

COMMITTEE REPORTS

Audit Committee report

Committee members

David Mowat (Chair)¹ ✓
(Audit Committee financial expert)

Bill MacKinnon ✓

Christine Magee² ✓

Sabi Marwah ✓

Claude Mongeau ✓

(Audit Committee financial expert)

Denise Pickett³ ✓

100% independent and financially literate ✓

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meetings in 2018

At each quarterly meeting, the Committee has the opportunity to meet separately in-camera with each of the Chief Financial Officer (CFO), Chief Internal Auditor and external auditors. In addition, it holds an in-camera session without management present at each meeting.

1 David Mowat became Chair of the Audit Committee on May 10, 2018.

2 Christine Magee became a member of the Audit Committee on August 2, 2018.

3 Denise Pickett became a member of the Audit Committee on November 1, 2018.

2018 Committee highlights

The following sets forth highlights of the actions taken by the Committee in 2018:

Financial reporting

- Received presentations from the CFO and made inquiries related to the quarterly and annual financial performance and operating results of the Company, including its reporting segments, relative to results in prior periods and investor expectations
- Reviewed any changes to, or adoption of, significant accounting policies and significant estimates impacting the current and future reporting of the financial results of the Company
- Reviewed and recommended to the Board for approval the public release and filing of the annual audited consolidated financial statements and quarterly unaudited condensed consolidated financial statements of the Company and those subsidiaries for which financial statements are publicly filed, including related news releases and Management's discussion and analysis
- Reviewed and recommended to the Board for approval key securities filings that contain financial information, including the annual information form and Form 40-F.

External auditors

- Oversaw the work of the external auditors
- Conducted an evaluation of the external auditors in accordance with Chartered Professional Accountants of Canada and Canadian Public Accountability Board protocols
- Reviewed and approved the annual audit plan
- Recommended to shareholders the appointment of external auditors
- Reviewed and set the compensation of the external auditors
- Reviewed and pre-approved all audit, audit-related and non-audit services provided by the external auditors or their affiliates.

Accounting and financial management

- Reviewed and approved the Company's major accounting policies, including alternatives and potential key management estimates and judgments and the Company's financial policies and compliance with such policies
- Reviewed quarterly financing reports, including the status of capital markets and the global availability of credit and implications for TELUS, industry and TELUS credit rating developments, hedging programs, pension funding updates and financing plans, and approved key treasury matters
- Reviewed and recommended to the Board for approval the issuance of \$600 million of senior unsecured 3.625% notes, Series CX, maturing in March 2028, an offering of \$150 million through the re-opening of our 4.70% notes, Series CW, due in March 2048, the issuance of US\$750 million of senior unsecured 4.60% notes due November 2048, and the early redemption in August 2018 of \$1 billion of 5.05% notes, Series CG, due December 4, 2019
- Reviewed and recommended to the Board for approval the renewal of the Company's normal course issuer bid
- Reviewed and recommended to the Board for approval increases to the Company's dividend
- Reviewed quarterly reports on derivatives, guarantees and indemnities
- Received quarterly reports regarding taxation matters, including an analysis of the tax expense, any tax adjustments and tax morality
- Reviewed significant capital expenditures.

Audit Committee report (continued)

The Board has determined that David Mowat and Claude Mongeau are audit committee financial experts and have accounting or related financial management expertise as defined by applicable securities laws. No member of the Committee serves simultaneously on the audit committee of more than three public companies. Information regarding the education and experience of the Committee members is contained in our annual information form for the year ended December 31, 2018 and hereunder in the *Director profiles* section.

Internal controls and disclosure controls

- Reviewed and approved the internal audit program to provide assurance regarding risk exposures and internal controls
- Reviewed quarterly reports on internal audit activities
- Reviewed Internal Audit's evaluation of the internal control systems and risk mitigation progress
- Met regularly with the Chief Internal Auditor without management present
- Monitored the adequacy of the resources and the independence and objectivity of the internal audit function
- Reviewed quarterly the results of the SOX 302 certifications by key stakeholders in the financial reporting and disclosure controls processes to provide reasonable assurance and confidence to the President and Chief Executive Officer (CEO) and CFO
- Received and reviewed management's quarterly reports on activities to ensure SOX 404 compliance for the 2018 financial year
- Considered reports from the Chief Data and Trust Officer and the Chief Legal Officer on matters relating to compliance with laws and regulations
- Received and considered quarterly reports regarding the receipt, investigation and treatment of whistleblower, ethics and internal controls complaints.

Enterprise risk governance

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

Audit Committee related governance

- Reviewed the policy on corporate disclosure and confidentiality of information and recommended changes to the Board for approval
- Received and reviewed with management updates throughout the year regarding changing governance-related laws, rules and emerging best practices, and implications of the proposals of Canadian and U.S. regulators
- Reviewed and recommended to the Board for approval our 2018 code of ethics and conduct.

Signed, the members of the Audit Committee



David Mowat (Chair)



Bill MacKinnon



Christine Magee



Sabi Marwah



Claude Mongeau



Denise Pickett