

the courage to
INNOVATE



the future is friendly®



corporate social responsibility report 2010

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About this report

Information contained in this 2010 corporate social responsibility (CSR) report covers the period from January 1, 2010 to December 31, 2010, unless otherwise stated. The material includes TELUS' wireline and wireless operations across Canada, as well as TELUS International, where specified. As our TELUS International footprint expands, we will strive to ensure that this is better reflected in the scope of our key performance indicators. Currently, TELUS International is fully represented in our economic indicators, workplace demographics, Integrity training and salary and benefits. Also contained in this report are 2010 targets and results and 2011 targets for key performance indicators in three main categories related to CSR – the economy, society and the environment – that represent our triple bottom line approach.

We use the following symbol  to highlight information that was independently reviewed in 2011 by an independent registered chartered accounting firm, PricewaterhouseCoopers LLP (PwC).

The 2009 CSR report was issued on June 6, 2010.

We are always looking for ways to improve our report and welcome your feedback and questions. Please send any questions or comments to sustainability@telus.com.

Priorities and results

Our triple bottom line

We take a triple bottom line approach to business, balancing economic growth with a diligent focus on environmental and social goals. The scorecard illustrates, at a glance, TELUS' CSR results and highlights from 2010 compared to our 2011 CSR priorities. The chart is designed to provide general highlights and strategic direction, while the targets table provides detailed metrics and results.

Issue	2010 CSR priority	2010 results	2011 CSR priority
Economic growth	Realize TELUS' 2010 consolidated targets: revenue, operating earnings, EPS and capital expenditures, while maintaining compliance with long-term financial guidelines and policies	Three of four original 2010 consolidated targets were achieved Consolidated revenues reflected a shortfall from wireline sales growth and ongoing erosion in legacy voice services TELUS maintained compliance with its long-term financial policies and guidelines	Realize TELUS' 2011 consolidated targets: revenue, operating earnings, EPS and capital expenditures, while maintaining compliance with long-term financial guidelines and policies
Governance, integrity and transparency	Certify under Section 404 of SOX on a continuous basis, conduct annual fraud risk assessment and be ready for reporting under IFRS in 2011 Continue to drive CSR accountability across TELUS' strategic planning and performance management processes	Achieved SOX certification for 5th consecutive year. Completed fraud risk assessment for 4th consecutive year. IFRS conversion completed CSR integration into strategic planning processes continued, including identification of key metrics and practices that will be part of corporate 2011 strategic planning process CEO performance objectives included CSR performance targets. CEO pay is in part driven by the achievement of those objectives Provided quarterly CSR status reports to the Audit Committee of TELUS' Board of Directors	Certify under Section 404 of SOX on a continuous basis, conduct annual fraud risk assessment Adopt, implement and enhance Board oversight of top enterprise-wide risks Continue to drive CSR accountability across TELUS' strategic planning and performance management processes
Community welfare	Maintain and enhance alignment between community investment strategy and execution with TELUS' strategic intent, business priorities and financial performance Increase team member and retiree involvement in Team TELUS Cares and TELUS Community Ambassadors programs	Improved alignment of community investment strategy with TELUS' strategic intent, business priorities and financial performance. Investments in cause marketing campaigns made a direct link between our business priorities and growth and communities Increased participation in TELUS Community Ambassadors but decreased participation in Team TELUS Cares	Advance our commitment to give where we live by improving social outcomes for our neighbours and creating a personal affinity to TELUS through our cause marketing campaigns, TELUS Community Boards, TELUS Ambassadors and Team TELUS Cares programs Maintain and enhance alignment between community investment strategy and execution with TELUS' strategic intent, business priorities and financial performance
Customer	New for 2011	Not applicable	Increase the percentage of our consumer and small and medium business customers who would recommend us as a provider of home, mobility and business solutions by developing and implementing a framework for customer service excellence
Workplace well-being	New for 2011: Ratification of a new collective agreement between TELUS and the Telecommunications Workers Union ¹ Bolster engagement with a focus on recognition, career and performance development as well as to drive process excellence Continue offering a wide range of well-being programs Achieve 56% engagement and 36% participation in Team TELUS Cares programs	Not applicable Overall engagement increased reflecting our commitment to driving improvements in the workplace for team members Expanded our suite of wellness programs, through webinars and on-demand workshops Achieved a 57% engagement score. Team TELUS Cares participation was 33.2%, down 1.8% from 2009	Given a new collective agreement was ratified on June 9, 2011, no new target has been set Continue to strengthen engagement score with programs such as recognition, career and performance development and wellness Continue offering a wide range of wellness programs and increase Active Living participation Increase engagement by enhancing enterprise-wide HR programs such as TELUS Leadership Philosophy
Environmental sustainability	Complete and publicly disclose 10-year climate change strategy Execute on Environmental Management System (EMS) implementation plan and align Human Resources (HR) operations with the ISO 14001:2004 standard	Publicly disclosed 10-year climate change strategy HR business unit aligned with the ISO 14001:2004 standard	Develop detailed plan to execute on strategy, including interim targets Execute on EMS plan and align fuel management and pole storage management with the ISO 14001:2004 standard

¹ Ratified June 9, 2011

Results and targets

Meeting and exceeding our targets

This section of the report is a summary of TELUS' key economic, social and environmental performance results for 2010 and 2011 targets. To determine the content of each report, TELUS assesses the CSR materiality of certain aspects of its business, as well as using the pertinent Global Reporting Initiative (GRI-G3) reporting guidelines to help direct its disclosure. The GRI-G3 guidelines provide a baseline for the type of discussion, as well as the volume and type of metrics that can be found within the report. For the second consecutive year, we have received assurance on key indicators and as a result have self-assessed our GRI-G3 compliance level as "A+".

✓✓ Exceeded target ✓ Met target ✗ Did not meet target — Not applicable

Economic

Economic results

Performance measure	Original target for 2010 ¹		2010 results	2010 unaudited pro forma IFRS-based comparative results ²	2011 target ²	GRI-G3
Consolidated						
Revenues	\$9.8 to \$10.1 billion	✗	\$9.779 billion	\$9.792 billion	\$9.925 to \$10.225 billion	EC1 Core
EBITDA ³	\$3.5 to \$3.7 billion	✓	\$3.643 billion	\$3.650 billion	\$3.675 to 3.875 billion	—
EPS – basic ⁴	\$2.90 to \$3.30	✓	\$3.23	\$3.27	\$3.50 to \$3.90	—
Capital expenditures	Approx. \$1.7 billion	✓	\$1.721 billion	\$1.721 billion	Approx \$1.7 billion	—
Wireless segment						
Revenue (external)	\$4.95 to \$5.1 billion	✓	\$5.014 billion	\$5.014 billion	\$5.2 to \$5.35 billion	EC1 Core
EBITDA ³	\$1.925 to \$2.025 billion	✓✓	\$2.031 billion	\$2.022 billion	\$2.15 to \$2.25 billion	—
Wireline segment						
Revenue (external)	\$4.85 to \$5.0 billion	✗	\$4.765 billion	\$4.778 billion	\$4.725 to \$4.875 billion	EC1 Core
EBITDA ³	\$1.575 to \$1.675 billion	✓	\$1.612 billion	\$1.628 billion	\$1.525 to \$1.625 billion	—
Long-term financial guidelines and policies						
Net debt to EBITDA (excluding restructuring costs)	1.5 to 2 times	✓	1.8 times	n/a	1.5 to 2 times	—
Unutilized liquidity	Maintain a minimum of \$1 billion	✓✓	\$1.9 billion	n/a	Maintain a minimum of \$1 billion	—

1 The original 2010 economic targets were announced December 15, 2009.

2 Please refer to Caution regarding forward-looking statements summary. The 2011 economic targets were announced on December 14, 2010 and are according to International Financial Reporting Standards (IFRS). Unaudited pro forma IFRS 2010 comparative results are provided for reference.

3 Earnings before interest, taxes, depreciation and amortization (EBITDA) is not a calculation based on Canadian GAAP, IFRS-IASB or U.S. GAAP.

4 Actual EPS for 2010 includes approximately 9 cents for favourable income tax-related adjustments and a 12-cent charge for early partial redemption of long-term debt that were not contemplated in the original target for EPS.

Customer

Customer results

Performance measure	2010 target	2010 results	2011 target ¹	GRI-G3
Likelihood to Recommend	n/a	n/a	Baseline to be established	
CRTC and CCTS complaints	n/a	2,040	2,000	
CCTS complaints resolved or closed at pre-investigation stage	n/a	72%	75%	
Wireless churn per month ²	n/a	1.57%	1.66%	

1 Refer to Caution regarding forward-looking statements summary.

2 These are industry measures useful in assessing operating performance of a wireless company, but are not measures defined under Canadian or U.S. GAAP.

Community investment

Community investment results

Performance measure	2010 target	2010 results	2011 target ¹	GRI-G3
Community	Maintain and enhance alignment between TELUS' community investment strategy and execution with TELUS' strategic intent, business priorities and financial performance	✓✓ Made significant progress in enhancing TELUS' overall community investment strategy and execution TELUS received 2010 Freeman Award from the Association of Fundraising Professionals	Maintain a leadership position in Community Investment while remaining focused on alignment to TELUS' strategic intent, business priorities and financial performance Achieve Imagine Canada Caring Company status of contributing more than 1% of our pre-tax profits to support Canadian charitable organizations	
Team TELUS Cares programs	Increase overall participation in Team TELUS Cares programs to 36% of our team member base Increase volunteer hours of team members and retirees to 470,000 hours	✗ Achieved 33.2% team member participation in Team TELUS Cares programs ✓✓ Team members and retirees recorded 557,600 volunteer hours	Achieve 34% team member participation in Team TELUS Cares programs Record 500,000 volunteer hours	
TELUS Community Ambassadors	Produce 59,000 care items	✓ 60,800 care items produced	Produce 61,000 care items	

1 Refer to Caution regarding forward-looking statements summary.

Team members

Team performance results

Performance measure	2010 target	2010 results	2011 target ¹	GRI-G3
Safety – lost time accidents per 200,000 person-hours worked	Achieve a 0.82 ratio	✗ 0.93	0.82	LA7 Core
Engagement	56%	✓ 57%	60%	
Average Canadian voluntary turnover	8.0%	✓ 7.6%	7.6% ²	LA2 Core
Team member recognition spend	\$7.65 million	✓ \$7.89 million	\$8.8 million	
Investment in learning ³	\$17.9 million	✗ \$17.0 million	\$19.6 million	LA10 Core
Wellness membership	25%	✗ 20%	25%	LA8 Core
Wellness reach rate	80% of team members nationally have access to face-to-face wellness programs	✗ 77%	80%	LA8 Core

1 Refer to Caution regarding forward-looking statements summary.

2 Target based on 2010 Conference Board of Canada results for average voluntary turnover plus 25%, based on expectations of modest economic growth in 2011.

3 Learning investment dollars restated due to changes in methodology to align with our new budgeting system and the inclusion of previously excluded learning investment accounts.

