

together



corporate social responsibility report 2002

corporate profile

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

In 2002, we generated \$7 billion in revenues and continued delivering on our strategy by:

- successfully maintaining a solid market position in Western Canada and expanding our high-speed Internet customer base
- further strengthening our presence across Canada including continued strong performance at TELUS Mobility, our national wireless powerhouse
- sustaining sound financial strength through capital and operational efficiencies

corporate citizenship

This report highlights how TELUS is building a strong foundation in corporate citizenship in all areas of our business. We have a strong and continuing commitment to high codes of conduct that include leadership in areas such as financial disclosure as well as business practices that protect the environment while improving the quality of life in the communities where we live and work across Canada.

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TELUS' Corporate Social Responsibility Report is also available in French at telus.com.

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sustainability

In September 2002 TELUS was once again named to the Dow Jones Sustainability Index, a worldwide ranking of companies that are recognized as economic, environmental and social leaders.

Corporate sustainability measures a company's business approach in creating long-term shareholder value by embracing opportunities and managing risks derived from economic, environmental and social development. It also reflects the growing importance for companies to actively demonstrate performance in these areas.



member of the Dow Jones Sustainability Index

Of the more than 300 companies from 23 countries listed on the Dow Jones Sustainability Index, TELUS is one of 17 companies listed in North America and the only North American telecommunications company.

our commitment



At TELUS, we take our commitment to corporate citizenship seriously. Our team has a vision of social responsibility founded on a shared ethical code of conduct. Our commitment is more than words. Actions have made TELUS a recognized leader in the area of financial disclosure. It is also through actions that we are being recognized as a leader in innovative business practices – practices that protect the environment and improve the quality of life in the communities where we live and work.

Our actions have also earned us recognition as a leader in sustainability. As an increasing number of investors are turning to the concept of sustainability to identify well-managed and future-oriented companies, TELUS was once again named to the Dow Jones Sustainability Index, a worldwide ranking of economic, environmental and social leaders. Of the more than 300 companies from 23 countries listed, we are one of 17 companies listed in North America and the only North American telecommunications company.

Responsible corporate citizenship is not for the faint of heart. Like a symphonic performance, responsible corporate citizenship can lead to triumphant harmony. A harmony that emerges when a company's business goals are realized in a way that enhances and enriches the communities and constituents involved.

At TELUS, we are unleashing the power of the Internet to deliver the best solutions to Canadians at home, in the workplace and on the move. Our community investments are inspired by this strategy. By leveraging our core competencies in communications technology we can make powerful contributions helping communities and people thrive in today's knowledge-based economy and more effectively prepare for the advantages our technologies hold for tomorrow.

While the telecommunications industry is not known to be environmentally intrusive, no industry – particularly not one our size – can escape environmental impacts. We have high environmental standards and we manage and monitor our activity to continuously improve our processes. Leadership implies moving beyond regular actions. In pursuit of high performance we are eagerly exploring the significant environmental benefits of telecommunications technologies. We believe innovative applications will increasingly provide options allowing us to substitute the

movement of information for the movement of goods, services and people.

The TELUS team is encouraged to learn and grow, to realize their potential and to make valuable contributions. Continuing to make TELUS a great place to work is a priority. At TELUS we share four values that guide the way we do business and our efforts in corporate social responsibility. Widely embraced and reflected in all aspects of our enterprise, our team members embrace change and initiate opportunity, have a passion for growth, believe in spirited teamwork and have the courage to innovate.

Our actions supporting corporate citizenship are being noticed. In December 2002, TELUS was recognized by National Post Business magazine as one of Canada's top ten corporate donors. This honour acknowledges our active community investment and development work, as well as the financial and in-kind community assistance of \$10 million TELUS contributed to charitable organizations, education, health and the arts across Canada in 2002.

The commitment of the entire TELUS team is demonstrated through this report. Proud of our contributions in the past, our team is united in its commitment for the future. At TELUS we passionately believe our business efforts will provide a lasting legacy enhancing the communities we serve, the society we are establishing and the world we increasingly share responsibility in creating.



DARREN ENTWISTLE

Member of the TELUS team

April 4, 2003



Darren Entwistle

Member of the TELUS team



communities

TELUS is committed to supporting the communities where we live and work. We seek to enhance people's lives through focused and sustained broad-based giving programs that leverage our technology and expertise. In 2002, we contributed \$10 million of financial and in-kind assistance to education, health, arts and charitable organizations across Canada. In December 2002, we were honoured to be named as one of Canada's top 10 corporate donors by National Post Business magazine.

TELUS – an Imagine Caring Company

We are proud to be identified as an Imagine Caring Company. Companies receiving this designation donate a minimum of one per cent of average, domestic, pre-tax profits to the charitable organizations of their choice; encourage and support employee giving and volunteering; support suppliers whose businesses are ethically and environmentally sound; and share their business expertise and resources with the community.

Leveraging our technology to improve the quality of life in communities

The convergence of technologies is the focus of Canada's communications future and TELUS' strategy for growth. Through constant innovation, TELUS develops new ways to connect Canadians to the world. Across Canada, we

enable businesses, institutions and governments to achieve continuous improvement – integrating voice, advanced data, wireless, high-speed Internet and electronic commerce services into effective solutions.

The explosive growth of the Internet means Canadians connect not only locally with families, friends, businesses and communities but also around the world. By harnessing the power of the Internet, TELUS ensures our customers and communities reap the benefits of the latest leading technology, as well as future innovations. The result: enhanced quality of life through access to leading services such as high-speed Internet that bring benefits like improved health care and education to remote communities. For this reason, 80 per cent of TELUS' community investment is directly linked to data, IP and wireless programs.

Employee charitable giving and matching campaign

Year	Employee pledges (millions)	Corporate matching funds (millions)
2000	\$1.5	\$1.5
2001	\$2.4	\$2.4
2002	\$2.3	\$2.3

We are proud of the generous spirit of our employees and retirees who opened their hearts and wallets in 2002 to pledge \$2.3 million to 2,400 Canadian charities that were important to them. Through our TELUS Community Connections™ program, TELUS matches these contributions dollar for dollar for a total of nearly \$4.7 million.

