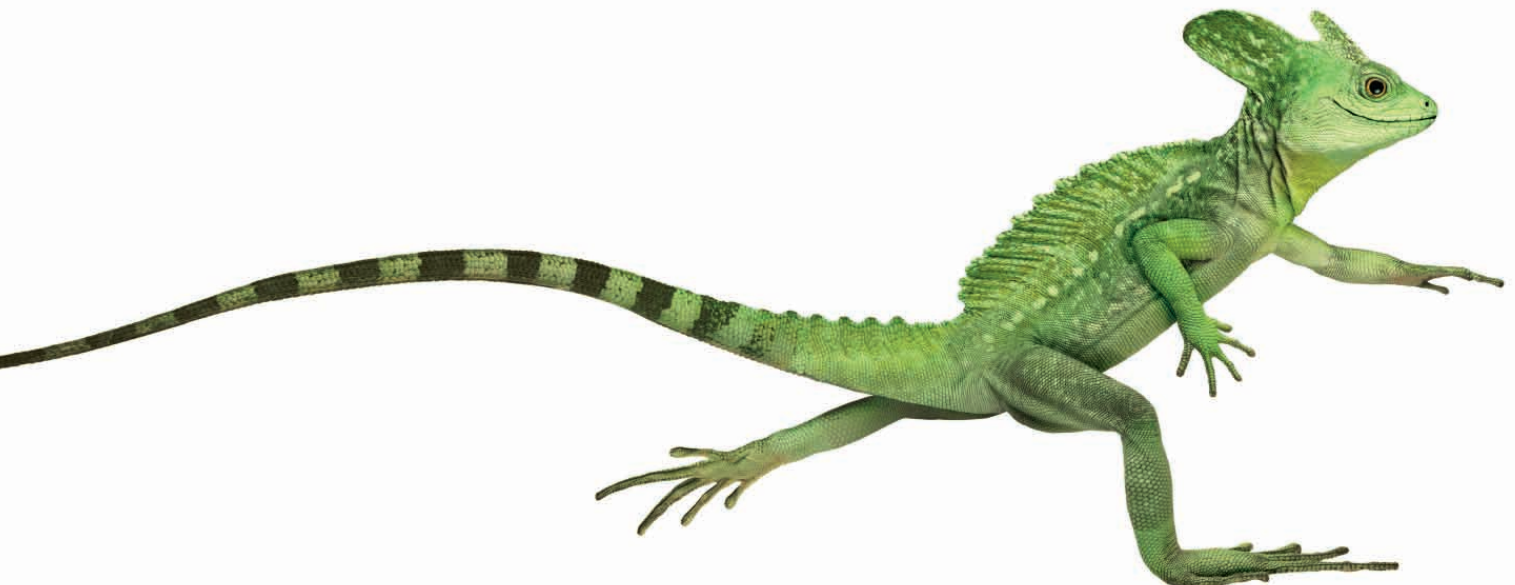
enhancing TELUS' performance in our relations with Aboriginal communities including the areas of employment, business development, individual capacity development, education and community relations.

First Nations Telehealth Trial – Collaborating with the province of B.C. and the University of British Columbia, TELUS is designing a First Nations telehealth trial. The trial will be launched in the remote community of Tachie in the first quarter of 2004, extending to Bella Bella and Bella Coola later in the year.

SchoolNet – TELUS has helped provide Internet access to 260 First Nations' schools and libraries in rural and remote locations in B.C. and Alberta through our contribution of \$5.1 million to SchoolNet, a federal government initiative.

By expanding high-speed Internet

TELUS is the second largest Internet service provider (ISP) in Western Canada and third largest ISP in Canada. In 2003, we increased our high-speed Internet subscriber base by 37 per cent to end the year with 562,000 high-speed Internet subscribers across Canada. During the last half of 2003, we were the fourth fastest growing Broadband service provider in North America. We are striving to ensure a majority of households in British Columbia and Alberta have access to high-speed Internet service and we have made a considerable investment in the high-tech infrastructure of both provinces over the past three years. During this same period, we also invested to expand and upgrade our high-speed Internet service in Ontario and Quebec.



economic leadership

Through working with stakeholders

Operational efficiencies – In mid-2001, to improve competitiveness and ensure the company's future viability, TELUS launched an Operational Efficiency Program (OEP) with the aim of reducing costs and enhancing productivity. In addition to reducing our employee base, the program streamlined business processes, reduced the product portfolio, optimized the use of real estate and the network, reduced corporate support functions and consolidated customer contact centres. In mid-2002, the OEP included the offering of voluntary early retirement incentives and voluntary departure incentives to unionized team members. These voluntary incentive programs were successful as the payments were viewed as being both generous and fair. By the end of 2003, the accumulated workforce reduction costs of the voluntary plans and the involuntary management plan were \$734 million. The staff reductions were effected with an average employee severance and other benefits from TELUS of approximately \$85,000 each.

TELUS is committed to sharing information with government and community stakeholders concerning issues that may impact them. Recognizing the potential impact of the OEP on a number of communities, TELUS developed an extensive communication plan that included personal visits by senior managers to key government and community stakeholders in 23 municipalities across B.C. and Alberta, as well as a series of written communications over a 12-month period. Our intent was to share information with stakeholders in a transparent and timely manner about the changes at TELUS and to be readily available to respond to any questions or concerns.

By listening to our customers

At TELUS, providing exceptional customer service is part of every team member's job.

These words were evident in actions throughout 2003, when an unprecedented number of concurrent events including forest fires and floods in B.C., a severe third-party cable cut in Vancouver, computer viruses, power outages and new system introduction issues significantly taxed the company's quality of service. With customer service a corporate priority, team members united to activate an integrated and multi-faceted plan.

Customer input was encouraged, collected and acted upon and proactive customer-supportive programs undertaken. Customer service teams contacted thousands of customers, expediting service and avoiding costly and unnecessary truck dispatches. A letter of commitment to service excellence was sent to residential customers. The Office of the CEO was established to respond to customer input, and an executive escalation process was developed for issue resolution.

Improving systems and streamlining processes –

Front-line team members were engaged in support of amplifying and representing the voice of the customer. Internal programs such as Doable Work encouraged an average of 3,900 team member improvement ideas per month leading to actions to streamline processes and reduce errors and rework. As a result, more than 80 system improvements were made in 2003, customer contract accuracy improved 16 per cent and order quality improved 21 per cent. A \$134 million network modernization program was initiated to replace redundant plant. Responding to customer needs, new self-serve online tools, automated service fulfillment processes and innovative voice-activated technologies were introduced.

These extensive and ongoing efforts had an impact. By year-end, TELUS' contact centres (residential/business office and 611 repair bureau) were performing better than at any time since the 1999 TELUS Alberta and BC TELECOM merger. In December, TELUS' business offices answered 86 per cent of incoming customer calls within 20 seconds, while the repair bureau answered 93 per cent of incoming calls within 20 seconds – well above industry standards.

Spam Control and free anti-virus protection – Responsive to emerging needs, TELUS also acted on the top issue for Internet customers by providing a new free product called Spam Control that filters annoying and offensive junk e-mail before it reaches customers' inboxes. Similarly, in August TELUS added free anti-virus protection for high-speed Internet customers.

Introducing new, responsive, high-value solutions along with superior customer service puts the company on track for establishing service excellence as a competitive differentiator for TELUS in 2004 and beyond.

leading in environmental performance

We are committed to balancing healthy business growth with environmental stewardship and respect for the communities where we live, work and do business. Furthermore, we have reviewed our environmental practices and put in place processes to reduce risk and minimize our impact on the environment.



environmental leadership

leading in environmental performance

In 2003, we continued to build upon our environment risk management efforts and received recognition of our efforts from several external organizations. We also met or exceeded many of the targets we set for implementing our environmental management system, including site assessments, waste reduction and aspects of hazardous materials management. We also experienced challenges, including a fine for a past spill and certain targets which will require more focus, including energy and chemical management.



It is our strong belief that not only are we reducing our impact on the environment but also helping others mitigate theirs by offering innovative communication solutions that replace the movement of goods, services and people with the movement of ideas and information. To illustrate, TELUS' offering of teleconferencing services is a compelling example of how companies can yield greater productivity while reducing pollution from unnecessary travel.