Environment

Environmental results

Performance measure	2010 target		2010 results	2011 target ¹	GRI-G3
Environmental management system (EMS)	Execute on plan and align the HR business unit with the ISO 14001:2004 standard	✓	HR business unit aligned with the ISO 14001:2004 standard	Execute on plan and align fuel management and pole storage management with the ISO 14001:2004 standard	EN26 Core
EMS review of TELUS International	Integrate TELUS International measures with overall EMS program	✓	Integrated TELUS International measures with overall EMS program	Target not required. We will track this metric within the EMS	
CO ₂ e emissions	Develop absolute emission reduction targets	✓	Developed and announced 10-year CO ₂ e reduction targets	Begin developing interim targets to achieve 10-year reduction goals	
Energy reduction targets	Develop absolute energy reduction targets	✓	Developed and announced 10-year energy reduction targets	Begin developing interim targets to achieve 10-year reduction goals	
Eco-efficiency	Expand focus beyond energy consumption to also include a customer connections ratio	✓	Now tracking customer connections ratio	Begin developing interim targets to achieve 10-year reduction goals	EN5
CO ₂ e efficiency	Targets pending disclosure of complete climate change strategy	—	Established 10-year climate change strategy and targets	We will no longer set targets for this metric, as we will be focused on absolute reductions, which we believe is a more appropriate measure. We still intend to disclose our CO ₂ e efficiency performance	EN16 Core
Paper consumption	10% reduction	✓✓	18% reduction	10% reduction	EN1, EN 26 Core
Wireless device recycling	Recycle 110,000 wireless devices	✓✓	156,150 wireless devices recycled	Recycle 160,000 wireless devices	EN26 Core
	Comply with all e-waste and recycling regulations	✓	Complied with e-waste recycling regulations and developed e-waste stewardship plan in B.C.	Develop e-waste plan for Canadian operations	
Water consumption	Increase the percentage of consumed water we are able to measure and stop using numerical consumption targets	✗	Have determined this is not accurately measurable, as most administrative facilities we occupy are shared with other tenants	Re-evaluate our water tracking strategy	EN8 Core
Environmental site assessments	Complete 1,780 assessments, (80 by Environment team members)	✓	Completed 1,832 assessments (90 by Environment team members)	Complete 1,750 assessments (50 by environment team members)	EN26 Core
	Implement new methodology	✓	New methodology implemented		
High-risk site assessments	Assess 85% of high-risk sites	✓✓	100% of high-risk sites assessed	Based on new methodology for environmental site assessments, which includes high-risk site assessments, we will no longer track this metric	EN23 Core
	Implement new methodology	✓	New methodology implemented		
Spills and releases	100% reporting	✗	98% of reportable spills	100% reporting	EN26 Core
Fuel system upgrades ²	15 fuel system upgrades	✓✓	21 fuel system upgrades	18 fuel system upgrades	EN26 Core
Contaminated sites	Investigate 15 sites and complete 2 sites	✓	Investigated 20 sites	Investigate 20 sites	EN14, EN2, EN6 Core
		✗	Completed 1 site	Complete 2 sites	

¹ Please refer to Caution regarding forward-looking statements summary. Includes both upgrades and removals.

Message from our CEO

The courage to innovate

This is an exciting time for the TELUS team as our company is well positioned to realize the benefits of our major strategic growth investments and strong operational execution. At the same time, we remain passionate about our commitment to build healthy and sustainable communities. We understand that corporate social responsibility is inextricably linked to our financial performance and the health and well-being of the communities where we live, work and serve. Moreover, our shared set of leadership values – we embrace change and initiate opportunity, we have a passion for growth, we believe in spirited teamwork and we have the courage to innovate – continue to guide our actions and decisions and remain as relevant today as they were when we created them a decade ago.

Notably in 2010, TELUS signed the United Nations Global Compact as we continue to strive to conduct our business operations and strategies to align with accepted principles in human rights, labour, environment and anti-corruption practices. These practices are outlined by the Global Compact's 10 universally accepted principles. By participating in this initiative, TELUS is adding another dimension of accountability that exemplifies our dedication to corporate social responsibility for all of our operations.

Focusing relentlessly on data and wireless

In 2010, we continued to progress our company, creating sustainable economic value for our many stakeholders whilst delivering increased choice for our valued customers. We improved our position in the smartphone marketplace with Canada's fastest* coast-to-coast HSPA+ wireless network, which enables us to offer a wide array of compelling devices to meet the growing demand of customers across Canada. We also continued to enhance the HSPA+ network with the addition of new 4G dual-cell technology, which impressively we expect to approximately double data download speeds. Further, to continue to enhance our wireless network and capacity, we announced our planned urban roll-out of next generation wireless LTE technology, with services expected to be launched in 2012.

Our business strategy includes leveraging our network sharing agreement with Bell Canada, enabling us to deploy network enhancements faster and more cost effectively than most of our competitors, whilst vigorously competing against each other in the marketplace.

The TELUS team also enhanced and expanded our wireline broadband network to enable faster speeds and advanced Internet services to meet the growing needs of consumers and deliver our Optik TV service to more communities. Our footprint now reaches more than two million households in British Columbia, Alberta and Eastern Quebec. Additionally, we continue to overlay VDSL2 technology that enables even faster network speeds and delivers more HD channels into the home. We expect to complete the overlay in 2011. We will also continue to build fibre-to-the-home access to connect new single-family residential developments and new condos and apartments.

Advancing our position in healthcare

In 2010, TELUS expanded its leadership position in healthcare technology solutions by becoming the first company in Canada to launch a revolutionary e-health platform – TELUS Health Space®. This future friendly tool brings people and technology together, providing one of the most fundamentally important pieces of the healthcare puzzle – access to information. TELUS Health Space enables customers to create, store and manage their personal medical information electronically and share it with their families and healthcare providers in an easy, safe and secure manner. Through trials with 2,000 team members and 200 patients and caregivers in Quebec, we are actively shaping new services that should soon be available to millions of Canadians.

Creating a legacy through innovation in community investment

TELUS and our team members are passionate about giving back to the communities where we live, work and serve. We understand there is a symbiotic relationship between the success of our company and the health of our communities, making our efforts to live up to our brand

promise – the future is friendly – essential in all that we do. The ongoing generosity and compassion demonstrated by our team in this regard is truly inspirational. Since 2000, TELUS, our team members and retirees will, by year-end 2011, have contributed \$245 million to charitable organizations and volunteered 4.1 million hours of service in local communities, making a significant impact across Canada.

Our company's deeply-rooted legacy of caring also includes the work of our ten TELUS Community Boards located in cities across Canada. Our innovative approach, which places funding decisions in the hands of local community leaders supported by TELUS team members, further reflects our shift from allocating funds to large sponsorships in favour of local, grassroots charities. Collectively in 2010, our boards allocated \$4.1 million in support of more than 300 community projects. Since their inception to the end of 2010, the boards have allocated \$25 million and supported more than 1,800 community projects across Canada.

Our passion to build healthier communities is exemplified each year by our TELUS Day of Giving™. In 2010, a record 10,400 volunteers participated in 175 activities across Canada. In addition, the TELUS Community Ambassadors®, our dedicated retiree and team member volunteers, distributed more than 60,000 care items to neighbours in need.

In recognition of all these efforts, TELUS was named the 2010 most outstanding philanthropic corporation in the world by the Association of Fundraising Professionals. Notably, this is the first time a Canadian company has been recognized with this prestigious international award.

We are also aligning charitable giving with TELUS' revenue growth, whilst enhancing brand appeal and an emotional connection with our customers. Notably, we empower socially conscious consumers to make purchasing decisions that benefit local charities. In 2010, our TELUS Go Pink campaign raised close to \$2.5 million for leading breast cancer charities across Canada for the purchase of digital mammography equipment. Additionally, \$3.6 million was raised for numerous local community organizations and projects through the sale of TELUS Optik TV.

Investing in customer excellence

Over the past year, we also intensified our focus on delivering exceptional customer experiences and made significant advances in strengthening our business ownership culture across the organization. In June, we introduced Customers First, an innovative internal program to heighten our focus on the customer experience. This initiative enabled hundreds of senior managers from across TELUS to spend a full day with our customer-facing teams to experience firsthand what our front line team members experience every day. Notably, the key learnings identified as a result of this initiative are already leading to measurable improvements.



On the wireless side, our Clear & Simple® rate plans, which offer simplified pricing and no system access or carrier 911 charges, make it easy for wireless customers to choose a plan that is right for them. In 2010, we added a Clear & Simple Device Upgrade program to help customers obtain new phones before their contracts end. We also introduced free TELUS Data Notifications to help customers manage their data usage and lower roaming rates for customers travelling internationally.

Customers have responded positively and, despite reductions in demand for some legacy voice services, we attracted more than 375,000 total new customer connections in 2010, compared to 270,000 in 2009.

Reducing our environmental impact

TELUS and our team members are committed to environmental sustainability and in 2010, we pledged to reduce our greenhouse gas emissions by 25 per cent by 2020, compared to 2009 levels. Within the same

10-year period, we further committed to reducing our energy consumption by 10 per cent compared to 2009 levels. Fundamental to achieving these goals is a solid strategic approach that addresses all major areas of energy reduction.

We also focused on adopting the leadership in energy and environmental design (LEED) principles for the design, construction and operation of green buildings. In 2010, TELUS House Ottawa was awarded LEED gold certification from the Canada Green Building Council. Additionally, we opened TELUS House Toronto and Place TELUS Quebec, which are built to LEED gold and silver criteria, respectively, and we look forward to receiving certification. More recently, we announced our TELUS Garden head office development in Vancouver, which will be the first in Canada built to the new LEED Platinum standard.

Attracting and retaining the best team

We believe that a company can only deliver the best results in the industry by having the best team. A new tentative collective agreement between TELUS and the Telecommunications Workers Union reached in April 2011 was ratified by union members on June 9, 2011. This agreement was made possible through a professional negotiating process that has set the stage for a constructive relationship into the future. We believe this collective agreement is a progressive contract that reflects our competitive marketplace and balances the needs of our team members, our customers and our shareholders.

We continue to introduce innovative initiatives to create a more enjoyable and productive work environment. For example, more than half our team members are equipped to utilize mobile or work-at-home options, enabling them to work where and when it is most convenient. We measure our progress through an annual Pulsecheck employee survey and, in 2010, an improved engagement score was achieved.

TELUS is committed to fostering diversity within the workplace and the community. Two years ago, we introduced the Diversity and Inclusiveness volunteer council, which, among other things, supports resource groups such as Spectrum, which represents lesbian, gay, bisexual, transgender and queer/questioning team members, Eagles

for team members with an Aboriginal background and Connections for women. In March this year, we released the 2010 TELUS Diversity and Inclusiveness report, which highlights our efforts in becoming an employer and service provider of choice.

Our efforts to foster diversity and inclusiveness have garnered external recognition. TELUS has been recognized by Waterstone Human Capital as having one of Canada's 10 Most Admired Corporate Cultures for the 2009 to 2011 award timeframe. Moreover, TELUS was selected by Mediagroup Canada as one of Canada's Best Diversity Employers for the third consecutive year.

Looking ahead, I am confident that we have many opportunities to build on the momentum created in 2010 to generate sustainable value in a socially responsible way for many stakeholders – our communities, our customers, our team members and our investors. Indeed, we have measurable corporate social responsibility goals – economic, social and environmental – that will drive the TELUS organization to make continued progress in 2011 and beyond.

Thank you for our continued support.



Darren Entwistle

Member of the TELUS Team

June 27, 2011

*Based on TELUS' tests of data throughput speeds in large Canadian urban centres available from national high-speed packet access plus (HSPA+) service providers. Limitations apply. See the term "fastest" in the CSR Glossary for details.

Message from our CFO

A passion for growth

The TELUS team has a long history of demonstrating early leadership and a commitment to continuous improvement in corporate social responsibility (CSR). We have disclosed our environmental performance since 1992 and we have produced a CSR report for 14 consecutive years. Over the last decade, we have made a concerted effort each year to expand the scope of our report and to present information in a transparent, balanced and comprehensive manner.

Strong financial management

TELUS has considerable financial strength and a demonstrated commitment to transparency and adherence to prudent financial policies and guidelines. These have guided our actions successfully over the past decade as we executed our operational strategy while building financial strength, thereby earning the confidence of investors. Our company's improved financial performance in 2010 included a 33 per cent increase in share price and a total shareholder return of 40 per cent. By comparison, the Toronto Stock Exchange provided a return of 14 per cent, or 18 per cent including dividends, and the MSCI World Telecom Services Index, which represents an index of peers, provided a return of five per cent, or 12 per cent including dividends.

What gets measured gets done

We also have a solid track record of attaining the targets we set publicly each year. In the past decade, we have met or exceeded 77 per cent of our 48 consolidated financial targets, including three out of four in 2010.

Our commitment to clearly set and stick to our financial policies has also been a mainstay of our disciplined financial management approach for more than a decade. Similarly, our belief that "what gets measured gets done" is extended to our CSR program. As such, we set annual long-term targets, measure and monitor our CSR progress and then report back on our results.