TELUS champions a variety of diverse charitable and community service activities. For example, the TELUS Volunteer Involvement Fund provides \$200 to the charity of choice of TELUS employees and retirees who volunteer at least 60 hours a year of personal time to community service. In 2002, TELUS donated \$320,000 to charitable or non-profit organizations on behalf of the 1,600 TELUS employees and retirees who contributed more than 334,000 hours, or 44,533 workdays of volunteer service.

TELUS Community Connections

One of the great successes of this program is its support of Computers for Schools (CFS). Working with its partners, CFS has donated thousands of computers to schools and libraries to help young Canadians gain greater access to computer technologies. Since its inception, CFS has provided more than 300,000 computers

to schools and libraries throughout Canada. In 2002 alone, the CFS program in B.C. and Alberta refurbished and donated 89,880 computers to schools and library systems.

TELUS Learning Connection®

Many of our community connection programs encourage future potential through investments supporting people today. One such project that helps teachers as they help build leaders of the future is the TELUS Learning Connection Web site. This Web site provides curriculum-based teaching resources that allow teachers to develop content, share research strategies and access the most advanced teaching tools. For more information, visit 2Learn.ca.

Wired for Words

This innovative online youth book club connects young readers with books, in a safe and monitored environment. Children can access book reviews, favourite celebrity books, cool links and a monthly calendar of youth-focused literary events. This program was awarded the Calgary Mayor's Excellence Award in Technology in 2002. For more information, visit wiredforwords.com.

Learning Through the Arts*

Developing new approaches to learning by reinforcing education in the arts builds creativity in our children and helps fashion vibrant communities. As technology sponsor for the program, TELUS is helping introduce new approaches to teaching core curriculum within the school system using music and the arts.

Imagine  A Caring Company

proud to be an Imagine Caring Company

In 2002, TELUS contributed \$10 million of financial and in-kind assistance to education, health, arts and charitable organizations across Canada.

Some examples of Learning Through the Arts activities include teaching geography through storytelling and teaching history through documentary photography and video. For more information, visit Itta.ca.

Calgary Health Link

The broad spectrum of health-related projects supported by TELUS, either on a project-by-project basis or through our volunteer programs, reflects our commitment to building healthy communities. As health care continues to change and experience financial and access pressures, we believe we can play a role in effectively partnering with health organizations in developing innovative and creative ways for the delivery of future services and increased access for current services.

Since September 2002, TELUS technology has been front and centre in establishing the Health Link program in Calgary. Through Calgary Health Link we support health regions as they strive for new ways of serving the growing needs and expectations of their community.

By strengthening the link between the health care system and the community, TELUS' efforts are making a difference. This valuable service offers the community round-the-clock call-in access to health information, enabling

callers to make informed decisions about the health of their families.

2010 Olympic Winter and Paralympic Games

TELUS is proud to be a Premier Founding Supporter of Canada's bid to host the 2010 Winter Olympic and Paralympic Games in Vancouver and Whistler. Our involvement and significant sponsorship is intended to support the early efforts of the bid committee to secure the Winter Olympics for the Vancouver/Whistler region. If successful, we see this as providing long-lasting benefits to the greater Vancouver communities. For more information, visit winter2010.com.

These are just a few of the charitable and community initiatives to which TELUS is committed. While sustainability is the measure of the environmental, social and economic performance of a company, sustainability also lies in the growth and development of the communities in which a company operates. This is just the beginning of what TELUS, a national company with shared community aspirations, can accomplish with its neighbours, as we work together to create a brighter future.



supporting the 2010 olympic bid

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economic performance



The Canadian telecommunications industry was challenged in 2002, as the industry slowdown from 2001 continued. Industry operators were impacted by a number of factors, including continued pricing pressures, restrictive financial markets, regulatory decisions and softening economic growth. In 2002, Canadian telecom industry revenues were about \$33 billion, with TELUS revenues of \$7 billion representing about 21 per cent of the total.

Revenue growth in the Canadian telecom market in 2002 was about three per cent, compared to seven per cent in 2001. Weakness was evident especially in the corporate business market. Wireline local voice experienced flat revenue growth, while long distance continued a decline that has been evident over the past few years. Enhanced data, Internet and wireless growth continued in 2002, but at a slower rate than previously anticipated particularly in the last half of the year. It is estimated that wireless revenue growth in Canada was approximately 13 per cent in 2002. The most robust growth areas continue to be wireless, data and IP, consistent with TELUS' strategic focus.

In 2003, telecom companies are expected to generally be more disciplined and strive for profitable revenue growth and continued operating and capital cost containment.

Growth prospects remain focused on enhanced data, Internet and wireless portfolios, with a continued decline in wireline local and long distance voice revenues. Due to our strategic focus, national operations and the capital investments we have made in the past several years, TELUS is well positioned to take advantage of increased demand driven by IP-based solutions, such as wireless data services, broadband access, managed Web hosting, managed applications and entertainment.

Profit, earnings and income

In 2002, TELUS Corporation reported \$7.0 billion in Operating revenues and over \$2.5 billion in operating earnings (EBITDA¹).

Revenue breakdown (\$ in millions)		
	2002	%
Voice – local and long distance	\$3,212	46
Data	\$1,367	19
Wireless revenues	\$2,017	29
Other	\$ 411	6
Total operating revenues	\$7,007	100

Operating earnings by segment (\$ in millions)			
2002	Communications	Mobility	Consolidated ²
Operating revenue	\$5,085	\$2,035	\$7,007
Operations expense	\$3,101	\$1,500	\$4,488
EBITDA ¹	\$1,984	\$ 535	\$2,519

1. EBITDA – Earnings before Interest, Taxes, Depreciation and Amortization.
2. Intersegment revenues and associated operating expenses between TELUS Communications and TELUS Mobility are eliminated upon consolidation.

Investment in research

Research and development costs incurred during 2002 were \$40 million, compared to \$32 million in 2001. In 2002, \$39 million of the total research and development cost was capital in nature, compared to \$18 million in 2001.

TELUS 2002 taxes

The taxes TELUS pays to the three levels of government go to support services for all Canadians. During 2002, TELUS paid the federal government and the provinces cash income taxes of \$35.2 million. We realized investment tax credits on scientific research and experimental development projects in the amount of \$53.8 million, which resulted in a net credit in cash income taxes of \$18.6 million. Income taxes were also limited due to the losses incurred by the company during the year.

TELUS billed to its customers, and remitted to federal and provincial governments, \$682.3 million in sales taxes. We also paid \$15.2 million to provincial governments in sales taxes on goods and services used by TELUS.