In this section of our sustainability report, we specifically address our impact on our physical surroundings. More information about TELUS' overall risks and opportunities is available in our online annual report at telus.com/agm.

Through recognition as Canada's most environmentally friendly company

In October 2003, TELUS was recognized as Canada's most environmentally friendly company by Corporate Knights in its annual listing of "Green Machines." The Corporate Knights ranking was decided by three leading corporate social performance research firms that evaluated the 100 largest companies on the Toronto Stock Exchange on a wide range of indicators

including land reclamation, energy efficiency, recycling and stakeholder relations. As well, for the third year in a row, TELUS was named to the Dow Jones Sustainability Index, a worldwide ranking of companies that are recognized leaders in economic, social and environmental performance.

Through environmental sustainability

The issue of environmental sustainability is emerging more and more in the business community and, in particular, with our stakeholders. One definition states, "Environmental sustainability refers to the responsibility of a business to be aware of all significant environmental impacts (both present and future) of its operations and to put in place practices and controls to mitigate pollution, depletion, waste and other forms of environmental destruction or damage."¹

At TELUS, we practice environmental stewardship that safeguards the environment, is evidenced through our values and is demonstrated by an unwavering commitment to environmental leadership.

¹ University of St. Michael's College: The Certificate in Corporate Social Responsibility www.utoronto.ca/stmikes/csr/mod2.html.

TELUS' Environmental Management System – Although telecommunications is generally perceived as being an environmentally friendly industry, a company the size of TELUS has an impact on the environment. To manage this impact, we have adopted an Environmental Management System (EMS) that includes the elements of the ISO 14000 model. Although at present we are not seeking external verification, our goal is to conduct periodic external audits of our EMS. Our last audit was completed in 1998, with the next one scheduled for 2005.

We have assessed the environmental aspects of our business and set in place policies, objectives and targets to reduce risks. We not only strive to meet regulatory requirements but also seek to go beyond them. Underlying our system are procedures, monitoring, communication, training and reporting to ensure our EMS is properly applied and demonstrates continuous improvement. Environment reports are presented quarterly to the audit committee of the Board of Directors.

Stakeholder engagement – working hand in hand – Working with stakeholders builds a strong EMS. For this reason, we gather and analyze information from both internal and external sources. We include our internal business units as well as industry stakeholders and government regulators in plans for mitigating risk. We also collaborate with external committees including government, business and non-government organizations; e.g. the Conference Board of Canada, Canadian Chamber of Commerce, etc. In addition, we welcome feedback through our Web site about environmental concerns, and through our 24x7 emergency reporting system at the Network Operations Centre (NOC).

Our work with external stakeholders has reaped rewards for the environment. For example, in 2003 TELUS and other companies collaborated with Alberta Environment and the cities of Edmonton and Calgary in the protection of utility corridors from hydrocarbon damage. As well, through our work with the Communications Environmental Excellence Initiative, an environmental report for North American telecommunications companies was prepared in 2003. To view the report, visit www.ceei.org.

Policy in action – We nurture our corporate policy through specific policies and procedures covering a variety of issues such as spills, releases and fuel storage. In concert with a sound training program, these policies contribute to assuring that day-to-day activities at TELUS are within regulatory boundaries and are environmentally responsible. The complete policy is available at about.telus.com.

Environmental performance – Although we obtained top environmental awards in 2003, we also dealt with a past failure, resulting in one fine during 2003. TELUS pleaded guilty to releasing waste (diesel) into the environment – the result of a fuel system failure in 2000 at Strathcona Mountain, B.C. As a result, we were fined \$1 and ordered to pay \$50,000 to the Habitat Conservation Trust Fund. We have undertaken extensive remediation at this site and are upgrading other fuel systems to avoid any recurrence.

environmental policy

We are committed to being an environmental leader. We embrace our responsibility, integrating environmental considerations into our business and offering innovative communications solutions that protect the environment. Striving for continuous improvement will guide our approach. Our full policy can be found at about.telus.com.

environmental leadership

TELUS' online environmental system database – Our online environmental information and tracking system will continue to be one of our most crucial resources in the deployment of our EMS. It gives all team members 24-hour access to environmental risks, chemical inventories and material safety data sheets (MSDS). Our database offers information on about 3,200 sites – an increase of 20 per cent since 2002.

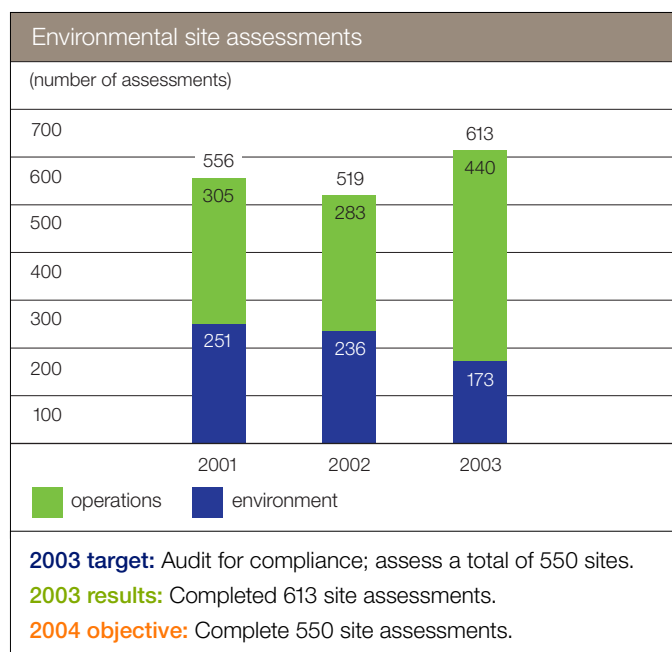
Environmental training – Environmental training for our team is a priority and extends to numerous areas including water awareness, spill response and the Workplace Hazardous Materials Information System. In 2003, over 6,100 environment-related courses were completed, effectively the same as 2002. However, the percentage of environmental training relative to the number of team members has increased for each of the last two years. In 2004, we intend to review our corporate training and further refine our training objectives.

Environmental training			
	2003	2002	2001
Environmental courses	6,125	6,110 ¹	6,995 ¹
Total team members (year end)	24,719	25,752	30,701
Environmental courses/total team members ²	25%	24%	22%

1 These numbers have been revised from previous report to reflect changes in tracking methodology.

2 Environmental courses/total team members refers to the total number of environmental courses divided by total team members as at year end.

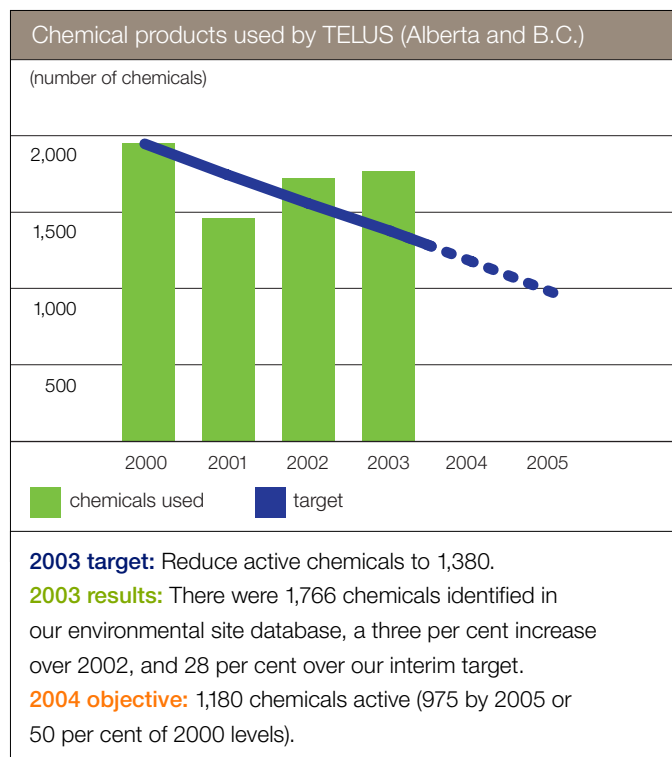
Environmental site assessments – Telecommunications operations generate environmental risk from numerous sources. We prioritize risk based on the type and age of infrastructure and the potential severity of impact. In 2003, we completed 613 environmental site assessments, an 18 per cent increase over 2002 and 11 per cent over our target. Significant contributions from our field operations team supported a changing focus for environmental advisors in 2003. During site assessments, we review 11 categories of environmental risk (e.g. generators, batteries, pole storage, chemicals, etc.) based on federal and provincial legislation, accepted industry practice and our own management practices.