Our CSR scorecard summarizes the 2010 CSR targets, actual results and highlights, as well as our 2011 CSR

priorities and targets. We have once again engaged Pricewaterhouse Coopers & LLP (PwC) to review certain key performance indicators and provide an assurance statement as to the accuracy of the reported results.

To gauge our success, we follow the Global Reporting Initiative (GRI) definition of CSR, which is:

A firm's accountability to internal and external stakeholders for organizational performance towards the goal of sustainable development.

Last year, we self-assessed our 2009 CSR disclosure at an A+ GRI Application Level. This year, we have taken an additional step and have asked PwC to check and confirm our rating.

We have also successfully evolved our financial reporting to adhere to new standards. Commencing with our fiscal year beginning on January 1, 2011, TELUS, along with most other public companies in Canada, began reporting our financial performance in accordance with International Financial Reporting Standards (IFRS). Previously, we reported in accordance with Canadian generally accepted accounting principles (GAAP). Due to a comprehensive and, as we have been advised by our external auditors, well-executed changeover plan, the transition was smooth.

Pursuing excellence in disclosure, social responsibility and governance

A firm belief in the importance of full and fair disclosure and excellence in corporate governance provides the foundation for our approach to CSR. We take a proactive approach to corporate disclosure and have adopted a number of leading-edge governance policies. Our Board of Directors was among the first in Canada to voluntarily adopt say on pay and the members of our Board are very engaged in discussions and oversight of key enterprise risks. Notably, we provided updates to the Board via

its Audit Committee on our environmental and CSR performance each quarter.

Our efforts continue to gain external recognition. TELUS was recognized for having the best financial reporting at the 2011 IR Magazine Canada awards. Also, in 2010, the Canadian Institute of Chartered Accountants (CICA) recognized TELUS for our comprehensive 2009 shareholder information package with the following awards:

- Overall Award of Excellence for Corporate Reporting, CICA's highest award in Canada
- Honourable Mention (second best) for Excellence in Corporate Governance Disclosure
- Honourable Mention for Excellence in Sustainable Development Reporting.

This year, we have expanded the scope of our CSR report to provide a greater focus on our customers and our concentrated efforts to enhance customer service. In order to ensure sustainable growth for TELUS, we must create value for our customers, who will reward us with loyalty and revenue for services over time.

Looking ahead, we remain committed to continuing to integrate CSR into our business activities. We are working to ensure we operate in a way that considers the economic, social and environmental impact of our business decisions and operations for the benefit of our customers, team members, investors and the communities where we live, work and serve.

Sincerely,



Robert McFarlane

Executive Vice-President and Chief Financial Officer

Member of the TELUS Team

June 27, 2011



Managing Corporate Responsibility

The Pillars of our corporate commitment

Through our approach to Corporate Social Responsibility (CSR) and in line with our values, we strive to be one of Canada's leading corporate citizens. We follow the Global Reporting Initiative (GRI) definition of CSR, which is:

A firm's accountability to internal and external stakeholders for organizational performance towards the goal of sustainable development.

We are committed to pursuing the integration of economic, social and environmental considerations into our business practices and fostering a culture of sustainability. We strive to create CSR programs that are viable for the long term and to ensure that we can fulfill our CSR commitments in both economically good and challenging times.

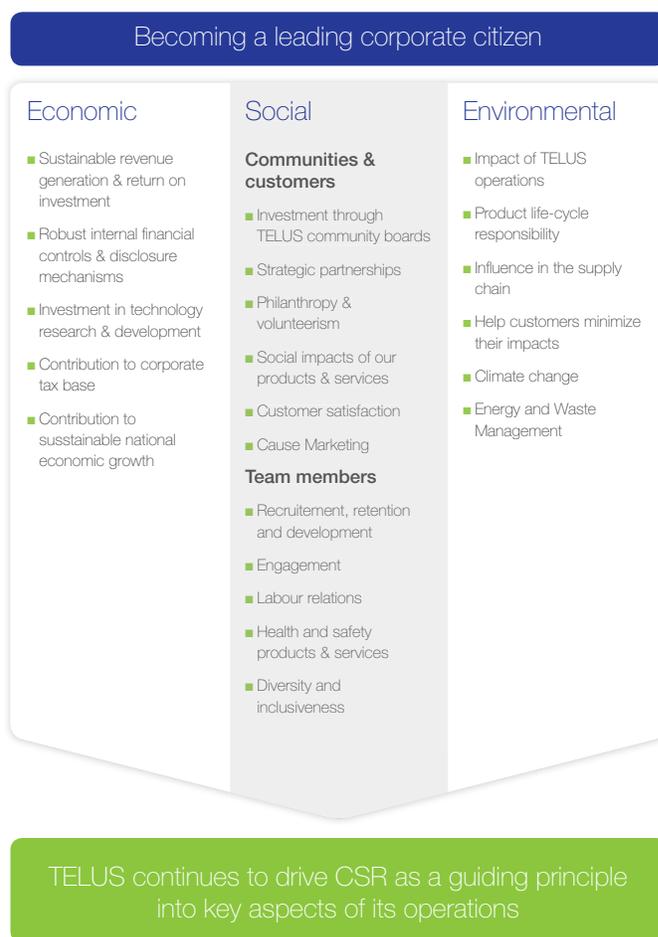
The TELUS approach to integrating CSR considerations into the business and fostering a culture of sustainability consists of four principal pillars:

1. Engaging the TELUS team through employee resource groups such as Connections, community volunteerism and giving programs, such as Team TELUS Cares, and environmental programs, such as our TELUS Green Teams, and the use of social media resources.
2. Integrating key CSR metrics into the enterprise-wide strategic planning and reporting processes, including CEO and key executives' performance objectives
3. Designing cause marketing campaigns that make a direct link between our business priorities and growth and the well-being of our communities

4. Leading in CSR governance and disclosure through our CSR Leadership Team, consisting of senior leaders from across the business, our award-winning annual reports and CSR reports and regular CSR updates to the Audit Committee (Corporate Governance Committee, effective May 2011) of the TELUS Board of Directors

At a business operations level, our view of CSR includes but is not limited to:

TELUS' view of CSR



CSR reporting highlights

Year over year, we strive to bolster not only our CSR practices but also how we report them. We focus on:

- CSR process (how we build the report)
- Content (what we put in the report)
- Media (how we share the report).

For the third year, we chose to produce an online-only report to limit the amount of material we print. This year, we changed the underlying web platform of our report. This allows us to deliver more versatile content and user-controlled options in the future. We have also improved the navigation and layout of our website based on usability testing with some of our key stakeholders. This information has been integrated with the navigational enhancements we made last year that were based on how we manage the various aspects of our CSR practices.

In terms of printed material, we plan to produce approximately 10 per cent fewer brochures and postcards than we did last year. At the same time, we are disclosing more information about our sustainability practices, including data on our international contact centre operations. As such, we are declaring our report at a GRI-G3 "A+" level and have asked PwC to confirm our rating.

In alignment with our commitment to our customers and stakeholder feedback, we have also significantly enhanced the customer section of our report. Here we strive to discuss the challenges, opportunities and successes that are most significant to customers.

In addition, we continued to have all contributors to the report provide a statement as to the reasonable accuracy and veracity of the material they have provided. We believe this is a leading-edge global practice in CSR reporting and is in addition to the executive review and sign-off process we have used for many years.

Stakeholder engagement

Engaging customers

TELUS' stakeholder engagement is a consistent part of our business improvement process. In 2010, we focused on improving our customer experience with a goal of improving customer satisfaction. We refer to this as putting our Customers First. Engagement of our customers with our team members is critical to defining their relationship with TELUS and ensuring our products and services drive superior value for our customers.

To measure our performance in customer experience, we used several engagement tools, such as transactional surveys, feedback forms and focus groups. We also use external benchmarking such as the National Wireless Satisfaction Survey and the Corporate Reputation Tracker to monitor our progress against our competitors with respect to customer satisfaction and loyalty. In 2010, we also expanded our approach to explore factors leading to customer dissatisfaction rates, rather than only satisfaction rates, to identify what is driving 'fair' or 'poor' ratings so we can devote resources to resolving customer issues. We intend to use the information from our engagement process to improve the customer experience we deliver, and thereby strengthen customer satisfaction while also increasing loyalty and revenue.

For complete Customers First details, please visit the Customers First – applying our courage to innovate section of this report.

Engaging our team members

We believe we can build more productive workplaces and create stronger connections with our customers and communities by leveraging the innovative spirit of our team. We do this by:

- Soliciting suggestions for improvement and measuring the impact of past programs through our annual Pulsecheck survey and a survey of senior leaders on human resources practices
- Conducting team member forums on leadership and engagement
- Working with union leaders through the Common Interest Forum
- Engaging union representatives on topics such as

employment equity and health and safety

- Offering business process improvement programs such as Own.it, which focus on process improvement methodologies that engage team members to own challenges and provide solutions
- Providing social media tools such as wikis, blogs and video sharing to enable team members to learn, exchange ideas, share best practices and provide feedback.

We also focused our team member engagement with the goal of providing inclusive and respectful workplaces for team members wherever TELUS operates. As such, we comply with local laws and participated in groups such as Assisting Local Leaders with Immigrant Employment Strategies (ALLIES) alliescanada.ca, which supports local efforts in Canadian cities to successfully adapt and implement programs that further the suitable employment of skilled immigrants. We also worked with local agencies, such as the Edmonton Regional Immigrant Employment Council, and conducted annual meetings with Human Resources and Skills Development Canada and the Canadian Human Rights Commission.

Two years ago, we introduced the Diversity and Inclusiveness volunteer council, which, among other things, supports resource groups such as Spectrum, representing lesbian, gay, bisexual, transgender and queer/questioning team members. In 2010, the council produced its first annual diversity report, highlighting workplace programs, affinity marketing and community investments and sponsorships in support of diversity at work and in the communities we serve.

Continuous engagement

While we put a concentrated effort on Customers First and team member engagement in 2010, we continued at the same time to focus on engagement with our broad base of key identified stakeholders, which includes:

- Customers
- Shareholders
- Debt holders
- Federal, provincial and municipal governments
- Internal stakeholders – team members, business unit leaders and executive leaders
- TELUS Community Boards
- Pensioners and community partners

- Aboriginal Peoples and their communities
- TELUS Community Ambassadors
- Non-governmental organizations
- Academic organizations
- Investment companies with socially responsible mandates
- Peer organizations
- TELUS enterprise risk assessment participants.

We leveraged a variety of means to engage our stakeholders in 2010. We used Facebook and Twitter for numerous campaigns and our TELUS Facebook page gave our stakeholders a consistent means of communicating with us. Through Facebook, we are able to share news of products such as Optik TV™, promote our charitable campaigns, such as “Go Pink”, and receive real-time feedback from our stakeholders. In addition, our customer service team remains an integral part of our customer engagement process, which we are committed to continually improving through our Customers First initiative.

Internally, we offer social media tools, such as Take the Mic, Habitat Labs and our team member website, in an effort to enable team members to collaborate, share ideas, voice concerns, network and engage with colleagues at all levels across the company.

Business and management practices

Addressing key risks

TELUS defines business risk as the degree of exposure associated with the achievement of key strategic, financial, organizational and process objectives in relation to the effectiveness and efficiency of operations, reliability of financial reporting, compliance with laws and regulations and safeguarding of assets within an ethical organizational culture.

Consistent with our triple-bottom-line approach, TELUS uses an enterprise-wide risk and control assessment process that solicits and incorporates the expertise and insight of team members from all areas of the organization. Notably, in 2010, this process included soliciting the views

of the TELUS Board of Directors. This process seeks to identify and manage key risks to TELUS, including those related to CSR. More information on our risk assessment process is available in section 10 (Risks and risk management) of the Management's discussion and analysis (MD&A) of the 2010 annual report. Information on financial liabilities is listed in the consolidated financial statements and notes section of the annual report.

CSR and governance

Proactive governance

At TELUS, we take a proactive approach to corporate governance and reporting, often going beyond what is required and, where optimal, adopting emerging best practices early. The result has been a series of initiatives across the company that further the effective management of TELUS and help increase investor confidence.