During 2002, TELUS paid \$82.7 million in property taxes and \$2.4 million in business taxes to Canadian municipalities, and \$5.5 million in network tax to the province of Quebec.

TELUS jobs benefit all Canadians

TELUS' contributions to the Canadian economy are significant and include innovative high-tech job creation with industry par salary and company benefits for team members, as well as payment of federal and provincial income taxes on these jobs. Across Canada in 2002, TELUS' employee team of committed professionals shared total base salaries of about \$1.5 billion and total salaries of about \$2 billion, including benefits. With this income, TELUS team members contributed to local economies. We ended the year with 25,752 total employees.

TELUS Operational Efficiency Program

During 2002, TELUS established significant momentum with our Operational Efficiency Program given our challenging operating environment. This included negative regulatory decision impacts, reduced revenue growth, a need for a more competitive cost structure and pressure to return to positive cash flow.

In 2002, TELUS reduced its total employee base by 5,200, including both bargaining unit and management team members. The company offered bargaining unit team members early retirement and voluntary incentive departure packages, and successfully avoided the need for layoffs. The departure packages were leading-edge and several times larger than layoff provisions, giving departing

employees financial or career support to pursue new careers or activities, including retirement. The workforce reduction costs in 2002 were \$557 million.

Customer feedback drives our business performance

The TELUS team is passionately committed to delivering the best solutions to our customers. In an increasingly competitive marketplace, we direct all our energy into providing excellent customer service. We also know the importance of listening to our customers. Through rigorous customer research, the Customer Value Measurement (CVM) Program helps us better understand the qualities our customers value in a particular market or business offering. This information assists us in making decisions and investments that align with our customers' values and expectations. The CVM Program includes quarterly and semi-annual surveys that capture our customers' views on our products and services, pricing, support, delivery and competitive positioning.

Ethical behaviour and policies

Without a doubt, 2002 was a tough economic year for the telecommunications industry. Widespread public distrust of corporate interests played heavily in the minds of many people. In a business environment, ethical standards are of vital importance. That is why TELUS has raised its standards to an even higher level. We are strongly committed to ethical, responsible behaviour in every aspect of our business. We have several internal control structures in place with appropriate business practices and ethical standards. These controls include the following guidelines

and policies for all team members: ethics policy, conflict of interest policy, harassment policy, privacy code, corporate credit card practices, insider trading policy, security policies, workplace accommodation policy, environmental policy and approvals and authorizations policy.

To support our commitment to ethical behaviour, we launched an e.Learning Web tool in 2002. All employees are expected to complete the online e.Ethics course annually. e.Ethics and the new TELUS ethics policy, introduced in March 2002, work together to support team members in their efforts to sustain an ethical work environment and uphold the integrity of TELUS' brand and reputation. The TELUS ethics policy also gives team members the capability of alerting management anonymously (via the ethics hotline or by contacting the director of ethics and internal controls compliance and the board of directors) of potential misconduct without fear of retribution.

Risk identification and significance

TELUS has made significant improvements in its risk management capabilities by implementing a three-level risk assessment process that includes the expertise of team members from all aspects of our business. Our risk management team drives this process. Level one includes an annual risk assessment, one-on-one interviews with senior managers, a risk 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 audit engagement specific risk assessments at the action plan and implementation stage.

ethics

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local economic development

In advanced research, TELUS is a Canadian leader both in value of investment and long-term commitment to innovation. Through our strategic alliances and partnerships with universities, governments and the private sector, we facilitate the growth of Canada's knowledge-based economy.

TELUS Ventures Fund

Through our \$100 million TELUS Ventures Fund we are continuing to invest in new technology by working with industry and research partners to expedite the delivery of globally competitive innovation that exploits the convergence of data, IP, voice and wireless. The fund focuses on later-stage companies that are commencing or already shipping their products. TELUS' typical investment is between \$1.5 and \$5 million.

Canada-TELUS New Media Learning Fund

In conjunction with Canadian Heritage, TELUS launched a new fund in May to promote the development of quality online Canadian content for Canadian schools. The \$5 million Canada-TELUS New Media Learning Fund will assist Canadian content developers to utilize the power of the Internet by ensuring high-quality New Media learning material for students from kindergarten to grade 12, their teachers and parents.

TELUS B.C. Broadcast Fund

Launched in February 1988, the TELUS B.C. Broadcast Fund supports the creation and production of broadcast content in B.C. for worldwide distribution. The \$3 million revolving fund has generated more than \$5 million in interim financing for a variety of productions.

Canadian Youth Business Foundation

TELUS supports the Canadian Youth Business Foundation, a national organization serving the needs of young entrepreneurs between the ages of 18 and 29. TELUS funds the foundation's online resource centre, which has more than 3,500 members and is located on the Internet at youthbusiness.com.

Canada's SchoolNet

TELUS supports this Industry Canada program with \$900,000 a year by providing high-speed Internet services to schools and libraries in rural and remote locations. Through SchoolNet, all

students in Canada have ready access to the online information they need to participate in the global economy. Most of these schools – 113 in B.C. and 62 in Alberta – are Aboriginal.

Federal Broadband for Rural and Northern Development program

TELUS works closely with businesses and governments across Canada in broadband development initiatives. Currently, we are working with the B.C. provincial government to ensure that B.C. is well represented with community applicants in the Federal Broadband for Rural and Northern Development pilot program. Through this program, Industry Canada has set aside \$105 million for broadband pilots across the country.

Aboriginal relations

TELUS continues to work with the First Nations Tribal Councils and Bands to develop innovative ways of respecting Aboriginal rights and title to traditional territory. On January 22, 2001, we entered into a landmark protocol agreement with the Mlaka’Pamux Nation. The agreement recognizes that successful co-existence requires a strong continued understanding between the Nation and TELUS of the rights and interests of each.

We also work with unserved and underserved First Nations communities to develop and deploy telecommunications solutions. We filed a provincial Service Improvement Plan last year with the CRTC that will benefit a number of First Nations communities in B.C. and Alberta, if approved by the Commission.

In conjunction with Computers for Schools, TELUS has supplied thousands of computers and printers to Aboriginal schools in B.C. and Alberta. TELUS funds a computer and Internet training program at Helping Spirit Lodge, a transition home in Vancouver for Aboriginal women and their children.