Spills, releases and effluent – We investigate all spills and releases and train our team to report spills of any kind to our 24-hour network operations centre. Our environment group work with the NOC to report spills within the required timeframe. Processes and systems are also reviewed and revised as needed. We do not manufacture products for sale, thus we have no effluent other than domestic wastewater, which is common to all companies. To provide information on the magnitude of our spills, we now include results relating to the volume and weight of spilled or released product.

Spills and release reporting			
Spill type	2003	2002	2001
Reportable	7	10	6
Not reportable	36	49	56
Total spills	43	59	62
By volume (L) ¹	2,707	1,310	9,107
By weight (kg) ²	403	516	50
<p>1 Volume in litres includes liquid petroleum hydrocarbons, battery acid, glycol and other.</p> <p>2 Weight by kilograms includes refrigerants (CFC) and Halon.</p>			
<p>2003 target: One hundred per cent compliance to legislative reporting requirements; 70 per cent of sites with hazardous chemicals, battery strings or fuel have appropriate spill kits and/or absorbent pads.</p> <p>2003 results: Two spills were not reported within the required 24-hour period. Seventy-two per cent of sites audited had appropriate spill kits and/or absorbent pads.</p> <p>2004 objective: One hundred per cent compliance to legislative reporting requirements; 80 per cent of sites with appropriate spill kits and/or absorbent pads.</p>			

Chemical management – Given the nature of our work and our maintenance needs, chemicals are used at most TELUS facilities. In 2003, there were 1,766 chemicals in our inventory, a three per cent increase over 2002. This increase was the result of having more sites inventoried – almost 1,800 sites, an 18 per cent increase over 2002 – as well as poor inventory control on a site-specific basis. Improved training, enforcement of approved product purchasing and a review of the chemical management process in 2004 are expected to address this issue.



environmental leadership

Land use and biodiversity – TELUS facilities are placed across Canada to provide new services, replace or repair damaged facilities, and upgrade or remove facilities. Facilities consist of data centres, switching offices, radio and wireless towers, underground duct structures, and copper and fibre optic cables. Cable can be placed aerially, in ducts, direct buried or under water. Through our policies and training, we aim to reduce our environmental impact on water, soil, vegetation and habitat. In 2003, we assessed 15 construction sites for proper management of environmental impacts.

The summer of 2003 had specific challenges in B.C., due to raging forest fires which damaged a number of communications structures. Due to rebuilding work, our access to these sites had the potential to create environmental impacts. Particular care is needed in environmentally sensitive areas, including provincial and national parks, First Nations' lands and marine environments. As a result, five environmental impact assessments (EIA) were conducted in 2003. The EIA of the North Island Fibre Ring in B.C. proved particularly challenging, as it required protection not only of eel grass and riparian zone vegetation, but also of the cultural resources of local Aboriginal Peoples.

Most of our efforts are successful in mitigating effects. However, while upgrading the Trans Canada Fibre Optic Route on a utility easement across the Lac du Bois Grassland Provincial Park near Kamloops, B.C., TELUS and its contractor trespassed onto ecologically sensitive lands. In 2004, we will repair the damage and redouble training in this important area.

Construction site assessment			
	2003	2002	2001
Total assessments	15	18	28
Criteria ¹			
Prior notification ²	14	15	28
Weed control	13	16	24
Surface soil salvage	11	16	23
Water crossings	14	17	27
Erosion control	8	12	15

1 Criteria represents number of sites where appropriate action was taken.

2 Prior notification refers to consultation with landowners, occupants and regulators.

Fuel systems – At remote locations, we use diesel, propane and kerosene fuel for generators to provide the sole source of power and to act as back-up for commercial power at critical business locations. Although the number of tanks in use has increased due to our corporate acquisitions and the installation of new sites, risk is being reduced through many factors including reducing the quantity of fuel stored, installing secondary containment, corrosion protection, alarms and emergency shut-off devices. In 2003, we allocated over \$2.8 million for capital expenditures for fuel tank upgrades. In 2004, we expect to spend \$3 million, based on our assessment of risk exposure. New legislation pending has caused TELUS to revisit our targets in 2004.

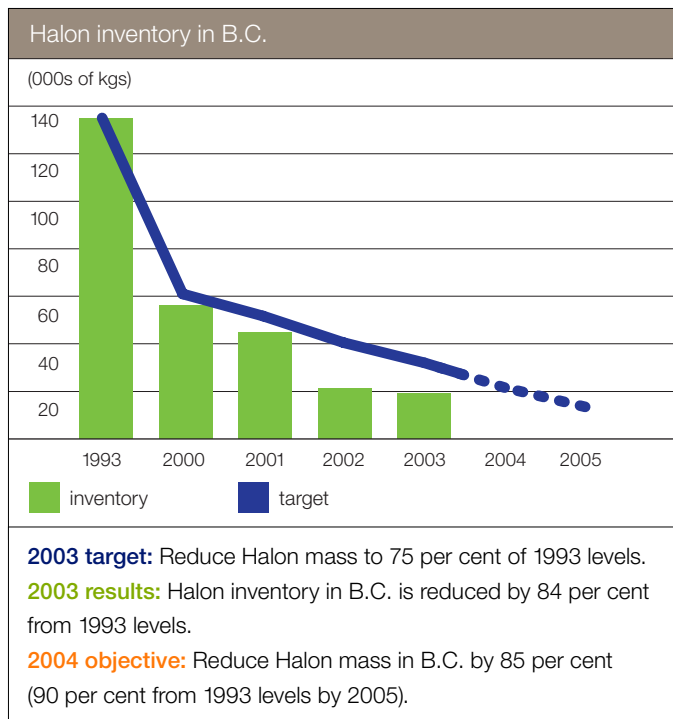
Fuel tanks in use by TELUS				
	2003	2002	2001	1990
	650	520	477	1,135

2003 target: Complete upgrades to 90 per cent of prime power sites and selective upgrading at 70 per cent of remote and sensitive sites.

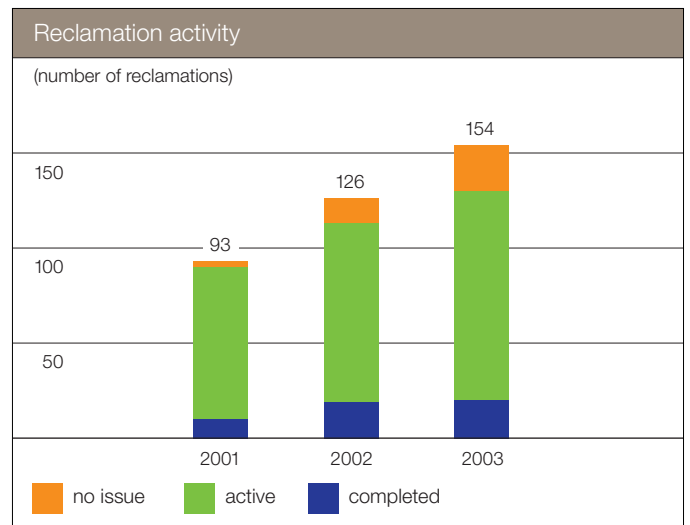
2003 results: Eighty-four per cent of prime power sites are completely upgraded and 62 per cent of remote and sensitive sites have had upgrades to selected fuel system components. Acquisition of tanks in 2003 lowered percentages of remote and sensitive sites year-over-year (68 per cent from 2002).

2004 objective: One hundred per cent of prime power sites upgraded; 30 per cent of priority upgrade sites have complete upgrades (100 per cent by 2009).

Halon – Since the mid-1970s, Halon 1301 has constituted a key component of TELUS' fire protection strategy. We introduced a Halon removal plan in 1993 in B.C. to meet a 90 per cent reduction in kilograms of Halon. Although our Halon inventory has increased with the acquisition of TELUS Québec, we remain confident in reaching our target. One TELUS building in B.C. accounts for 50 per cent of our TELUS B.C. inventory. This site is due for upgrades and Halon removal in 2004/2005.