In addition to this proactive approach, we believe strong corporate governance is necessary to provide a solid foundation for CSR leadership. It encompasses considerations such as:

- Ethical conduct, ethical standards and expectation-setting by leaders
- Having an independent and effective Board that oversees management
- Accountability to investors and other stakeholders
- Effective internal controls and transparent disclosure of strategic objectives and results that facilitate accountability
- External and internal assurance
- Executive compensation that pays for performance.

TELUS' strategic CSR vision is to contribute to a better world by delivering long-term corporate economic viability, supporting the communities where we live, work and serve and being stewards of the environment.

We employ a continuous improvement cycle informed by input from our internal and external stakeholders, develop CSR programs with measurable outcomes, and evaluate and report on our performance.

TELUS corporate strategy

Since 2000, TELUS' strategic intent has been to unleash the power of the Internet to deliver the best solutions to Canadians at home, in the workplace and on the move. TELUS' strategy for growth is to focus on its core telecommunications business in Canada supported by international contact centre and outsourcing capabilities.

In 2000, TELUS developed six strategic imperatives, which we believe remain relevant today. A consistent focus on these imperatives guides our actions and contributes to our operating and financial goals. We believe focusing on these imperatives continues to position TELUS for future growth.

Our strategic imperatives are:

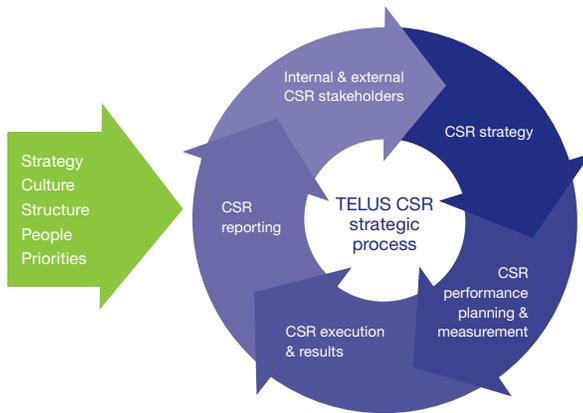
- Building national capabilities across data, Internet protocol (IP), voice and wireless
- Focusing relentlessly on the growth markets of data, IP and wireless
- Partnering, acquiring and divesting to accelerate the implementation of TELUS' strategy and focus our resources on core business
- Providing integrated solutions that differentiate TELUS from our competitors
- Investing in internal capabilities to build a high-performance culture and efficient operations
- Going to market as one team under a common brand, executing a single strategy.

To execute this strategy, we have a customer-focused organizational structure and a set of core leadership values:



Each year, we also set corporate priorities to help advance our national growth strategy.

This model is informed by the strategic context in which TELUS operates. It includes industry economics and technological change, the competitive landscape, customer requirements, the regulatory environment and our core competencies.



Overall responsibility for the organization's CSR performance resides with the Executive Leadership Team. A CSR leadership team was established in 2006, and we enhanced the composition of the team in 2009 by increasing the number of vice-presidents. The team represents all TELUS business units and meets at least every quarter to review progress against CSR objectives and assess new or ongoing CSR initiatives. The team members focus on further entrenching CSR practices, measures and objectives throughout TELUS. In 2010, we continued to provide progress reviews each quarter to the Audit Committee of TELUS' Board of Directors, separate from the combined environmental and CSR reviews provided to the Audit Committee in the past. In 2011, we provide these progress reviews to the Corporate Governance Committee of TELUS' Board of Directors.

Based on strategic input from external and internal sources, the CSR leadership team is responsible for executing our CSR strategy, identifying issues and opportunities and delivering programs to address them. TELUS' Executive Leadership Team and business unit vice-presidents are responsible for the approval of the overall strategic direction of our CSR programs. Our annual CSR report discloses our performance and communicates our commitments for the future. Furthermore, it is a catalyst for soliciting stakeholder feedback on our programs and performance.

Management approaches

CSR practices in depth

We have a robust approach in regards to all elements of our CSR practices. The following management approach discussions provide a deeper review of our CSR practices

and align with our efforts to report in accordance to the Global Reporting Initiative:

- Economic
- Community investment
- Team members
- Human rights
- Environment
- Supply chain management.

Economic

Contributing to our economy

TELUS is focused on building sustainable economic growth for the benefit of our investors, customers, team members, suppliers and the communities where we live, work and serve. Our products and services can enhance the lives of Canadians, enable the success of our customers and contribute to the development of sustainable communities, while delivering long-term, positive results for our investors.

TELUS' wireless and wireline broadband investments provided the foundation for improved financial and operational performance in 2010 and enhanced TELUS' competitive position. This enabled us to continue contributing to our economy by:

- Paying salaries and benefits to our team members and pension payments to retirees
- Purchasing from suppliers in Canada
- Paying government taxes
- Driving innovation through research and development
- Investing in next generation technology
- Donating generously to our communities
- Distributing dividends to our equity investors
- Paying interest to our debt holders.

The distribution of these benefits depends on our ability to generate economic value. We measure this success against our economic targets as well as other measures, such as community investment, outlined in this report.

Related to our annual consolidated targets are our annual corporate priorities. In 2011, our corporate priorities are to:

- Deliver on our future friendly® brand promise to clients
- Optimize the potential of TELUS' leading wireless and wireline broadband networks

- Drive market leadership position in the small and medium business and healthcare markets
- Continue to improve TELUS' operational efficiency to effectively compete in the market and fund future growth
- Raise TELUS team engagement to the next level and continue to drive the philosophy of "our business, our customers, our community, our team, my responsibility".

For details, including our 2010 financial highlights, strategic investments, taxes and more, visit the Economy section of this report.

Community investment

Our commitment to healthy communities

In support of our brand promise — the future is friendly® — we have a community investment strategy that is national in scope and local in delivery. It is designed to support charitable organizations in communities where TELUS operates and to enable us to fulfill our commitment to give where we live. Our objectives are to:

- Create healthy communities
- Support TELUS business operations (by enhancing our customers' connection with our brand)
- Increase team member engagement.

TELUS received more requests for support from the charitable sector in 2010 than we did in 2009, an ongoing trend we anticipate will continue through 2011, despite the slowly improving economic environment. In 2011, we believe our biggest challenges will be to:

- Meet the growing needs of our communities
- Remain focused on investing in areas with the greatest return for our communities, our company and our team members
- Measure the impact of our community investment strategy on Canadians.

We have the opportunity to strengthen our communities by:

- Supporting projects that focus on youth and showcase innovation
- Continuing to advance our community investment strategy by offering our customers product and

service options that result in a direct benefit to local charities (cause marketing)

- Partnering with organizations committed to the advancement of medical research, disease prevention and quality healthcare for Canadians
- Leading by example with a clear commitment to support diversity in Canada
- Connecting and engaging our team members and retirees with charities that they are passionate about and that need resource assistance
- Increasing engagement of our team members and retirees through our volunteer and giving programs.

TELUS' community investment strategy has evolved with support and direction from our Executive Leadership Team. We measure the success of our community investment initiatives through progress achieved year over year in terms of the number of people impacted (as reported by our partners) as well as overall dollars donated and hours volunteered.

For details about our charitable giving programs, including community engagement, Community Boards, and strategic partnerships, visit the Community Investment section of this report.

Team members

Success at work and beyond

At TELUS, we recognize that being an employer carries responsibilities beyond the immediate workplace. We believe we can have a positive influence on three facets of a team member's life: professional career, personal life and community service.



Our commitment to our team members is reflected in our workplace policies, which range from diversity and inclusiveness to ethics, respect and labour relations. Our goal is to be an employer of choice offering team members future friendly® possibilities to:

- Foster collaborative networks of diverse, skilled team members
- Drive results and innovation in a dynamic, fast-paced environment
- Create work life flexibility and personalized benefits
- Participate in a voluntary employee share plan to encourage savings, ownership and participation in the success of TELUS
- Be part of an exciting and learning-focused culture
- Make a difference for our customers, our team, our community and our environment.

We invest in the development of our team members with a variety of career and leadership development programs, including classroom learning, mentoring, webinars, online learning and, more recently, the use of wikis, blogs and other social media tools. Our volunteer Diversity and Inclusiveness Council assists in developing programs that promote diversity and equitable opportunity. We provide a range of health and safety programs, reporting safety statistics quarterly to the Human Resources and

Compensation Committee of TELUS' Board of Directors. Where a collective agreement is in place, joint management and union committees provide additional guidance on health and safety matters.

We measure our success in providing a welcoming, safe and professional workplace through indicators such as team member engagement, return on learning, access to a range of wellness programs, attrition rates, work time lost due to workplace injury, and team member participation in our community giving and volunteerism programs. On a monthly basis, progress on programs delivered and results achieved are reviewed by the Human Resources leadership team. For details about our employment practices, visit the Team member section of this report.

Human rights

Our commitment to human rights

TELUS has a long-standing commitment to respecting and protecting human rights as outlined in our Ethics policy and reflected in our respectful workplace, employment equity and diversity practices. In 2010, TELUS became a signatory to the United Nations Global Compact (UNGC), reflecting our desire to advance the UNGC principles within our sphere of influence. This includes supporting the elimination of discrimination in respect of employment, the elimination of child labour and all forms of forced labour, and supporting freedom of association and the right to collective bargaining with our vendors, suppliers, community partners and others with whom we associate.

The TELUS ethics policy ties together our policies regulating business behaviour and provides guidelines for the standards of ethical conduct by all team members, including members of the TELUS Board of Directors and the Executive Leadership Team. All members of the TELUS team are expected to act honestly in all dealings, comply with laws and regulations governing our businesses and maintain an ethical work environment. The policy, which specifically addresses human rights, is updated annually, communicated to team members, and housed on TELUS' internal and external websites.

TELUS seeks to build inviting workplaces that are inclusive and respectful of diversity. Working conditions at TELUS are designed to meet or exceed legal standards in the countries where we do business. Appropriate management control processes are in place to monitor company practices. Collective agreements set out the steps of the grievance and arbitration processes available to team members covered by such agreements. Internal complaints about respectful workplace practices are investigated and addressed by the Respectful Workplace Office, which reports quarterly to the Human Resources and Compensation Committee of TELUS' Board of Directors.

Environment

Caring for our environment

Reflecting our value of spirited teamwork, responsibility for managing TELUS' environmental footprint is shared by senior leaders from across TELUS who have specific areas of expertise such as Risk Management, Network Operations, Real Estate Operations, Supply Operations, Procurement and our environmental consultants. The Corporate Governance Committee of TELUS' Board of Directors receives quarterly reports in regards to TELUS' ongoing environmental risk management activities, a responsibility previously held by our Audit Committee of the TELUS Board of Directors.

The Environment and Corporate Social Responsibility team, which is located within the Risk Management department of the Finance business unit, is comprised of professionals from across Canada responsible for our environmental management systems and some of our corporate social responsibility programs. These programs are management's tools for setting policies, implementing programs, tracking performance, reducing environmental impacts and enhancing our stewardship activities.

The CSR leadership team provides vice-presidential level oversight, guidance and strategic direction in regards to sustainability matters at TELUS. Consistent with the TELUS goal of being one of Canada's leading corporate citizens, we aim to do this by reducing our impacts on the environment, and providing solutions for others to do so

as well. TELUS has an environmental policy and is currently working toward alignment with the ISO 14001:2004 standard.

For details about our energy and emissions, paper consumption, waste and recycling, and other environmental practices, visit the Environment section of this report.

Supply chain management

Optimizing our supply chain

In 2010, we signed the United Nations Global Compact (UNGC) initiative, and committing to adhering to the Ten Principles of the UNGC, and we continued work to optimize our supply chain and make it more sustainable. Similar to 2009, we continued to develop our Supplier Code of Conduct to be used in our vendor selection process. We also received input from a broad range of team members on issues of sustainability, privacy, health and safety, compliance and regulation. In 2010, we began to implement a supplier sustainability screening in some of our Request for Proposals (RFP) with potential external business partners. Looking forward, this will become a more consistent management tool within our RFP process.