We were honoured to receive an award from the Wireless Communications Association International (WCA) for our achievement in providing B.C. Aboriginal populations with wireless broadband service. This award was presented in 2002 as part of WCA’s Ninth Annual Technical Symposium and Business Expo in San Jose, California.

Progressive Aboriginal Relations Program (PAR)

In February 2003, TELUS applied to enter the Canadian Council of Business, Progressive Aboriginal Relations (PAR) assessment and hallmark program. PAR provides a framework for businesses to demonstrate the right to use an identifying hallmark indicating they are committed to increasing Aboriginal employment, assisting business development and enhancing community relations. PAR sets out an approach for establishing performance benchmarks in organizations that want to develop mutually beneficial relations – or enhance relationships they already have – with Aboriginal individuals, businesses and communities.

PAR is a systematic and sustainable approach to Aboriginal relations focused on four sectors: employment, business development, individual capacity development and community relations. For further information, visit ccab.com and click on PAR.

respect

TELUS continues to work with the First Nations Tribal Councils and Bands to develop innovative ways of respecting Aboriginal rights and title to traditional territory.



environment

TELUS understands the importance of balancing the needs of our business with stewardship of the earth's resources while respecting the communities where we live and work. Key to sustainability is achieving healthy business growth while protecting the environment. Innovative telecommunications solutions can mitigate environmental impacts by selectively substituting the movement of information and ideas for the movement of goods, services and people.

This is no small task. Our team of committed TELUS professionals takes their responsibilities very seriously. We proactively integrate environmental considerations into all aspects of our business planning, projects and daily activities including the building of our network.

TELUS and the Dow Jones Sustainability Index

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Corporate sustainability measures a company's business approach in creating long-term shareholder value by embracing opportunities and managing risks derived

from economic, environmental and social development. It also reflects the growing importance for companies to actively demonstrate performance in these areas.

Our values are reflected in our commitment to being an environmental leader. Our environmental policy reflects our vision and goal of creating a sustainable environment now and for the future.

TELUS' Environmental Management System – ensuring accountability and working collaboratively

TELUS' Environmental Management System (EMS) follows the elements of the ISO 14000 model. This includes assessing our risks and developing an environmental policy, objectives, targets, procedures, monitoring,

communication, training and reporting. The audit committee of the Board of Directors and senior management also receive quarterly environmental reports.

Our EMS is the framework for continuous improvement through which we manage environmental risk. Our EMS ensures our responsiveness and accountability to all legal requirements and industry guidelines. We have set high standards and our goal is to meet regulatory requirements and go above and beyond wherever possible.

An important aspect of our EMS is our commitment to work with external stakeholders on environmental issues. We actively participate in many external committees – government, business and non-governmental. These include government working committees, the Conference Board of Canada, the Canadian Chamber of Commerce, the Business Council of B.C., the Emerald Awards for Environmental Excellence,

Tree Canada, the Recycling Councils of Alberta and B.C., the United States Telecommunications Association Environment Committee and the Information Technology Association of Canada (ITAC).

Our collaborative work with other industry leaders has produced solid environmental benefits. For example, with ITAC we joined forces with other leaders in Canada's consumer electronics and information technology industries. Our goal? To find environmentally friendly solutions for the growing challenge of disposing of electronics equipment at the end of its useful life. As a result, a not-for-profit organization, Electronic Product Stewardship Canada, was created to work with an array of partners in designing, promoting and implementing solutions for Canada's electronic waste.

Another example is our active participation in the Communications Environmental Excellence Initiative, a voluntary group that promotes

TELUS environmental policy

TELUS is 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.



TELUS' values are reflected in our commitment to:

- meet our regulatory requirements and, where possible, go beyond to achieve corporate targets.
- demonstrate sustainable development by integrating environmental, economic and social considerations into each step of our operations.
- offer telecommunications services that reflect quality, innovation and environmental benefits.
- promote environmental advancement by working together with employees, suppliers, regulators, industry and the public.
- conserve natural resources and minimize the environmental impact of waste generation and energy consumption by encouraging our employees, suppliers and customers to Reduce, Reuse and Recycle.
- provide employees with the knowledge and training to make environmentally sound decisions in a workplace of choice.
- communicate the results of our environmental performance internally and externally on a regular basis.

sustainable environmental improvement in North America's telecommunications industry and produces a bi-annual telecommunications environmental report.

TELUS' online environmental system – promoting continuous improvement

Our EMS is supported by an online environmental data base and tracking system. The database provides all employees with environmental policies as well as site-specific information, including environmental risks, assessment results, chemical inventories, and material safety data sheets (MSDS). We monitor government legislation and regulations and create or amend our policies as necessary. With environmental advisors providing input directly to the database, we have seen improved turnaround times for reports to line managers advising them of any issues found during site assessments.

Our database now has information on 2,625 sites – an increase of approximately nine per cent from 2001. We also have chemical inventories for 1,524 locations, a 48 per cent increase over 2001.

Environmental training for the TELUS team continues to be a key priority. In 2002, our employees completed 6,872 environment-related training courses, a 10 per cent increase over 2001. Training covers subjects like water awareness, spills, ground disturbance, the Workplace Hazardous Materials Information System and the Transportation of Dangerous Goods. Inspired by our belief that innovative applications will increasingly provide options allowing us to substitute the movement of information for the movement of goods,

services and people, our team members are encouraged to use anytime/anywhere e.Learning technologies rather than attend instructor-led courses.

Environmental site assessments

Telecommunications operations involve environmental risks from fuel, chemicals, poles, halon, refrigerants, and other hazardous substances. In 2002, we conducted 519 environmental site assessments to evaluate environmental site risks and monitor our processes. Of these, 236 were conducted by our environmental team and 283 by our operations team. Site assessments review 11 categories of environmental risk including those relating to fuel storage tanks and spill control, as well as handling, storage and disposal of chemicals. Assessment criteria are based on federal and provincial legislation, accepted industry practice and our own management practices.