Reclamation of contaminated sites – Spills or releases can occur at our facilities, creating contamination of the soil and groundwater. We had 130 sites under reclamation in 2003, 20 of which were completed during 2003. We assessed 24 other sites for contamination but identified none. Most remediation on TELUS sites constitutes petroleum hydrocarbons from storage tanks but may also include metals, other chemicals or pole preservatives. In our work with external consultants, we assessed more than 40 sites for our real estate group and pursued remediation where needed in advance of property dispositions.



environmental leadership

Utility poles – We own or have joint-use agreements for roughly 1.5 million poles in Alberta, B.C. and Quebec. We store treated wood poles at over 60 locations in B.C. and at five locations in Quebec. Wood utility poles are treated with Pentachlorophenol, Creosote or Chromated Copper Arsenate (CCA) to prolong service life. New poles in Alberta and B.C. are almost exclusively CCA treated.

Our 2003 goal was to reduce the number of pole storage yards in B.C. by 15 per cent. In 2003, 18 pole yards were removed, a reduction of 25 per cent. We will strive to achieve a further 10 per cent reduction in 2004. TELUS Québec will decommission all five of their existing pole storage locations in 2004, the result of an agreement with Hydro Québec.

We no longer release out-of-service treated wood poles for private use, either by the public or by team members. Through an outside company in B.C., we recycle utility poles, which are manufactured into lumber, fence panels and Adirondack wooden chairs.

Through energy and resource management

In December 2002, Canada ratified the Kyoto Protocol, committing to reduce greenhouse gas emissions by 2010, to six per cent below 1990 levels. As a large company, TELUS seeks to reduce its impact and has developed an energy target based on the efficient use of energy. This measures consumption against economic results, an approach known as eco-efficiency. We have reported absolute numbers, but also normalize these figures by comparing usage to millions of dollars of revenue. Our target is to reduce energy consumption per unit of revenue generated by 10 per cent by 2007 (below 2001 levels).

Attaining a monitoring system that yields quality data is a difficult task given TELUS' extensive, diverse and changing property holdings. While we now include results from TELUS Mobility, we must also adopt tracking that embraces all aspects of TELUS operations, including TELUS Québec and our major leased facilities.

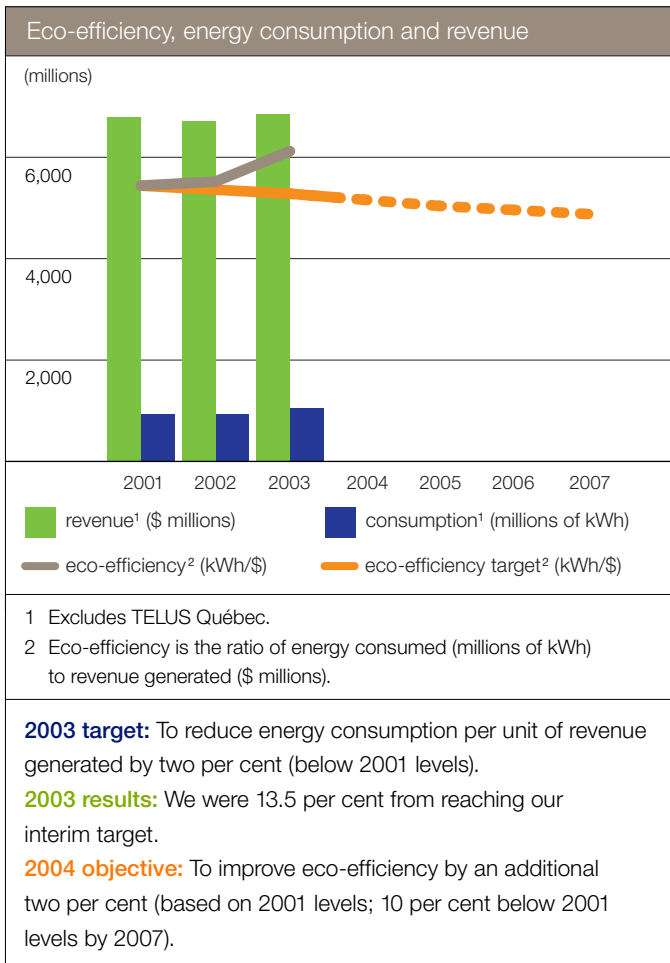
TELUS energy consumption ¹							
	2003			2002			
Type of energy	kWh	GJ	t CO ₂	kWh	GJ	t CO ₂	% change for kWh
Direct emissions ¹	432,949,238	1,558,493	367,065	438,739,830	1,579,337	444,462	-1.3
Indirect emissions ²	611,284,845	2,200,449	290,952	499,250,055	1,797,256	213,823	22.4
Total	1,044,234,083	3,758,942	658,017	937,989,885	3,376,593	658,285	11.3

1 Excludes TELUS Québec. Includes gasoline, diesel, propane and natural gas, but excludes fuel used in prime and back-up power systems.

2 Includes electricity and steam.

3 Emission factors from Canada's Climate Change Voluntary Challenge Registration Guide (2003).

kWh = kilowatt hours, GJ = gigajoules, t CO₂ = metric tons of carbon dioxide equivalent



TELUS' total energy consumption in 2003 is 1044 gigawatt hours or 0.2 per cent of Canada's total electricity use based on 2001 results. Our CO₂ emissions were 0.1 per cent of Canada's total CO₂ equivalent for 2001. See eia.doe.gov/emeu/cabs/canada.html.

We face a challenge in improving our eco-efficiency, but we remain firmly focused on the environmental benefits our success in this area represents.

Our network results for 2003 suggest our Operational Efficiency Program has sparked some energy savings, however, these appear to be offset by the increasing demand of network equipment integral to TELUS' next generation network and provisioning of broadband Internet service.

We are motivated to meet our goal and introduce new ways of achieving improvements in eco-efficiency. As an example, the re-lamping of our 3777 Kingsway site in Burnaby, B.C. yielded savings of over 1.6 million kWh and a 7.7 per cent decrease in energy consumption during 2003.

TELUS business groups – energy usage ¹			
	2003	2002	% change
Fleet	150,521,590	182,403,213	-21
Network – natural gas	214,657,285	170,729,768	21
Network – propane and fuel oil	1,989,129	2,509,367	-26
Network – electricity (and steam)	440,340,044	344,477,083	22
Mobility – electricity (facilities)	3,503,305	3,312,815	5
Mobility – electricity (cell sites)	167,441,496	151,460,158	9
Mobility – gas (facilities)	65,781,234	83,097,481	-26
Total consumption	1,044,234,083	937,989,885	11

¹ Results in kWh.

environmental leadership

Fleet – Through the Operational Efficiency Program, since 2001 we reduced the number of vehicles (including both leased and owned) in our fleet by 1,200 or 20 per cent, the distance

travelled by 10 per cent and the total fuel consumed by 17 per cent. The number of kilometres travelled per litre of fuel increased by nine per cent over that period.

Fleet statistics			
	2003	2002	2001
Distance travelled (km)	80,346,083	98,600,000	89,575,000
Number of vehicles	4,680	5,315	5,882
Fuel consumption (L)	15,632,844	18,944,000	18,942,000
Distance travelled per litre (km/L)	5.14	5.20	4.73

Air emissions – Since TELUS is not a manufacturing company, our air emissions are the result of fleet operations and emissions from energy consumption. We do not have

a specific target for air emissions, as we believe this area is adequately dealt with through our overall energy management targets and calculations of resulting emissions.

Air emissions from the TELUS fleet¹			
	2003	2002	2001
Carbon dioxide	37,516	45,389	45,385
Hydrocarbons	2,230	2,691	2,690
Nitrous oxides	4.3	5.2	5.2
Carbon monoxide	1,603	1,933	1,933

¹ All emissions are in metric tons.

Alternate energy – Fuelling energy efficiency and minimizing environmental risk is behind our efforts to install renewable energy technologies at many prime powered sites in B.C. and Alberta. To date, we have activated 35 solar-powered and one

wind-powered installation. We are also evaluating generator technology to ensure systems are sized correctly, and are as clean and efficient as possible.

sponsoring

Through Tree Canada Foundation, we sponsored the largest carbon neutral forestry event ever at the XII World Forestry Congress in Quebec City. Emissions created by 5,000 conference attendees were offset by planting 13,645 trees in the Sudbury Land Reclamation Site, which will sequester about 7,967 metric tons of carbon dioxide from the Congress.