Our business relies on thousands of suppliers of varying size from across Canada and around the world, and as a result, establishing a more sustainable supply chain will require a significant commitment of time and energy. We will continue in 2011 with the ongoing refinement of our Supplier Code of Conduct and the development of the associated implementation and monitoring mechanisms. Our goal is to finalize our Supplier Code of Conduct in 2011.

TELUS has been aware of the issue of conflict minerals for approximately four years. This is a growing area of attention to TELUS, as it relates to the information technology and communications industry and mobile device manufacturing process. TELUS has been in communication with its major handset vendors in regards to this issue and continues to work toward a more sustainable supply chain generally. Looking to 2011 and beyond, we will work with our business partners to better understand the potential risk for these minerals to exist within our product offerings.

One of our goals is to ensure our products and services respect and protect our customers' personal information. TELUS has a Privacy Code that defines the principles that govern the collection, use and disclosure of our customers' and team members' personal information. Our code complies with the requirements of Canada's privacy legislation, the Personal Information Protection and Electronic Documents Act, and our own commitment to protecting customer and team member privacy.

Making the Internet safer for families, especially children, is an increasingly important global issue and remains a key priority for TELUS. We provide financial support to the Canadian Centre for Child Protection (C3P), which operates Cybertip.ca, Canada's national tip line for reporting the online sexual exploitation of children.

In 2010, TELUS again partnered with C3P to create a series of mobile safety education tools to address the increase in mobile use by adolescents and the potential risks associated with misuse of wireless technology. Ongoing support for the Canadian Centre for Child Protection/TELUS Mobile Safety website and guide, offers parents age-specific strategies to help keep children safe. The goal of this site is to educate parents/guardians about the potential risks posed to children/adolescents using cell phones, and to highlight proactive strategies. This includes discussing the importance of guarding personal information and understanding the possibility that private messages could later become public. The support of these partners also allowed the C3P to distribute nearly half a million The Door That's Not Locked brochures to schools and parents across Canada in 2010.

Economy

Innovation in a sustainable economy

Achievements in economic growth

TELUS is focused on building sustainable economic growth for the benefit of our investors, customers, team members, suppliers and the communities where we live, work and serve. Our products and services can enhance the lives of Canadians, enable the success of our customers and contribute to the development of sustainable communities and Canada's digital economy, while delivering long-term positive results for our investors. We contribute to the economy through our purchasing decisions and by paying taxes, providing jobs, driving innovation through the provision of state-of-the-art information communication technology, services and know-how for our customers, as well as through research and development and investing in next generation technology.

TELUS pursues an active research and development program to meet market demand for faster and more comprehensive telecommunications services for consumers. We believe the value of R&D on innovation and productivity comes from commercialization and adoption of new products, services and processes. To augment our approach, TELUS Ventures, co-invests with leading venture capital groups to support start-up companies in the telecom sector that are focused on the convergence of voice, enhanced data, digital media and wireless.

During 2010, Canada's economy showed signs of improvement, with economic growth continuing through the fourth quarter of 2010 after emerging from a recession in the third quarter of 2009. The Bank of Canada reported in its July 2011 Monetary Report that it expects Canada's economic growth to be 2.8 per cent in 2011, 2.6 per cent in 2012 and 2.1 per cent in 2013. British Columbia and Alberta, which are two of the primary markets TELUS serves, are projected to grow at the fastest rates due to continued strong global demand for commodities being driven by major emerging markets.

Revenues in the Canadian telecom industry grew by an estimated two per cent in 2010, to approximately \$42 billion, with wireless and data services continuing to act as growth engines for the sector. Offsetting this growth was continued wireline industry weakness in traditional voice service revenue, as well as declining long distance revenues. Bell Canada and its affiliated companies represented about 43 per cent of the total industry revenue. As the second largest telecommunications provider in Canada, and the largest in Western Canada, TELUS generated \$9.8 billion in revenues in 2010, or approximately 23 per cent of the total industry revenues.

TELUS' investments in IP-based wireline technology and high-speed 4G wireless networks allow us to provide innovative healthcare solutions to Canadians such as our integrated Bedside Terminal, which gives patients access to communications and entertainment services, while providing healthcare professionals with access to patient information.

Bringing innovative wireless services to more Canadians

The Canadian wireless industry experienced increased growth in 2010 with estimated year-over-year revenue and EBITDA increasing by approximately five per cent and three per cent respectively. The Canadian wireless market continues to grow at a reasonable pace with an estimate

of more than 1.7 million new subscribers in 2010, or an approximate 4.4 percentage point increase in penetration to approximately 73 per cent of the population. Wireless ownership as a percentage of the Canadian population is expected to further increase in 2011 by approximately 4.5 to five percentage points to 77.5 per cent or more. The wireless market in Canada continues to present a meaningful growth opportunity and is most comparable to the United States, which has a penetration rate of approximately 97 per cent.

The demand for wireless data services has been growing strongly and continues to be a key driver of revenues as Canadians are increasingly using their wireless devices for email, text, picture, video and instant messaging, social networking, web browsing, applications, gaming and video-streaming. As a result, wireless data revenue in Canada increased by an estimated 34 per cent in 2010 to \$4.1 billion and represented an estimated 25 per cent of the industry's monthly average revenue per subscriber unit (ARPU). This compares to approximately 34 per cent of ARPU in the United States, suggesting an ongoing growth opportunity in Canada. It is also expected that major mobile platforms will support cloud-based services to satisfy customer demand and allow access to streaming content, such as music and video, from virtually anywhere and on any device.

TELUS and ACTI-MENU launched two new mobile applications in Quebec designed to help people take charge of their health: "Stop Smoking" and "mobile30." Powered by TELUS®, these motivational tools are an aid to Quebecers who want to quit smoking or track their daily physical activity.

This growth in adoption and usage of data services in Canada is being facilitated by the increasing availability, popularity and affordability of smartphones, as well as increased adoption of mobile Internet keys. In addition, the market for tablet devices, which operate on mobile

networks or on Wi-Fi, is expected to be an accelerating growth segment in 2011, as Canadians increasingly demand portable computing solutions with wireless Internet connectivity. While a tremendous opportunity for TELUS, the increasing adoption of a wider range of smartphones and Internet-enabled wireless devices, which are more expensive than traditional wireless handsets, are placing strains on network capacity and impacting industry margins. With a multi-year sales agreement, there is usually a large upfront device discount provided by wireless carriers, resulting in initial negative earnings and cash flow for the carrier, but also higher average lifetime revenue.

Hyper-connectivity has the potential to greatly increase network demand and traffic as Canadians increasingly want personal and networking connectivity. New options in hardware and additional wireless services are enabling consumers to do more in more places than ever before. To better manage this growth, Canadian wireless providers continue to roll out faster, next generation high-speed wireless networks that provide consumers with increased download speeds, while increasing network capacity. However, additional wireless spectrum will be required.

By leveraging our network sharing agreement with Bell Canada, TELUS successfully launched an extensive next generation network based on HSPA+ technology in 2009, which offers speed and coverage advantages by supporting manufacturer-rated peak data download speeds of up to 21 megabits per second (Mbps) and now covering more than 97 per cent of the Canadian population. This gave TELUS customers more choices, including a greater selection of the newest devices such as the iPhone 4 and other smartphones, and international roaming to more than 200 countries. TELUS continued to enhance this HSPA+ network into 2011 with the commercial launch of 4G HSPA+ dual-cell technology in March, which effectively doubles data speeds. This next generation network better positions TELUS to meet data capacity demands in the foreseeable future, while allowing for a richer user experience and applications of greater utility. Upgrading to dual-cell technology is a natural progression on the path to 4G+ long-term evolution (LTE) technology, which is expected to support manufacturer-rated peak download speeds of up to 150 Mbps and upload speeds of up to 70 Mbps. Construction on TELUS' LTE network

will begin in the latter half of 2011 in major urban markets across Canada, with the planned launch expected in 2012. TELUS' LTE network will operate on the Advanced Wireless Services (AWS) spectrum that TELUS purchased for \$882 million in Industry Canada's auction process in 2008. We are committed to building out our LTE network beyond major urban centres across Canada if we are able to secure 700 Mhz spectrum in the auction expected in 2012. This spectrum has superior propagation capabilities in covering Canada's expansive rural geography.



Our 4G wireless network allows TELUS to offer customers a compelling selection of innovative tablets and smartphones and supports manufacturer-rated peak data download speeds up to 42 Mbps to meet the growing wireless needs of Canadians.

To support technology evolution and to provide capacity to satisfy increasing demand for data services, TELUS is focused on increasing its wireless spectrum position. The ability to acquire additional spectrum is dependent on the timing and the rules established by Industry Canada. The federal government initiated a consultation in November 2010 on the policy and technical framework to auction spectrum in the 700 MHz band. We expect a spectrum auction will be held in 2012. However, there is no

guarantee that the Canadian government will not reserve spectrum for new wireless entrants or adopt some open access provisions for some of this spectrum.

Wireless competitive pressures in the Canadian market continue to intensify. Four new wireless entrants launched or expanded wireless services in 2010 in various urban centres across Canada including WIND Mobile, Mobilicity, Public Mobile and Quebec-based cable-TV company Vidéotron. TELUS will also face more competition in B.C. and Alberta from Shaw Communications' entry in wireless, now rescheduled to early 2012. In response to this competitive activity, Bell and Rogers have also re-launched or introduced new discount brands. Koodo Mobile®, TELUS' postpaid value brand, continues to position our company well against new wireless entrants and incumbent discount brands. We have evolved the Koodo® brand strategy from basic talk and text to include a limited selection of feature-rich and value price smartphones for Canadians. In addition, starting in late 2010, we also adjusted our Koodo pricing to include unlimited local calling and texting plans in response to competitive market developments.

To continue to deliver on our brand promise and to increase price transparency to Canadian consumers, TELUS offers Clear & Simple® rate plans, which do not have system access and carrier 911 fees. Our plans also include a new device upgrade program that helps customers obtain new phones without having to wait for their contract to expire, and free data usage notifications that help customers manage their data usage.

Providing integrated wireline solutions

In contrast to wireless, expectations for revenue and earnings in the mature wireline segment are modest. Traditional telecom services such as home phone and long distance continue to experience decline due to technological and wireless substitution as customers are increasingly adopting new Internet Protocol (IP), data and wireless services. Canada's four major cable-TV companies had an estimated 3.7 million telephony subscribers at the end of 2010, up by approximately 500,000 from one year earlier. Canada's three major telecom companies had more than 600,000 total line losses in 2010.

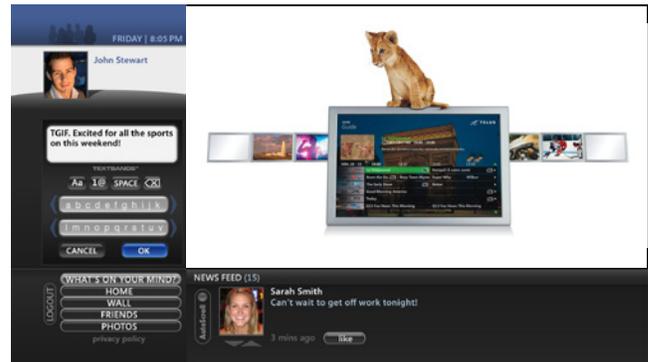
Competition in fixed-line Internet and television remains intense as cable-TV companies continue to increase the speed of their Internet offerings and intensify customer acquisition offers. In addition, over-the-top content providers such as Netflix and Hulu, as well as Apple and Google, are anticipated to compete for a share of the television and video-on-demand viewership in the Canadian market.

Vertical integration of the Canadian broadcasting industry also has been a growing trend in 2010 with Shaw acquiring television assets of Canwest at the end of 2010 and BCE's proposed acquisition of CTV. The Canadian Radio-television and Telecommunications Commission (CRTC) has scheduled a public policy hearing in June 2011 on the effects of consolidation and vertical integration in the Canadian broadcasting industry. TELUS is encouraged that the CRTC has recognized the importance of competition in the carrier market, and is seeking to implement appropriate safeguards against self-dealing and anti-competitive behaviour regarding content. TELUS believes it is not necessary to own content to make it accessible on an economically attractive basis. TELUS' differentiated approach, which is consistent with our content strategy, is to aggregate, integrate and make accessible the best content and applications to customers, through whichever device they choose.