We also completed 18 environmental assessments at construction sites last year. From the planning stages through to construction of our telecommunications network, TELUS' environmental experts advise the company and monitor water crossings, vegetation, habitat, soil handling, weed control and reclamation. These efforts were particularly important during 2002, as we completed environmental impact assessments or screenings in support of TELUS' offering of telecommunications services for the G8 Summit in Kananaskis. With Kananaskis being ranked one of the most beautiful and diverse landscapes in the world, protecting the environment for future generations was of prime importance.

leadership

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Environmental site assessments

Year	Completed by environmental advisors	Completed by operations team members	Total
2000	174	107	281
2001	251	305	556
2002	236	283	519
2005 target: Audit for compliance by having environmental advisors assess a minimum of 125 sites per year.			
2002 results: Our environmental advisors completed 236 site assessments.			

Spills and releases reporting

Year	Reportable	Non reportable	Total
2000	12	48	60
2001	6	56	62
2002	10	49	59
2005 target: 100 per cent compliance to legislative reporting requirements; all sites with hazardous chemicals, battery strings or fuel storage to have appropriate spill kits and/or absorbent pads.			
2002 results: Two spills were not reported within the 24-hour required period. Eighty-two per cent of audited sites with fuel storage or batteries were fully compliant – a 22 per cent increase over 2001.			

Spills and releases

During 2002, most reportable incidents involved ozone-depleting substances: refrigerants and halon. The type of substance, the quantity released and whether the substance entered water determines whether a spill or release must be reported to the appropriate regulatory body. TELUS had no fines or penalties in 2002.

We investigate all spills or releases to determine whether our systems or processes should be revised to prevent a recurrence. All accidental spills or releases involving a hazardous substance are reported immediately to our 24-hour network operations centre.

Fuel tanks

We initiated a program to reduce risk associated with fuel systems in 2001. Prime power sites, remote sites and environmentally sensitive sites are being upgraded to include tank and generator containment, automatic fuel shut-off, double-walled piping and Veeder-Root electronic monitoring of fuel systems. By the end of 2003, we expect all but two of the current prime power sites to be completely upgraded, replaced with commercial power sources or decommissioned. At 87 remote or sensitive sites, we have accomplished

either full or partial upgrades to contain tanks, generators and piping and to monitor fuel systems.

At some sites, we've utilized alternate energy sources. For instance, 35 remote sites are now solar-powered. Fuel cells are also being investigated for selective sites.

Fuel tanks in use

Year	Number of fuel tanks in use
1990	1135
2000	438
2001	477
2002	520

2005 target: Install monitoring, alarms, fuel shut-off devices and secondary containment for tanks, generators and piping at all remote and sensitive sites.

2002 results: Of prime sites, 92 per cent have had upgrades to major fuel system components. For other sensitive and remote locations, 68 per cent have had upgrades to selected fuel system components.

The increase in the number of tanks in 2002 resulted from corporate acquisitions, installation of new sites, and audit results.

Halon

We continue to reduce our inventory of halon, an ozone-depleting substance used as a fire suppressant in our network. TELUS' halon target is based on inventory primarily in B.C. There are also small quantities of halon in Alberta and Quebec.

Halon inventory*

Year	Amount of halon (kg)
1993	135,000
2000	56,318
2001	44,936
2002	21,102

2005 target: Reduce the kilograms of halon by 90 per cent from 1993 levels.

2002 results: The halon inventory has been reduced by 84 per cent from 1993 levels, or 53 per cent year over year, between 2001 and 2002.

*British Columbia.

Chemical management

At the end of December 2002, TELUS had 1,722 active Material Safety Data Sheets (MSDS) on file in our online environmental information system database. The database is accessible to all employees seven days a week, 24 hours a day. The increase in the number of chemical products is the result of more sites being inventoried, as well as the type of sites, including fleet operations and custom manufacturing. We believe the 2005 target is still attainable based on changes resulting from TELUS' ongoing Operational Efficiency Program.

Chemical products used by TELUS

Year	Number of chemical products used
2000	1,950
2001	1,460
2002	1,722

2005 target: Reduce the number of chemicals used by 50 per cent from 2000 levels; inventory a minimum of 1,000 sites annually for chemicals.

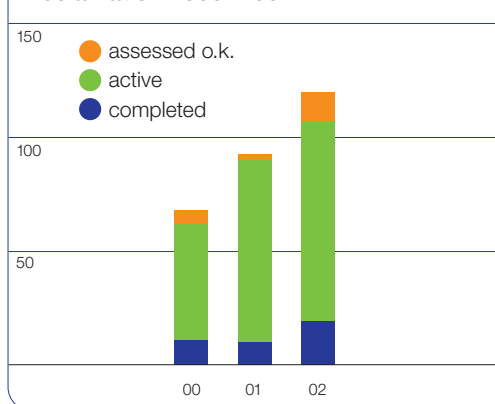
2002 results: In 2002, chemicals inventoried increased by 19 per cent. A total of 1,524 sites were inventoried in 2002, an increase of 47 per cent year-over-year. Ninety per cent of sites had access to up-to-date MSDS – a 30 per cent increase over 2001.

Reclamation of contaminated sites

Reclamation was ongoing at 94 sites in 2002 and completed at 19 other sites – an 11 per cent increase over 2001. These results clearly demonstrate our commitment to the environment. We remediate contamination found during our ongoing site assessments or resulting from new incidents, including contamination discovered during the removal or replacement of storage tanks, the decommissioning of sites or the sale of property.

TELUS is also committed to remediation of rights-of-way contaminated by third parties. These usually involve gasoline, diesel, oil, methane and cleaning solvents. In 2002, 52 incidents were investigated and 19 files were closed upon completion of remediation or because no contamination was found. At the end of December, 86 files remained open.

reclamation 2000–2002



Energy management

In 2002 TELUS set as an objective the reduction of costs and greenhouse gas emissions by engaging the TELUS team to improve the energy performance of our network, properties and fleet. Our target is to reduce energy consumption per unit of revenue generated (millions of dollars of sales) by 10 per cent by 2007, over base year 2001. With Canada's ratification of the Kyoto Protocol, it is essential that we do our part in energy conservation. Our goal is to use energy efficiently and measure our consumption against our results – eco-efficiency. We will focus on the reduction in energy intensity – energy use per unit of economic output.

Successful monitoring, based on the availability and quality of data is key to reaching our target. This is a challenging task given our extensive property holdings and our changing business environment. One of TELUS' strategic imperatives is to partner, acquire and divest as necessary to accelerate the implementation of our strategy and focus on our core business. To support this, TELUS is consolidating its office space and reducing its total building footprint. At the end of 2002, we had reduced our building footprint by more than 302,000 rentable square feet. Plans are underway for a further reduction of 520,000 rentable square feet by the end of 2003. With shifts of this magnitude, it will be difficult to obtain accurate energy data. Although we recognize that our

data is not complete, we have chosen to begin the reporting process now with a commitment to refining the data over time.