Water use – TELUS recognizes the global importance of water. Water has historically been taken for granted in Canada but with increased industrial and agricultural activity, and years of drought in the prairie regions, Canadians are becoming aware that water is a precious commodity that must be conserved. While TELUS is not involved in any manufacturing processes that result in heavy consumption of water, we have taken the initiative to install automatic faucets and low flush toilets in some of our facilities. In 2003, we also began tracking our water usage. For the present, only our network operations are considered, however, our future goal is to track all aspects of water use at TELUS.

2003 TELUS Communications Inc.	
total water consumption¹	395,780 m ³ *
Water / team member ²	90 m ³ /yr
Canadian norms (domestic) ³	125 m ³ /yr

- 1 Represents approximately 75 per cent of TELUS owned network facilities; excludes TELUS Mobility, TELUS Québec and leased facilities.
 - 2 Based on annual average use at TELUS' four largest facilities in B.C. and Alberta.
 - 3 Environment Canada Web site: www.ec.gc.ca/water
- * m³ includes conversions from other units of measure and estimates based on best practices.

Hazardous waste transported¹				
	2003	2002	% change	2001
TDG solids (t)	235	230	2.1	182
TDG liquids (L)	3,637	2,090	74.0	13,987

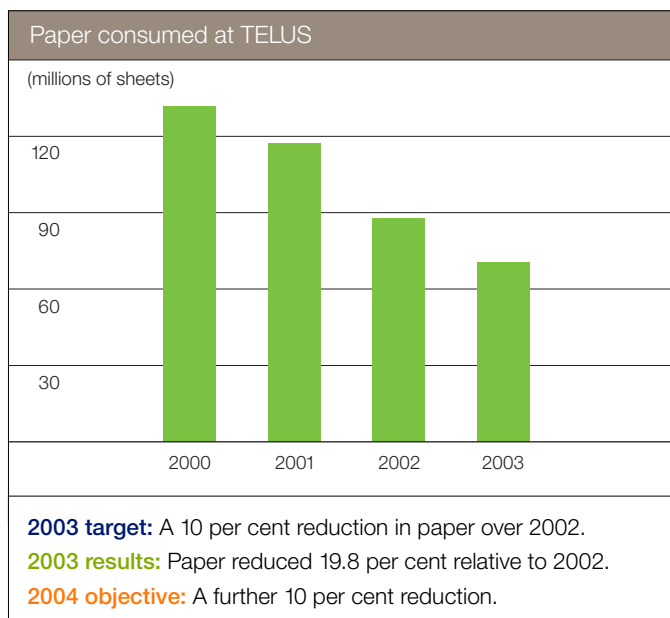
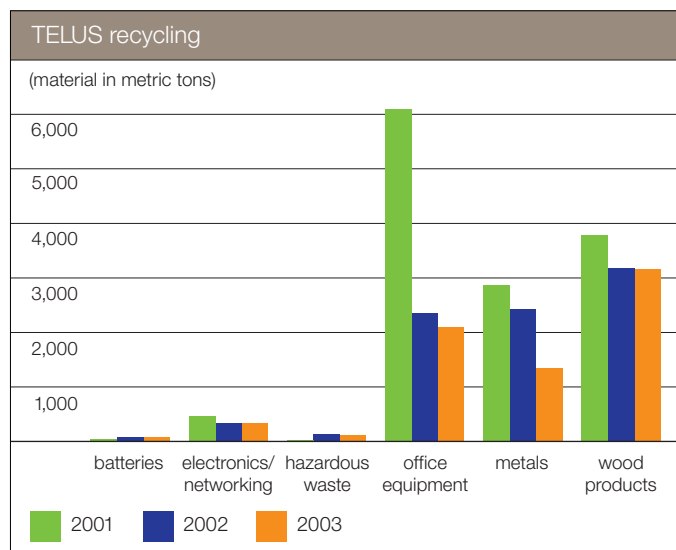
1 Includes TELUS and TELUS Mobility owned buildings in Western Canada. Excludes recycling from TELUS Mobility's eastern facilities or TELUS leased facilities.

Reduce, reuse, and recycle – To reduce waste, we integrated a recovery and recycling program at most of our facilities many years ago. The total weight of recycled material in metric tons for 2003 was 7,183, resulting in a cost avoidance of over \$385,000, based on landfill tipping fees of \$70/t. Details of materials recycled

at TELUS-owned facilities from 2001 to 2003 by both product type and weight can be found at about.telus.com.

We handled more hazardous wastes in 2003 than in 2002, due mainly to reducing our inventories at facilities sold as part of the Operational Efficiency Program.

environmental leadership



At TELUS, the total weight of materials recycled has declined 16 per cent, year-over-year, despite tremendous increases in areas such as plastics, printers and circuit cards. This is primarily due to the sale of our directory business in 2001 and reductions from the Operational Efficiency Program, especially the sale of buildings and leasing back of space. Although we are not tracking recycling within all of our leased space, in future years our goal is to fully report our recycling from buildings we lease.

Waste reduction initiatives – We have not wavered from our commitment to waste reduction. This is illustrated through our initiatives such as Make Pulp Fiction and The Paperless Office. The Make Pulp Fiction program, in place since 1997, is a huge success. The 2003 target of reducing paper was easily surpassed; an additional 8,710,200 sheets of paper, or approximately 200 trees were saved. We also launched The Paperless Office in December 2003 with a goal of transforming all of our call centres into paperless offices. We estimate this program will yield annual savings of about 170,000 sheets of paper.

Product responsibility – We support the purchase of recycled and environmentally preferred products, based on their performance and availability at reasonably competitive pricing. We encourage our suppliers to incorporate sustainability into their products and services through our environmental procurement policy and practices. Criteria for selecting suppliers and products includes reduced packaging, lower hazardous content and the energy efficiency of products.

TELUS operates a Supplier Quality Program, which measures the quality of performance of our suppliers through surveying major internal stakeholders. The key performance indicators of this program focus on survey participation and percentage of action items closed within 90 days.

In 2003, a new survey was developed in response to stakeholders' concerns about the length of the survey and the redundancy of some of the questions. The new online survey asks eight questions, instead of 28, while encompassing the main attributes of supplier performance. In 2003 the survey participation rate increased from below 25 per cent to over 35 per cent. A larger increase is expected in 2004, as the new method was only put in place late in 2003.

saving

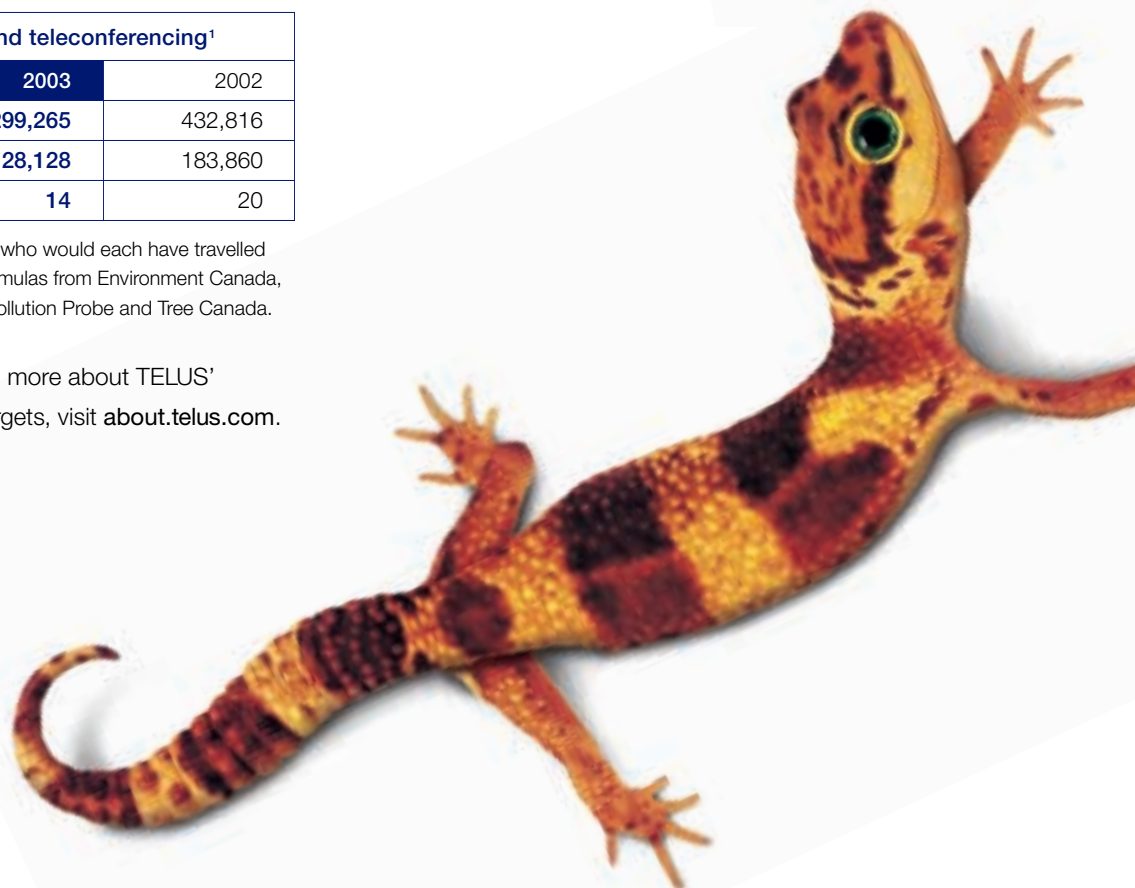
Paperless invoices for TELUS' largest 100 customers save 9,792 kg of paper a year. Not only were there savings in invoices but also in envelopes, postage, printers, ink and storage space for records.

