

## **APPENDIX G - TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND COMPENSATION COMMITTEE**

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The Board of Directors has established the Human Resources and Compensation Committee of the Board (the “Committee”) to generally develop the Company’s philosophy and guidelines on executive compensation, oversee succession planning for Executive Management, approve the corporate scorecard as well as the CEO goals and objectives relevant to compensation, recommend for Board approval the CEO’s compensation based on the evaluation of the CEO’s performance, review Executive Management’s performance and determine their compensation, and review and administer the Company’s equity-based incentive plans and the Company’s supplemental retirement plans for Executive Management. The Committee has other functions as outlined below, including risk management oversight.

The term “Executive Management” refers to all Executive Vice Presidents who are appointed officers of the Company (collectively the “EVPs”) and the President and Chief Executive Officer (“CEO”).

### **1. MEMBERSHIP**

- 1.1 The Committee will have a minimum of three members, including the Chair of the Committee. The Board, upon the recommendation of the Corporate Governance Committee, will appoint and remove the members of the Committee by a majority vote. The members will sit on the Committee at the pleasure of the Board.
- 1.2 The Board, upon the recommendation of the Corporate Governance Committee, will appoint the Chair of the Committee from the Committee members by a majority vote. The Chair of the Committee will hold such position at the pleasure of the Board.
- 1.3 All members of the Committee will be Independent Directors.
- 1.4 No more than 1/3 of the members of the Committee may be a currently serving chief executive officer of another public company.

### **2. MEETINGS**

- 2.1 The Committee will meet at least once each quarter and otherwise as necessary. Any member of the Committee may call meetings of the Committee.
- 2.2 All directors of the Company, including management directors, may attend meetings of the Committee provided, however, that no director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if he or she is not a member of the Committee.
- 2.3 The Chief Governance Officer or his or her nominee will act as Secretary to the Committee.
- 2.4 The Committee will report to the Board on its activities and deliberations as soon as practicable, and report to the Board at its next regular meeting all such actions which the Committee has taken since the previous report. Each member of the Board will have access to the minutes of the Committee’s meetings, regardless of whether the director is a member of the Committee.
- 2.5 The Committee should hold an in-camera session without management present, including management directors, as a regular feature of each Committee meeting.
- 2.6 At the invitation of the Committee, the external human resources consultant to the Committee may attend meetings of the Committee, including in-camera sessions.

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2.7 Subject to any contrary direction by the Committee, the external human resources consultant to the Committee will receive notice of every meeting of the Committee.

### **3. QUORUM**

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

### **4. DUTIES**

The Committee shall perform the functions customarily performed by compensation committees and any other functions assigned by the Board. In particular, the Committee shall have the following duties:

#### **4.1 Executive Management - Appointments and succession planning**

The Committee:

- (a) will review and recommend to the Board for approval the proposed appointment of any person to Executive Management or as a corporate officer of the Company;
- (b) will review and recommend to the Board for approval all agreements, including those dealing with retirement, termination of employment or other special circumstances, between the Company and the CEO but excluding indemnity agreements which are reviewed by the Corporate Governance Committee;
- (c) will review and approve the key terms and conditions of all agreements, including those dealing with retirement, termination of employment or other special circumstances, between the Company and any EVP, but excluding indemnity agreements which are reviewed by the Corporate Governance Committee; and
- (d) at least once annually, will review succession plans for Executive Management, including cross business-unit coordination and specific development plans and career planning for potential successors, provided that the Board must also review and approve the succession plan for the CEO.

#### **4.2 Compensation Philosophy and Executive Programs**

The Committee:

- (a) will develop and recommend to the Board for its approval, the Company's compensation philosophy and guidelines for Executive Management;
- (b) at least once annually, will review the Company's compensation philosophy and guidelines for Executive Management and recommend any material changes to the Board for its approval. In its review, the Committee will assess the form and adequacy of compensation for Executive Management, the linkage of executive compensation philosophy and incentive plans to the corporate strategy and the Company's financial and non-financial performance, and alignment with the Company's employee compensation philosophy;

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- (c) will review and recommend to the Board for approval the design of the annual performance bonus plan and the annual guidelines with respect to the size of the bonus pool;
- (d) will review any proposed establishment of, and material changes to, incentive compensation plans and employee benefit plans for Executive Management and all equity-based incentive plans of the Company or its subsidiaries (except in relation to TELUS International and its subsidiaries), including guidelines and policies relating to such plans, and present its recommendations to the Board for approval, unless the plan texts provide otherwise;
- (e) will, within any guidelines established by the Board and subject to any authority otherwise reserved or delegated by the Board with respect to any stock option or other equity based incentive plans of the Company or its subsidiaries (except in relation to TELUS International and its subsidiaries):
  - (i) review management's recommendations for and, subject to confirmation by the Board, approve the granting of stock options or other securities under such plans to eligible participants; and
  - (ii) administer such plans;
- (f) at least once every two years, will review and approve the levels and types of benefits, including perquisites and vehicles, that may be granted to Executive Management, subject to the terms of any applicable employee benefit plans and guidelines established by the Board;
- (g) will review and approve the expenses of the CEO and will assess the Company's policies and procedures with respect to the expense accounts, perquisites and use of corporate assets by Executive Management;
- (h) at least once annually, approve the share ownership guidelines for Executive Management and review the compliance with those guidelines by Executive Management; and
- (i) at least once every two years, review and approve all material Executive Management policies and guidelines that are not otherwise addressed in these Terms of Reference or under the mandate of the Board or another Board committee, such as the aircraft policy and executive security policy.