TELUS will achieve its target through a number of key activities including our commitment to improving the efficiencies of existing facilities, challenging current network practices and standards, embracing cost-competitive alternative energy sources, fleet management, education and employee engagement. The TELUS team is encouraged to play a key role in energy management through waste minimization and recycling, effective use of office equipment and equipment shutdown, video and teleconferencing, teleworking, carpooling, public transit and environmentally responsible procurement practices.

Growth in our energy consumption in 2002 was the result of network growth driven by our data and IP-based strategy. Installation of high-speed Internet ports and the electrical service needed for a proper operating environment led to increased energy consumption.

Reduce, reuse and recycle

In 2002, we recycled 8,509 tonnes, a cost avoidance of almost \$596,000 based on landfill disposal costs of \$70 per tonne. Total tonnage of recycled material is lower than last year primarily due to the sale of the directory business, TELUS Advertising Services, in July 2001.

As well, reduced construction activities impacted scrap metal and pole recycling.

Total energy consumption		
	2001	2002
Network and buildings*	1,797,825 GJ	1,869,270 GJ
	6,370 litres (propane)	9,033 litres (propane)
Fleet**	18,942,000 litres	18,944,000 litres
Total CO ₂ equivalent***	195,752 MT	216,740 MT

* Natural gas, propane, fuel oil, electricity and steam (gigajoules).

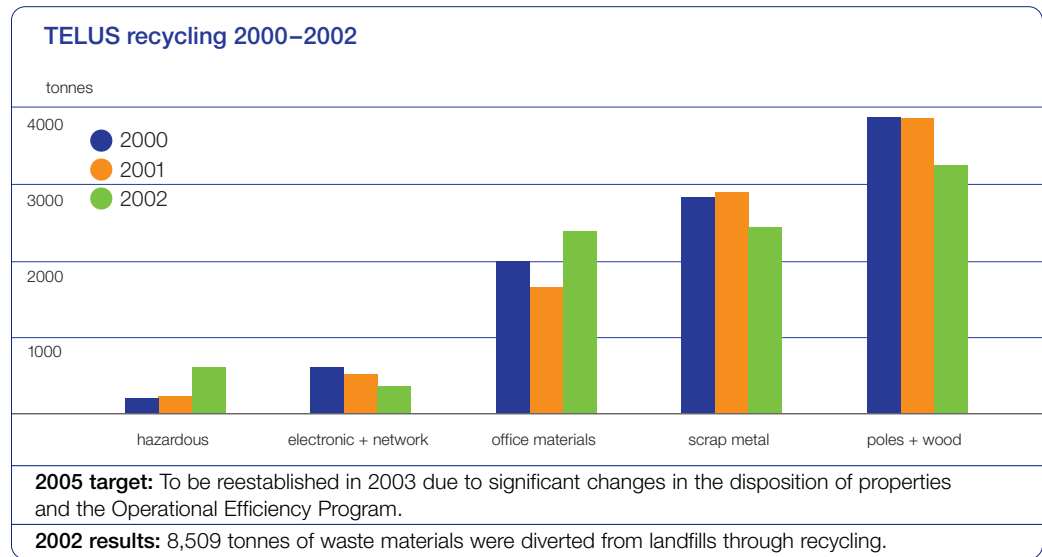
** Gasoline and diesel fuel (litres).

*** Emission and conversion factors from Canada's Climate Change Voluntary Challenge Registration Guide 1999 (tonnes).

TELUS' Investment Recovery group generated \$6.2 million in revenue with the sale and recycling of equipment and other products. This is a 14.8:1 benefit-to-cost ratio.

Our focus on reducing paper consumption is also reaping great results. In 2002, our

employee initiative called Make Pulp Fiction helped reduce the consumption of copier and printer paper by 33 per cent over 2001. This reduction equates to 44 million sheets of copy paper, and a savings of \$343,000, 3,310 trees, and 179 tonnes of paper.



IT equipment waste and batteries

TELUS tracks the reuse and recycling of its IT equipment waste, which includes PCs, monitors, laptop computers, peripherals (printers, scanners), telephone sets, mobile telephones and fax machines. In 2002, TELUS managed obsolete IT equipment through environmentally responsible solutions:

Telephone sets – 184,000 wireless cell phones and 88,946 telephones were repaired, refurbished or recycled.

Electronic and data equipment – 81.27 tonnes of electronic and data equipment were recycled; 5.78 tonnes of circuit cards were recycled.

Photocopiers – all photocopiers are leased from vendors.

Computers – all new computers are leased, and obsolete computers are donated to the federal government's Computers for Schools program.

Toner and printer cartridges – 5.39 tonnes of toner and printer cartridges were returned to vendors or contractors for refurbishing or recycling.

Batteries – 2.9 tonnes of rechargeable batteries were recycled through our repair operations. TELUS also participates in the Rechargeable Battery Recycling Corporation's Charge Up to Recycle* program. Working through TELUS Mobility dealers and TELUS Phone Stores across Canada, the program accepts nickel-cadmium, nickel hydride, lithium and small sealed lead batteries for recycling.

Product responsibility

TELUS supports the purchase of recycled and environmentally preferred products based on their performance and availability at reasonably competitive pricing. We encourage our employees to minimize environmental impacts relating to their work and make a difference in favour of environmental quality. TELUS' environmentally responsible corporate procurement

policy has also been updated. In 2003, a supplier environmental pre-evaluation questionnaire and a list of banned and restricted substances will be put in place along with the policy.

We do not manufacture any products for sale. We encourage our suppliers to incorporate sustainability into their products and services through our environmental procurement policy and practices. Such steps include reduced packaging, lower hazardous content and improved energy efficiency of products.

Technological innovation

At TELUS, we believe in environmentally friendly communications solutions – innovative solutions that substitute the movement of information for the movement of goods, services and people. These solutions enhance our service to customers and reduce our impact on the environment.

Unleashing the power of the Internet

The convergence of technologies is the focus of Canada's telecommunications future and our growth. Through constant innovation, TELUS develops new ways to connect Canadians to the world. Across Canada, we enable businesses, institutions, and governments to achieve continuous improvement – integrating voice, advanced data, wireless, high-speed Internet and electronic commerce services into effective solutions.