2003 teleconference and videoconference – In 2001, we began reporting carbon avoidance based on video conferencing. In 2002, video and teleconference calls were combined and we continue to report on this environmental opportunity to reduce greenhouse gases. Overall, fewer TELUS videoconferencing calls took place in 2003, due to increased usage of Web conferencing and Net meeting tools. Both are becoming increasingly popular but are not currently tracked.

Pollutants avoided using video and teleconferencing ¹		
	2003	2002
Conference calls	299,265	432,816
Carbon dioxide (t)	128,128	183,860
Nitrous oxides (t)	14	20

¹ The calculation assumes six participants who would each have travelled 300 km by car to attend the meeting. Formulas from Environment Canada, U.S. Environmental Protection Agency, Pollution Probe and Tree Canada.

For more information – To learn more about TELUS' environmental policy, practices or targets, visit about.telus.com.



leading in social performance



For TELUS, leading the way in social performance means putting firmly in place the right processes, systems and technologies to consistently deliver business and workplace excellence. It means being committed to open, honest and transparent dialogue about our business with all our stakeholders – not just investors but also our customers, the communities we serve and team members.

leading in social performance

In this section we outline our journey towards achieving a workplace of choice by incorporating best practices such as an action plan to remove gender barriers for women in leadership roles at TELUS. In 2003 TELUS received external recognition for leadership in training and development and using learning as a strategic tool. We continued to demonstrate our commitment to fair and full financial disclosure and adopting best practices in corporate governance. The 2002 TELUS annual report was recognized for excellence in investor communications by the Canadian Institute of Chartered Accountants.



By supporting our team members

As we continue to transform TELUS into a leader in the Canadian telecommunications industry, we are passionately dedicated to ensuring a quality work environment, embracing diversity, and attracting and retaining the best in our industry sector. In a nutshell, our team members play a vital role in our success. Recognizing this, we place significant focus on our responsibility and strive to ensure team members are treated fairly and with dignity and respect for their skills, career goals, and viewpoints.

In the relentlessly competitive environment of telecommunications we seek to provide workplace programs that both support and enhance the professional and personal needs of our team members. We make every effort to establish a workplace that offers new opportunities for growth and innovation, and challenges all team members to attain their full potential. We are strongly committed to high ethical standards and working together in an inclusive way.

Through strong commitment to our values

Our corporate culture embodies our shared values and emphasizes that team members and TELUS are most successful when:

- we embrace change and initiate opportunity
- we have a passion for growth
- we believe in spirited teamwork
- we have the courage to innovate

In semi-annual online surveys, a large majority of TELUS team members agree their personal values align with the TELUS values:

Percentage of team members who agree their personal values align with the TELUS values				
Fall 2003	Spring 2003	Spring 2002	Fall 2001	Spring 2001
81%	81%	83%	84%	81%

Participation rates in these online team member surveys are very high with 75 per cent of team members completing each of the 2003 surveys.

social leadership

Through our investment in learning

In our workplace, Customized Career Development Plans (CCDPs) play a key role in fostering a culture where team members can learn, share knowledge and develop their abilities to their fullest potential. Individual team members, in conjunction with their manager, and using an online Web tool, create a development plan that includes a variety of learning activities and uses different delivery technologies to enhance their skill development and facilitate success in current and future career roles. These learning activities include on-the-job training and development, mentoring, online and instructor-led courses, and external

training. An important aspect of the CCDP process is two-way feedback and mutual objective setting between managers and team members.

To encourage quality and high standards of participation in the CCDP process, each year our internal HR experts review a random sample of CCDPs, measuring not only the participation rate but also the overall quality such as clearly stated objectives and measurable results. Additionally, a follow up random phone survey of managers and their team members ensures the integrity of the CCDP process.

Customized Career Development Plan – audit results ¹				
	2004 target	2003	2002	2001
Participation rate	96%	96%	94%	66%
Quality standard ²	89%	93%	76%	–

- 1 Excludes TELUS Québec and TELUS Mobility. TELUS Québec participation rates were 59 per cent in 2003 and 65 per cent in 2002. TELUS Mobility will begin participating in the Customized Career Development Plan audit program in 2004.
- 2 The 2004 target for Quality standard is lower than the 2003 result due to more rigorous quality standards in 2004.

Learning investment ¹				
	2004 target	2003	2002	2001
Amount spent	\$27.0 million	\$28.7 million	\$24.1 million	\$27.2 million
Percentage of salary and benefit costs	1.83%	1.89%	1.51%	2.12%
Approximate amount spent per team member	\$1,154	\$957	\$1,027	\$888

- 1 Excludes TELUS Québec.

supporting

In our workplace, Customized Career Development Plans play a key role in fostering a culture where team members can learn, share knowledge and develop to their fullest potential. In 2003, 96 per cent of TELUS team members completed a career development plan.

training

In 2003, the American Society for Training and Development (ASTD) presented TELUS with a BEST Award for leadership in training and development. ASTD commented that award winners use learning as a strategic tool and have the support of senior leaders who champion a learning culture.

Through our Web-based e.learning tools

Team members have eagerly adopted the use of Web-based e.learning tools as an effective and flexible way to learn. During 2003, our team completed almost 125,000 e.learning courses within TELUS. These ranged from mandatory safety and ethics courses, to technical skills and management knowledge. In addition, team members completed 3,000 instructor-led courses. Furthermore, aligning with our Operational Efficiency Program, more than 1,460 team members completed nearly 800 student days of training in 2003 to be effective in their redeployed positions.

In keeping with our commitment to excellence in the workplace, TELUS recently put in place a quarterly evaluation for students and managers to determine if each training program stimulated the expected learning goals. Survey results show continued improvement in this endeavour, ranging from 58 per cent to 70 per cent through 2003, and indicate a strong correlation of learning to performance.

A new course is currently under development for managers in the areas of workplace diversity, accommodation and human rights. This course aims to provide managers with practical information that will help them build a more respectful workplace and enhance their awareness of relevant policies.

In 2003, the American Society for Training and Development (ASTD) recognized TELUS' leadership and commitment to training and development with a BEST Award. Out of 23 recipients, TELUS placed seventh and was proud to be the only Canadian company honoured. BEST stands for Building talent, Enterprise-wide, Supported by the organizations' leaders, fostering a Through-and-through learning culture.

By our commitment to a respectful workplace

We are strongly committed to creating and maintaining a workplace where individuals are treated with respect and dignity. As an employer, TELUS falls under federal jurisdiction. This means our team members are protected by the Canadian Human Rights Act in ensuring that no one in the workplace is subject to harassment or discrimination based on any of the 11 prohibited grounds or activities outlined in the Act. TELUS also has policies in place that support the Act, allowing team members to enjoy a workplace that is free from harassment.