To help alleviate the competitive challenges in the traditional wireline segment, TELUS' Future Friendly® Home strategy is focused on enhancing retention and loyalty through differentiated and multiple service offerings. TELUS is increasingly offering bundled products with an integrated set of services that provides customers more freedom, flexibility and choice.

TELUS launched its new brands Optik TV™ (IP-based TV service based on the Microsoft Mediaroom platform) and Optik Internet™ in urban Alberta and British Columbia markets in 2010. TELUS now offers an enhanced and flexible TV experience to Canadians with more than 500 channels, including 100 in high definition and superior services such as PVR Anywhere, which gives customers the ability to record and play back shows on up to six TVs in the home. In addition, Remote Recording allows customers to use their smartphone, tablet or Internet-

connected computer to schedule their PVR recordings. IP-based TV also allows us to offer Canadians cool new applications such as Facebook for Optik TV.



In March 2011, TELUS introduced a new Facebook application on its Optik TV platform designed to provide customers convenient access to Facebook features and content without missing a second of their favourite TV shows. This innovative application is a Canadian first, and brings a whole new dimension to both TV watching and social media.

These new IP-based services are supported by TELUS' wireline broadband network, which has been upgraded and expanded throughout 2009, 2010 and into 2011 to meet the evolving bandwidth needs of our customers and to support new innovative services for Canadians. In 2010, we substantially completed our ADSL2 broadband build to 2.1 million households in Alberta, B.C. and Eastern Quebec communities, while continuing to overlay VDSL2 technology, enabling us to further enhance Internet and TV viewing experiences with significantly faster network speeds. The VDSL2 overlay is expected to be completed in 2011.

In addition to our investments in broadband and related services, TELUS is committed to help transform healthcare in Canada. Over the past three years, TELUS invested more than \$800 million in information and communications technology that can reduce healthcare costs, better connect patients, improve health outcomes for patients and drive the prevention of illness.

In 2010, TELUS became the first Canadian company to launch an innovative e-health platform, called TELUS

Health Space®. This platform enables Canadians to create, store and manage their personal and family's health records and securely share them with their care providers. Through trials with 2,000 team members and 200 patients and caregivers in Quebec, we are actively shaping this new service that should soon be available to millions of Canadians. Notably, TELUS has earned recognition as the number one Canadian Healthcare Technology Company by Branham Group for three years in a row.

We believe our consistent strategic focus on providing a full suite of valuable and reliable communications services; delivering differentiated, premium national business solutions in data and IP; exposure to growth services such as wireless, data and IP including high-speed Internet and differentiated TELUS TV®; and the continued enhancement of national wireless and broadband networks, solidly position TELUS for growth in the years ahead.

New national headquarters to be built

TELUS has also demonstrated its commitment to the economy and environment by announcing the construction of a new national headquarters in Vancouver, British Columbia, which will make a contribution to the city's goal



of becoming the greenest city in the world. Named TELUS Garden, the project will radically transform an aging block of downtown Vancouver into a beautiful architectural icon of the most technologically and environmentally advanced sites of business, employment and living in the world.

The project will create half a million square feet of new office space and 500 new residential units, while setting new standards for environmental sustainability. The 22-storey signature office tower will be the first building in Canada built to the new 2009 Leadership in Energy and Environmental Design (LEED) Platinum standard and the

44-storey residential tower will be built to the LEED Gold standard. The project's construction is expected to pump hundreds of millions of dollars into the local economy and create three million person-hours of employment during construction, scheduled to begin in late 2011 and to be complete in 2015. Once the building is occupied, the site's business and residential tenants are expected to contribute an estimated \$8 million to \$10 million in new tax revenue to the city annually. TELUS has partnered with Westbank (a leading residential and commercial developer) to lead the project, and engaged Henriquez Partners Architects for its design.



Financial and operating highlights

Investments enhancing performance

TELUS' wireless and wireline broadband investments provided the foundation for improved financial and operational performance in 2010. These investments enhanced TELUS' competitive position and helped attract new customers while retaining existing ones.

Consolidated revenue and earnings before interest, taxes, depreciation and amortization (EBITDA) resumed growth in 2010, increasing by \$173 million and \$152 million to \$9.8 billion and \$3.6 billion, respectively, reflecting increasing customer connections, an improving trend in wireless revenue per customer and ongoing benefits from operation efficiency initiatives. TELUS' consistent execution of its national growth strategy focused on wireless and data has resulted in combined wireless and wireline data revenues growing to 74 per cent of consolidated revenues in 2010 compared to 71 per cent in 2009.

On the wireless side, revenue increased 6.5 per cent to more than \$5 billion, due to a year-over-year increase in the wireless customer base and continued data revenue growth of \$260 million or 30 per cent resulting in a much improved trend in average revenue per customer; this was down only one per cent in 2010 compared to a seven per cent decline in 2009. These results reflect TELUS' strong growth in smartphone sales, adoption of Clear & Simple® rate plans and a wide array of compelling devices in part due to TELUS' launch of Canada's fastest* coast to-coast HSPA+ wireless network in late 2009. Wireless EBITDA increased by five per cent to more than \$2 billion in 2010 reflecting the increase in revenue, partially offset by higher combined acquisition and retention costs associated with increased subscriber volumes and continued smartphone adoption. The wireless EBITDA margin remained in the 40 per cent range.

Wireless gross subscriber additions increased by seven per cent in 2010, while net subscriber additions increased by 10 per cent. At December 31, 2010, smartphone subscribers represented 33 per cent of the total postpaid subscriber base as compared to 20 per cent one year earlier

On the wireline side, total revenues decreased by three per cent to \$4.8 billion primarily due to a 10.5 per cent combined decrease in legacy voice and long distance revenues. These declines were offset by a \$122 million or six per cent increase in data revenues partly due to TELUS TV® and Internet services. The launch of the new brand Optik™, offering an enhanced suite of advanced IP-based entertainment services for the home, resulted in accelerating TV subscriptions, with the customer base growing by 85 per cent to 314,000 in 2010. These TV subscriber additions are generally accompanied by upfront earnings dilution from introductory promotions offered to our customers. Wireline segment EBITDA increased by 3.5 per cent to \$1.6 billion in 2010 as EBITDA margin improved by 1.8 percentage points due to lower restructuring cost and cost savings realized from ongoing operational efficiency efforts, helping offset declines in revenues and operating earnings from legacy services, as well as increased costs associated with growth in TELUS TV services.

Free cash flow in 2010 increased by 95 per cent to \$947 million due to improved operating earnings and \$382 million of reduced capital expenditures. The increase in TELUS' free cash flow position and prospects for continued earnings growth has allowed TELUS to increase the dividend by 10.5 per cent in 2010 to \$2.10 on an annualized basis.

CONSOLIDATED AND SEGMENTED 2011 TARGETS

Revenues \$9.925 to \$10.225 billion ↑ 1 to 4%	EBITDA \$3.675 to \$3.875 billion ↑ 1 to 6%	Earnings per share (EPS) – basic \$3.50 to \$3.90 ↑ 7 to 19%	Capital expenditures approximately \$1.7 billion →
Wireless revenues \$5.2 to \$6.35 billion ↑ 4 to 7%	Wireless EBITDA \$2.15 to \$2.25 billion ↑ 6 to 11%	Wireline revenues \$4.725 to \$4.875 billion → (1) to 2%	Wireline EBITDA \$1.525 to \$1.625 billion ↓ (6) to 0%

For 2011, TELUS is targeting a consolidated revenue increase of one to four per cent and and EBITDA increase of one to six per cent. Revenue and EBITDA are expected to benefit from TELUS' continued execution in its data and wireless operations. Earnings per share (EPS) is targeted to grow in a range of seven to 19 per cent due to operating earnings growth and lower financing costs, with free cash flow expected to have an even higher increase.

TELUS has a solid track record of attaining the challenging targets we set publicly each year. In the past decade, we have met or exceeded 77 per cent of our 48 consolidated financial targets, including three out of four in 2010.

For a longer term view of our financial performance or to learn more, visit TELUS' 2010 Annual Report.

*Based on TELUS' tests of data throughput speeds in large Canadian urban centres available from national HSPA+ service providers. Limitations apply. See the term "fastest" in the glossary.

2010 financial and operating highlights

\$ in millions, except per share amounts			% change	% change	
	2010	2009	(2010 to 2009)	2008	(2010 to 2008)
Operations					
Operating revenues	\$ 9,779	\$9,606	1.8	\$9,653	1.3
EBITDA ¹	\$3,643	\$3,491	4.4	\$3,779	(3.6)
Net income attributable to common & non- voting shares	\$1,034	\$998	3.6	\$1,128	(8.3)
Earnings per share (EPS) – basic	\$3.23	\$3.14	2.9	\$3.52	(8.2)
EPS – basic, as adjusted ²	\$3.26	\$2.84	14.8	\$3.39	(3.8)
Capital expenditures	\$1,721	\$2,103	(18.2)	\$1,859	(7.4)
Payment for wireless spectrum	–	–	–	\$882	–
Free cash flow (before dividends)	\$947	\$485	95.3	\$361	162.3
Subscriber information (000s)					
Wireless subscribers	6,971	6,524	6.9	6,129	13.7
Residential and business network access lines ³	3,739	3,966	(5.7)	4,176	(10.5)
Internet subscribers	1,229	1,215	1.2	1,220	0.7
TV subscribers ⁴	314	170	84.7	78	302.6
Total customer connections	12,253	11,875	3.2	11,603	5.6

1 Earnings before interest, taxes and amortization, calculated as operating revenues less operations expenses and restructuring costs.

2 Excludes positive income tax-related adjustments of nine cents per share in 2010, 52 cents per share in 2009 and 13 cents per share in 2008, offset by debt redemption losses of 12 cents per share in 2010 and 22 cents per share in 2009.

3 Historical network access lines updated for 2009 and 2008 to reflect prior period reporting adjustments.

4 TV subscribers consist of Optik TV and TELUS Satellite TV.

Economic value distributed

\$ in millions	2010	2009	2008
Salaries, benefits and employee-related expenses ¹	2,283	2,375	2,549
Other operation expenses	3,751	3,532	3,366
Defined benefit pension plan contribution	140	180	104
Capital investments (including research and development)	1,721	2,103	1,859
Payment for wireless spectrum	–	–	882
Dividends to shareholders	642	601	584
Interest expense on long-term debt	442	474	468
Interest expense on short-term debt	21	9	13
Amounts paid in respect of loss on redemption of long-term debt	52	99	–
Corporate income tax paid, all jurisdictions	311	266	10

Community investments ^{2,3}	39	24	27
Total	9,402	9,663	9,862

1 Excludes non-cash pension expense (recovery) in 2010, 2009 and 2008 of \$28 million, \$18 million, (\$100 million).

2 London Benchmarking Group (LBG) evaluated, categorized and validated 2010 community investment data, which represents a new methodology and means of reporting our community investment dollars. LBG's assessment has categorized 2010 community investment data into four groups: Philanthropic Investment, Social Investment, Commercial Initiatives, and Value of Employee Giving (please refer to Community Investment section for more details).

3 2009 and 2008 restated to include Science Centre investments.

Supporting Canadian businesses

Strengthening the Canadian economy

Through our purchasing power, TELUS helps strengthen Canada's economy through our support of Canadian companies. In 2010, we paid approximately \$7.1 billion in total vendor payments (including goods and services tax and provincial sales tax), which represented 72 per cent of consolidated revenues. More than 89 per cent or \$6.3 billion of total vendor payments went to Canadian companies or multi-national companies with locations in Canada.

For more information, see the discussion about our supply chain management.