Commitment to competitiveness

TELUS has helped to transform municipalities into smart cities and enhance their performance

with e.Government solutions. We begin with a community vision – working with key community stakeholders to design services – and from this starting point apply interactive services built on our national digital network.

Smart city/smart community solutions enable governments to provide citizens with information about public services, easily and swiftly. Putting intelligent services to work for smart communities and smart businesses is what we do. The many success stories on our resume demonstrate that we do it well. The City of Airdrie, Alberta is one such success story. By implementing virtual city hall services, Airdrie jump-started its customer service. For example, lawyers now receive property search information and tax certificates within five minutes rather than the previous waiting time of three days. General information and the ability to register and pay for recreation programs are also more easily accessible and instantly available for citizens without making a visit to city hall. Calls for general tax inquiries, property searches and tax certificates have been reduced from 40 calls per week to 40 calls per month.

TELUS has also worked with other communities including Grande Prairie and Red Deer in Alberta, and Fort St. John and Richmond in B.C., to name just a few. In Fort St. John, TELUS' Bookit® software will enable citizens to register and pay for recreation activities via the Internet in real time. Their virtual city hall will allow citizens to view the requirements for various city services, download and print application forms or complete and submit these online along with their credit card payment.

innovation

At TELUS, we believe in environmentally friendly communications solutions – innovative solutions that substitute the movement of information for the movement of goods, services and people. These solutions enhance our service to customers and reduce our impact on the environment.

Web-enabled technology

TELUS continues to put Web technology in the hands of its employees. We use robust Web-enabled technology to transform our workplace and support a high-performance, ethical culture. The Team TELUS Portal, e.Travel, and e.Performance are just a few examples of e.Workforce initiatives that demonstrate how TELUS is investing in its people and technology, building on its core competencies and substituting the movement of information for the movement of goods, services and people.

Another major initiative – e.Pay – became the tool for most management team members in November 2002 to view their bi-weekly pay advice and paper versions of pay advice statements were discontinued. By February 2003, 46 per cent of all team members had switched to e.Pay. These initiatives not only promote a technology-savvy workforce, they also benefit the environment by reducing paper use.

Online employee learning

Our focus on Web-based learning at TELUS enhances the ability of each team member to grow and learn in a convenient and environmentally friendly way. In 2002 e.Learning took on an increasingly important role for the TELUS team. All courses offered by TELUS now contain at least some component of online

learning – meeting one of our 2002 objectives. By the end of 2002, about 78 per cent of team members had completed an online course. These courses include e.Ethics, e.Privacy, e.Performance online management tutorials, and e.Wireless.

2002 teleconference and videoconference air pollution avoidance

TELUS Teleconferencing and Videoconferencing Services provide an easy, economical and environmentally friendly way for people, businesses and educational institutions to communicate, by a conference call or by meeting face to face, even if they are thousands of miles apart. TELUS teleconference and videoconference can link participants in multiple sites and selected locations across Canada, the U.S. and overseas.

In 2002, more than 19,683 videoconferences and 432,816 teleconferences were held using TELUS facilities. The result is making a difference where it counts with large reductions in travel and harmful vehicle emissions. Approximately 30 per cent of teleconference and videoconference benefits were the result of TELUS' internal meetings, and the balance resulted from customers across Canada using our facilities.

Pollutants avoided by using video and teleconferencing

Pollutants	CO ₂	HC	NO _x	CO
Avoidance (kg)*	262,431,320	1,058,848	1,042,558	7,607,413

*Calculations based on formulas from Environment Canada, U.S. Environmental Protection Agency, Pollution Probe and Tree Canada. The calculation assumes six participants who would each have traveled 300 km by car to attend the meeting.

initiative

TELUS has helped to transform municipalities into smart cities and enhance their performance with e.Government solutions. We begin with a community vision – working with key community stakeholders to design services – and from this starting point apply interactive services built on our national digital network.

workplace



Our team members set us apart from the competition. Their enthusiastic, dedicated and inspired performance creates our success. And superior performance deserves its reward. Membership on our team has benefits beyond the workplace, providing team members with the support they need for work and life balance.

Nourishing the spirit of such a highly motivated team is vitally important. We want our team members' TELUS experience to be totally rewarding. We work hard to achieve this by continuing to offer a workplace of choice through excellent compensation, benefits, health and work-life balance programs. We are proud that people want to work at TELUS and that they find our high-performance culture personally fulfilling, professionally challenging and financially rewarding.

Our corporate culture emphasizes spirited teamwork and shared values. The TELUS values reflect the reality of competition in our industry. Our values provide the foundation for everything we do:

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

A respectful workplace

We respect the equal dignity and worth of all our team members. We firmly believe that our equitable employment practices are a strong contributor to our success. By providing an inclusive, non-discriminatory and respectful workplace, we help foster a culture of high performance and commitment. Our employment equity efforts focus on hiring, developing and promoting the best people for the job through minimizing or removing workplace barriers that limit any team member's access or ability to participate fully in the workplace.

Each year we champion initiatives and process improvements that further workplace inclusiveness. On semi-annual surveys, our employees continue to respond positively overall to the statement: "TELUS respects employees of different ages, race, colour, gender, sexual orientation, religions, ethnic origin, language, marital status, family status and disability."

Employee survey participants who agree that TELUS respects diversity

Survey date	% of respondents
January 2003	85
Spring 2002	86
Fall 2001	89
Spring 2001	87
Fall 2000	81
Spring 2000	78

Our three-year Employment Equity Plan supports our initiatives of fostering an equitable workplace and reducing representation gaps. Our goal over time is that our employee population will mirror the representation of

all designated groups in all occupational categories in the external job market.

The input of team members is vitally important to our equity efforts. With this in mind, two advisory groups meet on a regular basis: the Joint Employment Equity Committee representing our unionized team members, and the Diversity Advisory Council representing our management and professional team members.

The following table shows the internal representation rates and our goal for each of the groups designated by the Employment Equity Act.

Equity representation at TELUS Communications Inc.