Additionally, we offer our team members the services of a full-time human rights coordinator who serves as an objective third party in resolving harassment disputes and recommending corrective action.

social leadership

“We establish and maintain an ethical workplace. We treat people fairly and respect human rights. We recognize that there are differences among individuals that go beyond race and gender, and value the contribution our differences bring to the business. We provide team members with the training, tools and coaching necessary for the job.”



Source: TELUS Ethics Policy: Personal and Corporate Integrity. For complete policy, visit about.telus.com/governance/ethics.html.

Through our Workplace Accommodation Policy

Workplace accommodation refers to the obligation of an employer and union to take steps to eliminate disadvantage to its team members or job applicants resulting from a rule, practice or physical barrier that has or may have adverse impact on individuals or groups protected under the Canadian Human Rights Act. We take our workplace accommodation obligation seriously and are committed to providing an inclusive, flexible, non-discriminatory and respectful work environment for team members.

Workforce profile		Members of visible minorities %	Aboriginal Peoples %	Persons with disabilities %	Women %
2002	Canadian workforce availability ¹	15.4	1.7	5.5	37.1
2002	Canadian workforce actual representation for telecommunications carriers ²	11.6	1.3	2.0	45.4
2002	TELUS actual ³	9.6	1.8	2.8	42.6
2001	TELUS actual ³	7.8	1.4	2.6	46.0
2000	TELUS actual ³	7.4	1.3	2.7	47.3

Equity representation figures for 2003 for TELUS are not available until June 2004.

- 1 Canadian workforce availability refers to the percentage of the designated group (i.e. Members of visible minorities, Aboriginal Peoples, Persons with disabilities, Women) who are employed in the Canadian workforce and have the skills necessary to fill positions at TELUS.
- 2 Canadian workforce actual representation for telecommunications carriers refers to the percentage of the designated group (i.e. Members of visible minorities, Aboriginal Peoples, Persons with disabilities, Women) who are employed at telecommunications carriers in Canada.
- 3 TELUS actual refers to the percentage of the designated group (i.e. Members of visible minorities, Aboriginal Peoples, Persons with disabilities, Women) who are employed at TELUS. Excludes TELUS Québec and TELUS Mobility.

Most of the complaints filed by TELUS team members with the Canadian Human Rights Commission (CHRC), allege failure to accommodate a disability. Of the nine cases that were closed during 2003, four have been dismissed, four have been withdrawn or are not proceeding, and one has been deferred.

Team member complaints filed with the CHRC ¹			
	New	Closed	Open
2003	8	9	10
2002	9	6	11
2001	7	4	8

1 Excludes TELUS Québec and TELUS Mobility.

TELUS team members			
(Total at December 31, 2003)	TELUS Communications	TELUS Mobility	Total
Unionized	11,747	1,239	12,986
Management and professional	7,282	4,451	11,733
Total	19,029	5,690	24,719

Grievances and arbitrations – cases filed			
	2003	2002	2001
TELUS Communications ¹	228	268	295
TELUS Mobility	113	115	74
Total	341	383	369

¹ Excludes TELUS Québec.

Through our employment equity practices

As a federally regulated employer, TELUS is regulated by the Employment Equity Act. The purpose of this act is to eliminate workplace barriers related to four designated groups: women, Aboriginal Peoples, persons with disabilities and members of visible minorities. While the Employment Equity Act focuses on four groups that have been historically disadvantaged in Canada, it also helps organizations such as TELUS look more generally at equitable work practices for everyone. Our goal is not only to have a workforce that mirrors the diversity of Canada's workforce but also to nourish one that ensures equal opportunity for all.

In 2002, the audit of TELUS Communications Inc.'s employment equity practices by the Canadian Human Rights Commission found us to be in compliance with all 12 statutory requirements, with recommendations to further analyze and take action on

closing under-representation gaps. Generally, our current representation rates indicate that access to employment opportunities at TELUS for Aboriginal Peoples and women is not an issue. We continually monitor for any signals of inequitable treatment in the workplace.

On semi-annual surveys, a high percentage of team members agree with the statement "TELUS respects team members of different ages, race, colour, gender, sexual orientation, religions, ethnic origin, language, marital status, family status and disability."

Percentage of team member survey participants who agree TELUS respects diversity				
Fall 2003	Spring 2003	Spring 2002	Fall 2001	Spring 2001
86%	85%	86%	89%	87%

diversity

At TELUS, we respect the equal dignity and worth of all who seek to participate as employees. We value diversity of the workforce and believe that individuals should have access to employment opportunities based on their ability.

– TELUS Workplace Accommodation Policy

social leadership

Looking beyond our workplace, TELUS does not generally come into contact with or do business with countries or organizations known for violating human rights and child labour laws. As a Canadian organization, we fully support the Canadian Human Rights Act in these matters and issue assurances about our own employment equity practices on an as-needed basis.

With labour relations

The telecommunications sector continues to be highly competitive. TELUS believes reaching a collective agreement for our bargaining unit team members in Alberta and British Columbia that is responsive to the evolving needs of our customers and our competitive marketplace is essential to achieving the leadership role we seek in the Canadian telecommunications industry.

TELUS anticipated that negotiations for one collective agreement, to replace the prior existing agreements that were in place as a result of the 1999 merger of BC TELECOM and Alberta-based TELUS, would be complex and challenging. In preparation for negotiations, we reviewed the existing collective agreements from the predecessor companies and others from telecommunications companies across North America.

The Communications and Mobility business segments of TELUS and the Telecommunications Workers Union (TWU) have been negotiating a new agreement since November 2000 and have been involved in conciliation and mediation with the help of two federal conciliators/mediators since November 2002.

During this time, TELUS has continued to honour the terms and conditions of the existing agreements, which expired at the end of 2000, and remains committed to a workable solution. In 2003 alone, 58 face-to-face meetings were held between TELUS and the TWU. Reaching a collective agreement in 2004 remains one of the top corporate priorities.

By listening to our people

Listening to the opinions and ideas of our people and taking action on feedback are essential to our growth strategy.

TELUS' chief executive officer and executive vice presidents have been conducting front-line forums with team members since 2002. Following a presentation on TELUS' strategy and direction, discussion topics centre on issues raised by team members. Anonymous feedback shows appreciation for the transparent communication in these sessions and the opportunity to talk one-on-one with executive leaders. These forums also provide an invaluable opportunity for listening to the concerns and issues of team members who work directly with our customers, and provide invaluable insight for improving customer service and making TELUS a workplace of choice. In 2003, approximately 70 executive forums were held.

Doable Work is another important program that brings team members together from across the company to ensure TELUS delivers to our customers. Team members work with cross-department, cross-functional teams to identify roadblocks to providing excellent customer service and put solutions in place to eliminate them.

respecting

In our Fall 2003 Pulsecheck survey, 86 per cent of our team members agreed with the statement, "TELUS respects team members of different ages, race, colour, gender, sexual orientation, religions, ethnic origin, language, marital status, family status and disability."

Through our Pulsecheck survey

Results from our semi-annual Pulsecheck survey of the TELUS team are shared with team members and provide an essential tool for shaping improvements in our quality of work-life. Based on this feedback, our 2003 efforts focused on recognition, leadership accessibility, communication and team member development.

Percentage of team members participating in Pulsecheck survey				
Fall 2003	Spring 2003	Spring 2002	Fall 2001	Spring 2001
75%	75%	74%	62%	59%

Percentage of team members expressing overall satisfaction with TELUS as a place to work compared to other companies for which they might work				
Fall 2003	Spring 2003	Spring 2002	Fall 2001	Spring 2001
61%	60%	68%	78%	77%

This decline can be attributed to a number of factors including the temporary customer service challenges we faced in late 2003 in Western Canada, as well as a desire to complete a new collective agreement with the unionized team members in Alberta and B.C.

With health and safety in the workplace

We believe health and safety is a team effort and an integral part of our daily business. We take pride in our holistic approach to personal and organizational wellness that utilizes internal and external resources to assist team members proactively manage their health and optimize their work and personal life.

Safety of our team members, our customers and the community at large is also of paramount importance to TELUS. Each of TELUS' legal entities have customized approaches to health and safety including policies, training, safety committees, Web site information and safety consultants. We voluntarily conduct audits of our safety practices regularly to identify areas for improvement.