### **4.3 Annual Executive Compensation**

The Committee:

- (a) at least once annually, will review and approve the corporate scorecard and individual goals and objectives relevant to CEO compensation;
- (b) at least once annually, will review and recommend to the Board for approval the performance evaluation of the CEO based on the Committee's recommendation,
- (c) at least once annually, will review and approve the performance evaluations of EVPs based on the CEO's recommendations;

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- (d) will review the performance of the Executive Management as provided in subparagraphs b) and c) above in light of the corporate scorecard and individual goals and objectives referred to in subparagraph (a) above;
- (e) at least once annually, review and recommend to the Board for approval the CEO's compensation based on their assessment of the CEO's performance;
- (f) at least once annually, will review and approve the compensation of EVPs, after taking into consideration the evaluation and recommendations of the CEO, provided that any grant of securities will be approved by the Board where it is required;
- (g) within any guidelines established by the Board, and any authority reserved by the Board, the Committee may consider and determine all matters concerning incentive awards, perquisites and other remuneration matters with respect to Executive Management, provided that any determination with respect to CEO remuneration will be subject to the approval of the Board; and
- (h) will ensure that members of Executive Management excuse themselves from meetings during voting or deliberations by the Committee with respect to their performance evaluations or compensation.

### **4.4 External Board Memberships**

Save and except for those boards of directors that a member of Executive Management is asked by the Company to join as part of that member's employment duties, the Committee, with respect to boards of directors of unrelated corporations or entities, whether they are for profit or not-for-profit:

- (a) may establish a limit on the number of such boards on which individual members of Executive Management may participate. Furthermore, where the Committee has permitted a member of Executive Management to participate on the board of directors of an unrelated corporation or entity, such member of Executive Management must obtain the further approval of the Committee prior to chairing such board or any committees of such board;
- (b) will receive notice of proposed membership by a member of Executive Management and, have the right to approve or object to such membership; and
- (c) will unless determined otherwise by the Committee, confirm in writing, through the CEO, to such member of Executive Management that the Company will not indemnify the member nor be exposed to liability with respect to the member's participation on such board.

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### **4.5 Risk management**

The Committee:

- (a) will monitor, on behalf of the Board, the Company's health and safety policies and receive and review regular reports concerning the Company's health and safety programs, policies and results;
- (b) will review annually and recommend to the Board for approval, together with the Audit Committee, the Code of Ethics and Conduct and material changes thereto;
- (c) will receive, with such frequency as the Committee deems appropriate, reports from the Respectful Workplace Office.
- (d) will review regularly, management's approach to business ethics and corporate conduct and the program used by management to monitor compliance with the policy including quarterly reports on ethics breaches;
- (e) will annually review the labour relations environment for the Company, and report to the Board with respect to any potential financial implications related thereto; and
- (f) will in its review and determinations respecting the Company's compensation philosophy, guidelines, programs, practices, plans and specific arrangements for Executive Management under this Appendix G, also assess their impact on risk-taking, to ensure they are consistent with the Company's longer-term goals and prudent risk-taking and to avoid promoting excessive risk-taking in light of the Company's risk tolerance.

### **4.6 Public Reporting and Terms of Reference**

The Committee:

- (a) will prepare and recommend to the Board for approval the reports on executive compensation for inclusion in the Company's information circulars and similar disclosure documents as required by law; and
- (b) at least once annually, will review and evaluate the adequacy of these Terms of Reference and the Committee's performance, and report its evaluation and any recommendations for change to the Corporate Governance Committee.

### **4.7 Supplemental Retirement Plans**

Within any guidelines established by the Board, the Committee:

- (a) will administer the Supplemental Retirement Plans ("SRP") for Executive Management;
- (b) will designate Executive Management and key employees for the purpose of the SRP;
- (c) at least once annually, will review the benefits arising from and the liability for the SRP; and

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- (d) will review and approve amendments to the SRP which relate to particular benefits under the SRP to be granted to Executive Management and designated key employees (other than the CEO) and review any other amendment which the Committee considers appropriate, and make recommendations to the Board for its consideration and approval.

### **5. COMPENSATION CONSULTANT**

The Committee:

- (a) will approve annually the letter of engagement of the compensation consultant;
- (b) will review the annual work plan, budget and fees of the Committee's compensation consultant;
- (c) will receive, with such frequency as the Committee deems appropriate, notification from the Committee's compensation consultant, on the non-Committee work performed by such consultant for the Company;
- (d) will annually assess the independence of the compensation consultant following the receipt of a report by such consultant including a statement and attestation of independence relating to the services performed during the prior year; and
- (e) at least once annually, will conduct a performance assessment of the Committee's compensation consultant.

### **6. AUTHORITY**

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

- (a) hire and terminate any external human resource consultant to the Committee, and set compensation and other retention terms for such consultant;
- (b) hire and terminate any other advisors including independent counsel, and set compensation and other retention terms for such advisors;
- (c) communicate directly with the Executive Vice-President responsible for Human Resources, Chief Legal Officer, Chief Governance Officer and any other member of management as the Committee deems appropriate;
- (d) delegate tasks to Committee members or subcommittees of the Committee; and
- (e) access appropriate funding as determined by the Committee to carry out its duties.

6.2 The Committee will also have such other powers and duties as are delegated to it from time to time by the Board.