Representation rate*		Visible minorities		Aboriginal peoples		Persons with disabilities		Women	
Year	Total employees	Number	% of total employees	Number	% of total employees	Number	% of total employees	Number	% of total employees
Goal			14.90		1.90		5.50		40.60
2001	19597	1527	7.79	277	1.41	512	2.61	9017	46.01
2000	20676	1530	7.40	265	1.28	553	2.67	9780	47.30
1999	20812	1561	7.50	259	1.24	590	2.83	9657	46.40

*At year-end, for permanent positions at TELUS Communications Inc.

Our collective agreements

TELUS Communications Inc. and the Telecommunications Workers Union (TWU) are currently in negotiations for a new collective agreement to cover the bargaining unit of approximately 11,300 employees in B.C. and Alberta. TELUS is facing what has been described as the most competitive telecommunications market in the world, in a sector that has undergone more transition than any other in North America. A collective agreement that is responsive to the ever-changing needs of customers and the competitive marketplace is essential in realizing this vision.

We continue to negotiate with the TWU for one new collective agreement to replace

the current four agreements at TELUS Communications Inc. – in the meantime honouring the terms and conditions of the existing agreements. While progress in this area has been slower than we anticipated, we are hopeful that the federal conciliation process, which is currently underway, will assist us in resolving the situation in a positive manner.

Web-enabling our workplace

TELUS has fast-tracked Web-based technology to transform our workplace and support a high-performance, ethical culture. These actions support our sixth strategic imperative – to invest in internal capabilities. In 2002, we introduced the Team TELUS Portal to help us lay the

teamwork

Our corporate culture emphasizes spirited teamwork and shared values. The TELUS values reflect the reality of competition in our industry. Our values provide the foundation for everything we do. Our team members embrace change and initiate opportunity, have a passion for growth, believe in spirited teamwork and have the courage to innovate.

Learning investment*			
	2001	2002	2003 target
Amount spent	\$27.2 million	\$24.1 million	\$35 million
Percentage of salary and benefit costs	2.12%	1.51%	2.4%

*Not including TELUS Québec.

e.Learning courses and instructor led* courses		
Course type	2001 – % of total courses	2002 – % of total courses
Instructor led/vendor led	94.7%	47.7%
e.Learning	5.3%	52.3%

*Not including TELUS Québec.

foundation for the future. Since then, we've introduced numerous Web tools (or e.Tools) for team members including e.Buy, e.Travel, e.Performance and e.Pay, thereby equipping the TELUS team with leading-edge tools that make their jobs faster and easier to do.

Investing in employee learning

Today's competitive environment calls for highly trained and skilled team members who can access timely and relevant opportunities to learn and grow. To meet this need, our e.Learning Web tools are playing an increasingly important role in training the TELUS team. All courses offered by TELUS now contain at least some component of online learning – meeting one of our 2002 objectives. By the end of 2002, about 78 per cent of our team had completed at least one online course. These included company-wide programs such as

e.Ethics, e.Privacy and e.Performance online management tutorials.

Listening to our people

We believe that with the input, energy and ideas of our people we will create and grow TELUS as the best place to work in Canada. Listening to the opinions of our team members and taking action on their feedback are essential to our growth strategy. We are committed to providing regular opportunities for individuals to give honest, confidential feedback about what it is like to work at TELUS.

Our semi-annual Pulsecheck online survey helps us evaluate – and improve where necessary – the quality of our leadership, communication and employee engagement. Our commitment is to use employee feedback to build an even stronger, more competitive organization.

Employees participating in Pulsecheck survey						
	2000 Spring	2000 Fall	2001 Spring	2001 Fall	2002 Spring	2003 Jan
Employee participation rate	43%	46%	59%	62%	74%	75%

Health and safety are fundamental

AT TELUS we believe that health and safety are a team effort and an integral part of everything we do. It is the responsibility of the whole TELUS team to create a healthy and safe work environment that supports operational excellence, superior customer service and TELUS as a workplace of choice. TELUS has

a comprehensive approach to safety, including policies, training, information Web site, safety consultants and safety audits.

TELUS offers team members the assistance of Occupational Health Advisors with special education in managing health in a business and industry environment. Our goal is to help employees make informed lifestyle choices

and changes, which will lead to the prevention and treatment of illness and injury.

Employee assistance program (EAP) –

EAP provides short-term assessment and counseling/referral information to employees, dependents and retirees. EAP professional staff and the occupational health nurses refer employees to a wide variety of professionals and community resources.

Supporting personal achievement and growth

At TELUS, we believe personal growth and development are fundamental to each team member's success. Key to building and sustaining a high-performance culture is our performance management process, which provides TELUS team members with clear direction and ongoing feedback while identifying how their individual efforts contribute to the company's success. Collaborative objective setting between employees and their managers helps TELUS team members understand their responsibilities, commit to and prioritize their work, and ensure that their activities connect to team, business unit and corporate strategies.

We recognize, reward and share success

We offer competitive compensation packages that allow us to recognize individual contributions and competitive skill sets.

Team Machine™ – Our online incentive, peer recognition and reward program is acknowledged as one of the most progressive in North America. With Team Machine, employees nominate and recognize the outstanding performance, extraordinary efforts and exceptional results of teams and individuals

who exemplify the TELUS values. Awards translate into points that can be exchanged for merchandise selected from the TELUS Team Machine catalogue.

Stock Options and Employee Share

Purchase Plan – At TELUS, wealth creation for the company equals wealth creation for our people. We offer stock options to all employees – a progressive move we believe is the right thing. We offer employees an optional Employee Share Purchase Plan with a generous 40 per cent company match – a move that further aligns team TELUS efforts and shareholder interests. With ownership of 10.6 million shares, or three per cent of the total outstanding shares, TELUS employee share plan members are our fourth largest shareholder group.

Eligible employees participating in Employee Share Purchase Plan

Year	Percentage
2002	66.1
2001	71.5
2000	74.7

Benefits program – TELUS' benefits program is about individuality, choice and change. We provide a variety of lifestyle programs that help employees balance work and personal life, including flexible work options, personal wellness programs and family-care resources.

PLAN-IT – TELUS recognizes each employee as an individual with unique needs that change over time. PLAN-IT, a flexible benefits plan for management and professional employees in TELUS, lets team members tailor their personal benefits plan to suit their needs.

support

Collaborative objective setting between employees and their managers helps TELUS team members understand their responsibilities, commit to and prioritize their work, and ensure that their activities connect to team, business unit and corporate strategies.



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