Our Health and Safety Policy is available to team members through our internal Web portal. The policy outlines our health and safety goals and the operational principles that govern our workplace.

Absenteeism rates ¹			
	2003	2002	2001
Team members absent on a daily basis for illness and injury	1.6%	1.7%	1.9%

¹ Excludes TELUS Québec and portions of TELUS Mobility.

Total Workers' Compensation Board lost time incidents per 200,000 person hours worked ¹			
	2003	2002	2001
Workplace accidents and injuries	1.44	1.16	1.48

¹ Excludes TELUS Québec and TELUS Mobility.

Employee assistance program (EAP) – EAP provides short-term assessment and counseling/referral information to team members, their dependents and retirees. Team member assistance offerings were expanded during 2003 to include WorkLife Solutions Services, which provides support on issues such as child care, elder care, education, nutrition and specialized programs for teen, young adults and their parents. Team member satisfaction surveys about the program continue to show improvement. In 2003, 9.6 per cent of our team members accessed EAP and 80 per cent of survey respondents rated the program as excellent. In 2002, 10.6 per cent of team members accessed the program with 79 per cent rating the program as excellent. In 2001, 62 per cent of survey respondents rated the program as excellent.

social leadership

Internal occupational health advisors – These experts assist team members in their recovery by providing resources and return-to-work programs. As well, ergonomic consultants ensure job tasks and work environments are designed to match human needs. Team members can also access self-help and on-site ergonomic assessments and ergonomically sound equipment.

On-site fitness facilities – Keeping focused on the holistic benefits of exercise, TELUS offers its team 15 on-site fitness facilities at major centres, including Vancouver, Burnaby, Victoria, Edmonton, Vancouver and Calgary. About 25 per cent of team members who work in these locations take advantage of such facilities.

On-site group activities are offered at TELUS Mobility offices across Canada over lunch hours or after work for a variety of active living, spiritual and social wellness-sponsored clubs or classes. Some activities are free while others may be user-based. TELUS Mobility team members are also offered fitness club discounts.

Safety skills – Since 1964, TELUS has annually sponsored first aid competitions for team members, simulating medical emergencies. These skills were called into action in 2003 when a team member had difficulty breathing due to a severe allergic reaction. Two team members with first aid skills took immediate and appropriate action and prevented a possible fatality.

Through supporting leadership excellence

We recognize leaders play a vital role in creating a workplace of choice. At TELUS, our managers are supported with several innovative programs that drive best-in-class management practices. Our Pulsecheck survey measures how well team members believe the leaders at TELUS are demonstrating the TELUS values. In the Fall of 2003, 74 per cent of respondents either agreed or strongly agreed with this survey item.

Quality of leadership				
Fall 2003	Spring 2003	Spring 2002	Fall 2001	Spring 2001
74%	74%	75%	77%	72%

2003 was a landmark year for women in leadership at TELUS. Although we have many women vice-presidents and directors with significant responsibilities, in 2003 we put an action plan in place to ensure internal processes, ranging from recruitment to leadership development to succession planning, were free of gender barriers. Goals were established to ensure women at TELUS continue to advance to senior levels based on their skills and achievements. Currently, female representation at the vice-president level of management is 18 per cent at TELUS, compared to our short-term goal of matching the availability in the external marketplace of 21 per cent. Indicative of our commitment was the recruitment of a new female executive vice president, Government & Regulatory Affairs – who joined TELUS in late 2003.

Through recognizing, rewarding and sharing success

Our team members share in the success of our company through excellent compensation and benefits programs that offer choice and flexibility. Our market-based compensation for management and professional team members is aligned with similar high-tech companies and recognizes individual contributions and competitive skills sets. To ensure our compensation remains competitive, we review compensation levels annually or as required.

Stock options and Team Member Share Purchase Plan – Originally introduced in March 2001, the Options program has awarded annual increments of 100 options to the TELUS team. We also continue to offer an optional Team Members' Share Purchase Plan with a generous 40 per cent company match. With ownership of 9.3 million shares, or approximately three per cent of the total outstanding shares, our team share plan members are our seventh largest shareholder group.

Eligible team members participating in Share Purchase Plan	
	Percentage
2003	66.9
2002	66.1
2001	71.5

Benefits program – TELUS' benefits program is about individuality and choice. We provide a variety of lifestyle programs to help our team members balance their work and personal life including flexible work options.

PLAN-IT – As a flexible benefits plan for management and professional team members, PLAN-IT allows the tailoring of personal benefits plans to suit individual needs.

Team Machine® – In our Team Machine program, team members can nominate and recognize the outstanding performance, superior teamwork and extraordinary results of their colleagues who exemplify TELUS values in action. In receiving a Team Machine award, team members receive points they can either share with others or exchange for a wide range of merchandise.

Total compensation and benefits			
(\$ in millions)	2003	2002	2001
Total	\$ 1,883	\$ 1,996	\$ 1,954

Benefits for unionized team members are covered by their respective collective agreement. Additional information on benefits for management and professional team members can be found under the careers heading on [telus.com\careers](http://telus.com/careers).

With corporate governance and risk management

TELUS is strongly committed to ethical standards in all areas of our business. We seek out and implement best practices in risk management and corporate governance as a normal part of doing business. We have several internal control structures in place with appropriate business practices and ethical standards.

Business ethics and integrity, policies and codes of conduct – The TELUS Ethics Policy ties together all policies regulating business behaviour at TELUS and sets high expectations for all team members, including Board directors and officers. The Ethics Policy is available publicly at about.telus.com/governance/ethics.html and includes references to the following guidelines and policies for all team members: corporate disclosure and confidentiality policy, privacy code, insider trading policy, respectful workplace policies, health and safety policy, environmental policy, security policies and corporate credit card policy.

To promote company-wide ethical behaviour, we launched a Web-based ethics course in 2002. In 2003, 96.7 per cent of team members completed the course, with 93.5 per cent completing it in 2002.¹ This online training and the updated TELUS Ethics Policy help guide and support our team in sustaining an ethical work environment.

¹ These percentages exclude TELUS Mobility. TELUS Mobility's results were not available at the time this report was produced.



corporate governance

In 2003, for the ninth consecutive year, the Canadian Institute of Chartered Accountants recognized TELUS for excellence in corporate disclosure. We received high scores for annual reporting, corporate governance and electronic disclosure.

social leadership

Via the TELUS EthicsLine, team members can anonymously and without fear of retribution alert management about potential misconduct. All reports to the line are researched and reported to the Audit Committee of the Board of Directors. At year-end, the Ethics Office determined there had been eight minor breaches of the Ethics Policy and none involved fraud by those with a significant role in internal controls. Corrective action (including discipline) was taken. Also, team members can seek the advice of TELUS' director for Ethics and Controls Compliance on ethical situations they face. In 2003, 27 situations were discussed and advice offered.

Governance and overall management structure – We are committed to adopting best practices in corporate governance. For more details about TELUS' corporate governance visit telus.com/governance/.

Key to forging effective practices in corporate governance is a strong management team. For more information about our management team and their roles visit: about.telus.com/investors/profile_management.html.

Issue/risk identification and significance – Our risk management team continues to make significant improvements in our risk management capabilities and has a three-level risk assessment process that includes the expertise of team

members from all areas of our business. Level one includes an annual risk assessment, one-on-one interviews with senior managers, a risk and control assessment survey, a review of issues from past audits, and the creation of action plans to mitigate risks and monitor results. In level two, TELUS conducts a quarterly risk assessment review with key stakeholders to capture dynamically changing business risks. In level three, TELUS conducts risk assessments for specific audit engagements.

Extensive information on major risks and uncertainties that could affect TELUS' future business and results going forward are contained in Management's Discussion and Analysis in our 2003 annual report at telus.com/agm. Information on financial liabilities is listed in the Consolidated Financial Statements and Notes section of our 2003 annual report.

Reliability of data – TELUS has an ongoing commitment to full and fair financial disclosure, and best practices in corporate reporting and governance. This is outlined in the Policy on Corporate Disclosure and Confidentiality of Information approved in 2003 and posted publicly on about.telus.com/governance/disclosure_policy.html.

All data presented in this report has been reviewed and approved by the respective areas' senior managers.





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