Vendor payments by location

\$ in millions	2010	2009	2008
Vendors with locations in Canada	6,318	6,040	5,699
Non-Canadian vendors	745	833	764
Total vendor payments	7,063	6,873	6,463

Strategic investments benefiting Canadians

Strategies for success

TELUS has made a number of investments and innovations in recent years to benefit Canadians by extending the speed, reach and capabilities of our advanced wireless and wireline broadband networks. TELUS made significant investments in 2009 of \$2.1 billion that allowed us to provide better services to our customers. This included the build and launch of a nationwide next generation HSPA+ wireless network capable of supporting manufacturer-rated peak wireless data download speeds of up to 21 megabits

per second. It also included enhancements to our wireline broadband network, which significantly expanded the performance and customer reach of our high-speed Internet and our IP-based TV services.

In 2010, TELUS invested \$1.7 billion or 18 per cent of operating revenues. In addition to continuing to enhance our high-speed wireless network, TELUS expanded its combined ADSL2+ and VDSL2 high-speed Internet coverage to 2.1 million households in British Columbia, Alberta and Eastern Quebec. These investments support innovative IP-delivered services such as Optik TV™ and Optik Internet™. Over the past decade, TELUS has made capital investments of more than \$18 billion in technology benefiting Canadians.

We expect our new options in devices and services will enable consumers to do more in more places than ever before, including posting on Facebook from your TV, video-gaming on powerful smartphones and watching the end of last night's TV show on a tablet on the train. To enable this, TELUS continues to make significant capital investment in advanced wireless and wireline broadband network

Capital expenditures by region

\$ in millions	2010	2009	2008
British Columbia	670	696	451
Alberta	673	711	739
Saskatchewan	–	1	1
Manitoba	14	6	1
Ontario	116	414	444
Quebec	236	252	183
Atlantic Canada	–	2	9
Outside Canada	12	21	31
Total capital expenditures	1,721	2,103	1,859

Capital expenditures in 2011 are expected to be similar year-over-year at approximately \$1.7 billion as TELUS expects to continue its broadband infrastructure expansion and upgrades supporting Optik TV and Internet services in British Columbia and Eastern Quebec, which includes completing the overlay of VDSL2 technology. In addition, TELUS expects to continue to enhance wireless network capacity and deploy 4G HSPA+ dual-cell technology to support the manufacturer-rated peak data download speed up to 42 Mbps. In April 2011, the company announced its planned urban roll-out of next generation wireless LTE technology, with services expected to be launched in 2012.

Building our future through research and development

Leading the way with new technologies

TELUS invested \$124 million (primarily included in capital expenditures) in research and development in 2010, compared with \$653 million in 2009. In 2009, a considerable portion of this investment went toward the development of our HSPA+ wireless network. In 2010, we continued to invest a significant part of our investment into the development of our next generation wireless and wireline broadband networks, including the development of HSPA+ dual cell technology and long-term evolution (LTE) trials, and development of new IP-based services, such as Facebook TV.

Also as part of our operations, we test and trial emerging new technologies and fund collaborative research and development activities with various communications research organizations.

Estimated investment in research and development

\$ in millions	2010	2009	2008
Research and development	124	653	210

Taxes we pay

Supporting services for Canadians

Over the past six years, TELUS has remitted taxes of more than \$6 billion to the federal and provincial governments, which in turn, supports services for Canadians.

In 2010, TELUS remitted \$1.4 billion to several levels of government. This included a net payment of \$308 million in federal and provincial corporate income taxes and \$190 million in payroll, property tax, provincial corporation capital taxes and sales taxes on goods and services used by TELUS, net of Quebec provincial tax credits and GST, HST and QST tax credits for goods and services acquired by TELUS in the operation of its business. In addition, TELUS collected \$899 million in sales taxes from our customers, which was remitted to federal and provincial government agencies.

TELUS' philosophy regarding the payment of tax can be summarized in three major categories.

For income, capital and tax on certain sales or products and services acquired by the company, TELUS pays tax that is legally due and observes the provisions of the relevant law and related jurisprudence. There are many areas where the tax law and related jurisprudence is not clear and different interpretations are possible. When this occurs, TELUS will take reasonable positions that may not be the same as those of taxing authorities.

For payroll and indirect taxes (i.e. commodity tax), including GST, HST, QST and other forms of VAT, where the company collects tax from employees and customers and remits them to the government as *de facto* agent, the company, in general, endeavors to apply a standard of what a reasonable prudent person should apply to comply with the legislation and interpretations.

For property taxes, the company recognizes the importance of its role in contributing to the public infrastructure and service in the municipalities in which it operates and accordingly supports paying a fair share of property taxes for the taxable real property and operating plant that it owns and maintains. At the same time, in order to safeguard the company's assets, it will appeal amounts that appear to be excessive on a relative basis.

Based on the assumption of the continuation of the rate of TELUS earnings, the existing legal entity structure, and no substantive changes to tax regulations, we expect net cash income tax payments to decline in 2011 to an approximate range of \$130 million to \$180 million due to lower instalment payments. All else being equal, this should result in the estimated total taxes in Canada remitted for 2011 to be approximately \$1.3 billion.

Total federal and provincial taxes remitted

\$ in millions	2010	2009	2008
Federal and provincial corporate income tax paid	308.4	261.2	5.8
Other tax payments^{1,2}			
Federal government	514.5	396.8	396.5
Provincial and municipal government and school boards:			
British Columbia ²	54.8	70.7	64.3
Alberta	26.8	23.9	25.0
Saskatchewan	0.1	0.2	0.2
Manitoba	0.7	0.9	0.7
Ontario ²	21.9	34.4	38.9
Quebec	31.6	29.4	32.5
Maritime provinces	0.2	0.2	0.2
Provincial sub-total	135.9	159.7	161.8
Total other tax payments	650.4	556.5	558.3
Sales tax collected			
Goods and services tax and harmonized sales tax ²	657.7	458.5	480.0
Provincial sales taxes:			
British Columbia ²	58.2	128.1	133.2
Saskatchewan	1.8	1.5	1.4
Manitoba	4.7	4.6	4.4
Ontario ²	57.2	115.7	106.8
Quebec	118.5	112.5	103.9
Maritime provinces	1.1	0.8	0.7
Provincial sub-total	241.4	363.2	350.4
Total sales taxes collected	899.1	821.7	830.4
Sub total	1,857.9	1,639.4	1,394.5
Quebec tax credits received	-13.3	-12.4	-5.2
(GST, HST and QST) ITC and ITRs claimed ³	-447.2	-328.5	-326.4
Net federal and provincial taxes remitted	1,397.4	1,298.5	1,062.9

1 Includes payroll, property and business taxes, provincial corporation capital taxes and sales taxes on goods and services used by TELUS.

2 HST implemented in British Columbia and Ontario effective July 1, 2010, replacing PST / GST.

3 Definitions: Goods and Services Tax (GST), Harmonized Sales Tax (HST), Quebec Sales Tax (QST), Input Tax Credits for GST and HST paid by TELUS on goods and services acquired by TELUS and Input Tax Refunds for QST paid by TELUS on goods and services acquired by TELUS

Considering the interests of our equity and debt holders

TELUS dividends

In 2010, TELUS declared \$642 million in dividends to our equity investors and announced two dividend increases of five per cent each, taking the dividend to a record high of \$2.10 on an annualized basis. From 2004 to 2010, TELUS has increased its dividend seven times and returned more than \$6.1 billion to our shareholders in dividends and share buybacks.

In May 2010, TELUS increased its long-term dividend payout ratio guideline to 55 to 65 per cent of prospective sustainable net earnings (from a previous range of 45 to 55 per cent). In addition, in May 2011, TELUS announced that it will target two dividend increases per year to 2013 in the range of approximately 10 per cent annually. These guidelines provides investors with greater clarity and is a framework to assess the potential for future dividend increases. This signaled confidence in the outlook for the company's earnings and cash flow, moderating capital expenditures, and aligned with our dividend growth model.

TELUS has a solid long-term track record of prudent financial policies that is reflected by the strong investment grade credit ratings (BBB+/A-, stable trend) we currently hold. For six consecutive years, TELUS has achieved our long-term financial policy objective on net debt to EBITDA of 1.5 to 2.0 times. In addition, TELUS completed successful debt refinancing of \$1.6 billion that will reduce future interest expenses.

Dividends and interest paid to equity and debt owners

	2010	2009	2008
Dividend declared per share	\$2.00	\$1.90	\$1.825
Dividend payout ratio ¹	65%	61%	54%
Total dividends paid to shareholders ² (millions)	\$642	\$601	\$584
Interest on long-term debt (millions)	\$442	\$474	\$468
Interest on short-term obligations and other (millions)	\$21	\$9	\$13

¹ Fourth quarter dividend declared per share, in the respective reporting period, annualized, divided by the sum of basic earnings per share reported in the most recent four quarters.

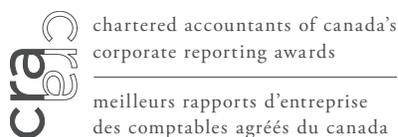
² 2010 includes the dividend payment on January 4, 2011.

Building on corporate governance and disclosure

Recognizing our commitment to excellence

The Canadian Institute of Chartered Accountants (CICA) once again recognized TELUS' leadership in corporate governance and disclosure in 2010 with TELUS receiving the Overall Award for Excellence for Corporate Reporting, Award of Excellence for Corporate Reporting in the Communications and Media sector, Honourable Mention (second best) for Excellence in Corporate Governance Disclosure and Honourable Mention for Excellence in Sustainable Development Reporting.

In 2010, the TELUS 2009 annual report was again rated among the best in the world, according to a global survey of annual reports. In September, the Annual Report on Annual Reports by e.com awarded TELUS an A+ and ranked our report sixth best in the world, making TELUS the only company that ranked in the top 10 for seven straight years.



Key governance bodies

TELUS Board of Directors

The TELUS Board of Directors has 12 members, all of whom were re-elected at the company's May 2011 annual general meeting. All of our directors are independent, except for Darren Entwistle, president and chief executive officer. He is the only director who is a member of management of the company and, as such, is not independent. The Board determines independence using a set of criteria that goes beyond applicable securities rules and has chosen to voluntarily comply with all elements of the independence test pronounced by the New York Stock Exchange (NYSE), including those that are not binding on TELUS. Accordingly, the independence tests

applied by the Board comply with Canadian securities rules and the independence rules of the NYSE. It has been a long-standing policy of the Board to require that at least a majority of its directors be independent. Furthermore, the Board Chair is required to be independent and the positions of Board Chair and CEO must be separate. These long-standing requirements are captured in TELUS' Board Policy Manual and better ensure the independence of the Board.

Audit Committee of the TELUS Board of Directors

The Audit Committee supports the Board in fulfilling its oversight responsibilities regarding the integrity of the company's accounting and financial reporting, internal controls and disclosure controls, legal and regulatory compliance, the independence and performance of the company's external and internal auditors, the management of the company's risks, creditworthiness, treasury plans and financial policy, and the company's whistleblower and complaint procedures. In 2010, the committee also oversaw the ethics policy, environmental policy, insurance and property risk governance, Corporate Social Responsibility strategy and safety performance.

All members of the Audit Committee are independent.

Corporate Governance Committee of the TELUS Board of Directors

The Corporate Governance Committee's mandate is to assist the Board in fulfilling its oversight responsibilities to ensure that the company has an effective corporate governance regime. The committee is responsible for monitoring corporate governance developments, emerging best practices and the effectiveness of the company's governance practices. The committee also is responsible for identifying, recruiting and recommending nominees for election as directors, providing ongoing development for directors and overseeing Board and director evaluations. The committee assesses and makes recommendations to the Board for its determination of the independence, financial literacy, financial expertise, and accounting or related financial management expertise of directors, as defined under corporate governance rules and guidelines. Beginning in 2011, the Corporate Governance Committee oversees Corporate Social Responsibility strategy, environmental policy, and insurance and property risk governance.

All members of the Corporate Governance Committee are independent.

Human Resources and Compensation Committee of the TELUS Board of Directors

The Human Resources and Compensation Committee of the Board of Directors is responsible for:

- Developing the compensation philosophy and guidelines on executive compensation
- Overseeing succession planning for the executive team and Respectful Workplace practices
- Determining CEO goals and objectives relative to compensation and evaluating CEO performance
- Reviewing and recommending to the Board CEO compensation based on its evaluation
- Managing the supplemental retirement arrangements (other than registered pension plans) for the executive team and all of the company's equity-based incentive plans
- Determining compensation for executives other than the CEO
- Evaluating risks associated with executive pay.

Beginning in 2011, the Human Resources and Compensation Committee oversees the ethics policy (together with the Audit Committee), health and safety policies, business continuity and disaster/emergency operation planning.

All members of the Human Resources and Compensation Committee are independent.

The Pension Committee of the Board of Directors

The mandate of the Pension Committee is to oversee the administration, financial reporting and investment activities of the Pension Plan for Management and Professional Employees of TELUS Corporation, the TELUS Defined Contribution Pension Plan, the TELUS Edmonton Pension Plan, the TELUS Corporation Pension Plan, the TELUS Québec Defined Benefit Pension Plan, any successor plans, any related supplemental retirement arrangements as mandated by the Board, and the related trust funds (collectively the Pension Plans). The Committee is responsible for reporting to the Board with respect to the actuarial soundness of the Pension Plans, the administrative aspects of the Pension Plans, investment

policy, performance of the investment portfolios and compliance with government legislation. The Committee may, from time to time, recommend to the Board for approval, fundamental changes in the nature of the pension arrangement for any Pension Plan, and changes in the governance structure for the Pension Plans.

All members of the Pension Committee are independent.

Public policy activities

Our commitment to action in public policy

TELUS engages in public policy debates pertaining to our core operations and in the context of our role as a major employer and investor in communities across Canada. As a federally regulated organization, TELUS largely focuses its public policy activities on matters overseen by the Canadian Radio-television and Telecommunications Commission and the federal government. Details of TELUS' federal lobbying activities, including which team members are engaged, which government departments and officials are lobbied, and the subject matter of the lobbying, are fully disclosed and registered monthly with the Office of the Commission of Lobbying of Canada.

In 2010, the subject matter of TELUS' federal lobbying included telecommunications foreign ownership rules, broadcasting regulations, copyright, radio-frequency

spectrum auctions and access, broadband deployments, labour, tax and various legislative initiatives. Details of these activities are regularly reported by TELUS in quarterly and annual financial filings (e.g., as part of the Management's discussion and analysis, or within the Annual Information Form).

TELUS also engages in provincial public policy debates and lobbying, primarily in British Columbia, Alberta, Ontario and Quebec.

Political Donations

As noted in the TELUS Ethics policy, TELUS will occasionally provide contributions to a political party, campaign or candidate in Canada, as a means of supporting the democratic process, but only where legally permitted, and not to secure favours or preferential treatment. We do not permit political contributions in countries other than Canada. We do not permit political contributions in countries other than Canada, and federal law does not permit corporate contributions to federal political parties, constituency associations or candidates in Canada.

In 2010, TELUS contributed a total of \$107,199 to provincial and municipal political parties, campaigns and candidates in Canada, in accordance with provincial and municipal limits. Details of provincial contributions are available on each province's elections agency website.

Customers First

Applying our courage to innovate to enhance customer experience

Enhancing the customer experience

No matter how our customers choose to connect with us – on the phone, in one of our stores, and, increasingly, via the Internet and through social media – their personal engagement with our people, our partners, our products and services is critical to defining their relationship with TELUS. The sum of those interactions and experiences – not just the first time, or the last time, but every time – becomes our customers' TELUS story.

Our vision: improving the customer experience to drive loyalty and revenue

We believe that a symbiotic relationship exists between our clients, team members, communities and business. In order to ensure sustainable growth for TELUS, we must create value for our customers who will reward us with loyalty and revenue for services over time.

External research shows that industries that are easy and enjoyable to do business with drive a superior customer experience. However, telecommunications, as an industry, consistently ranks low in customer satisfaction and experience studies in North America. For TELUS, this means we have an opportunity to make customer experience a competitive advantage.

At TELUS, we believe we can improve the customer experience we deliver, increase customer satisfaction and increase loyalty and revenue for services over time, by consistently providing:

- Innovative and reliable products and services
- Knowledgeable, caring and efficient contact resolutions
- Favourable brand and image
- Competitive pricing and transparency.

We quantify loyalty through transactional surveys that measure the likelihood of our customers to recommend our products and services to others and benchmark our quarterly results against our Canadian peers. This 'Likelihood to Recommend' model – supported by the four pillars of products and services, contact and experience, reputation and competitive pricing and transparency – serves as a tool to put Customers First.

Building a sustainable legacy of customer experience excellence is critical to our success. That is why, in 2010, we increasingly encouraged team members to become advocates on behalf of our customers and we established a corporate priority for 2011: to deliver on our brand promise – the future is friendly®. By providing a consistent and quality customer experience across the markets we serve, we believe we can create a lasting competitive advantage for TELUS.

Innovation leads to opportunity

In 2009, a time when many companies were reducing capital expenditures, our decision to pursue wireless and wireline broadband investments and introduce innovative new services set the stage for improved operating performance in 2010. These strategic investments strengthened our competitive position and helped attract new customers. Customer connections increased by 378,000 or three per cent year over year, fuelled by tremendous growth in smartphone loading and an 85 per cent increase in our TV customer base.

Having innovative new services to market and more customers to serve presented an opportunity to assess our customer experience. Just as we track our financial performance and team member engagement, we measure customer experience through transactional surveys, feedback forums and focus groups. We also use external benchmarking such as the National Wireless Satisfaction Survey and the Corporate Reputation Tracker to monitor our progress against our competitors with

respect to customer satisfaction and loyalty. In 2010, we expanded our approach to not only consider satisfaction rates, but further explore factors leading to customer dissatisfaction. We believe our ability to identify what is driving 'fair' and 'poor' ratings will better allow us to devote resources to resolve issues that cause the greatest rate of dissatisfaction for our customers.

Measuring our customer experience

The success of Optik TV™ and increased adoption of complex technologies like smartphones at times outpaced our capacity to provide an efficient customer experience on first contact. We aim to improve our wait times, the number of calls per customer each year, and our churn rates through continued technology improvement, process improvement, and customer service initiatives. We are measuring our results, monitoring our progress and listening to our customers as we strive to be an adaptive, flexible organization focused on meeting our customer experience goals.

Commissioner of Complaints for Telecommunications Services

Consumers and small business customers who were unable to resolve their issues relating to local, long distance, wireless and internet based products and services through established TELUS channels or escalation processes may submit their complaint to the independent Commissioner of Complaints for Telecommunications Services (CCTS). The CCTS reporting period is from August to July and thus spans two of TELUS' calendar-year fiscal periods.

In the 2009-2010 reporting cycle, the CCTS saw a 16 per cent increase in the number of complaints received, which we believe is attributable to two main developments. First, the CCTS launched a new website and improved its online complaint form, making it easier for consumers to file complaints. Second, the CCTS was in the media spotlight in late 2010 as the CRTC held a public proceeding to review the effectiveness of the organization. In addition, the CCTS and participating telecommunications service providers have continued to raise awareness of the organization as an alternative dispute resolution option for consumers through the provision of information on websites and on billing statements. Consumer information about CCTS is found in our published directories, on our

websites and twice annually on TELUS billing statements. The billing statement messages will increase to four times a year in 2011 for all participating telecommunications service providers.

We continue to monitor the status of complaints initiated through our claims resolution process, and those filed with the CRTC and the CCTS. We also initiated a new Office of the CEO escalations review process to identify and resolve systemic issues as evidenced from weekly customer escalation reports.

One of our goals for 2011 is to reduce the number of complaints received by the CRTC and CCTS by two per cent over 2010. Although we will be challenged to meet this goal because of the increased awareness of the CCTS, we are undertaking a number of initiatives that we believe can improve our customer complaint resolution process and eliminate many of the root causes that are driving the complaints.

	Target 2011	2010	2009	2008
CRTC and CCTS complaints	2,000	2,040	1,525	2,535

In 2010, we achieved a resolution rate of 72 per cent in the number of complaints resolved prior to investigation by the CCTS. As a result of our continuous improvement initiatives, another 2011 goal is to achieve a resolution rate of 75 per cent.

Likelihood to recommend

Likelihood to Recommend (LTR) scores will include objectives with respect to products and services, competitive pricing and transparency, reputation, as well as contact experience. The source of the data is various client surveys, conducted several times throughout the year. These surveys focus on several dimensions of customer service with respect to our entire product set across all customer segments. In 2011, we will establish a baseline that we will publish in 2012 and from which we will set improvement goals.

Additionally in 2011, we will put additional focus on the service we provide during critical customer interactions, such as on-boarding, request for assistance, repair, and TELUS-to-TELUS moves.

Wireless churn

Although both incumbent providers and new entrants in the wireless market increased their marketing activities in 2010 compared to 2009, our blended churn rate decreased slightly to 1.57 per cent from 1.58 per cent. We attribute this to:

- The availability of our new HSPA+ network for the full year
- The wider choice in handsets, including the Apple iPhone, that we offered customers
- Our successful retention efforts.

For 2011, our blended churn target is 1.66 per cent. This reflects the increased and maturing competition in the marketplace and the availability of new devices such as tablets.

Customers First: a pragmatic approach to improving the customer experience

The TELUS team focused on establishing a strong cultural foundation in 2010 to help ensure our team members put the customer at the heart of what they do. In 2011, our opportunity is to elevate our performance with respect to the customer experience and the metrics that support it. Several initiatives under the banner of, Customer First, included:

- Better empowering frontline team members to solve customer issues with improved tools and processes
- Understanding that customer experience is a compelling differentiator for TELUS
- Understanding how leadership and non-customer facing roles and responsibilities align to the customer
- Interlocking strategies, plans and objectives with customer experience goals
- Acting in support of one another's commitment to the customer experience.

In an effort to consistently enable the provision of a quality customer experience, we introduced a number of innovative initiatives.

Customers First: Senior leadership experience

On June 10, 2010, more than 350 senior leaders across TELUS spent time with our frontline team members to see and hear what they experience – firsthand. Then, they were asked to identify an opportunity to improve the customer

experience that they would advocate at leadership forums across Canada. Ninety-two opportunities for improvement were identified and consolidated in this process, with more than one third being implemented in 2010. Initiatives identified, such as an improved interactive voice system and more flexible installation times, are leading to measurable improvements for TELUS' customers.

Other initiatives in our efforts to put Customers First that we completed in 2010 include:

- Launched the Clear & Simple® Device Upgrade program for wireless customers, making it easier to upgrade to the latest wireless smartphones before the end of their contract term.
- Introduced data notifications advising wireless customers of potential data overage charges, allowing them to better manage their data usage and cost
- Introduced a more transparent cancellation policy for wireless customers who activate or renew their contract after November 21, 2010
- Enhanced the TELUS TV® experience with the introduction of Optik TV™, improved installation capability, improved availability of high-definition TV channels and PVRs, increasing geographic coverage, marketing of bundled offers, and expanding channel selection.

Remaining improvements identified through this program are in progress. To maintain momentum and identify synergies across the business, we have created a dedicated Customers First program team responsible for tracking and maintaining momentum on all recommendations that may lead to process, policy, system or training improvements and strengthen customer satisfaction.

Customers First: Closer to the Customer

Building on the success of this program, we have also introduced an ongoing frontline 'job shadowing' experience called Closer to the Customer for leaders and non-customer facing team members across TELUS. Team members involved in the program spend a 'day in the life' of a frontline colleague in a call centre, a corporate store or dealer, or in our customers' homes and businesses. Participants gain awareness of the challenges our customers and team members face and help us identify

opportunities to improve the customer experience by drawing a line of sight from their role and decision-making process to the customer.

The event is scheduled for a minimum of three weeks a year to provide a variety of frontline experiences for participants. In 2011, Closer to the Customer initiatives are scheduled to run during the first three quarters of the year and will include more than 2,700 team members across TELUS, including all new hires.

Continuous improvement

A product of the frontline experiential intervention was the launch in 2010 of a number of new initiatives aimed at improving our customers' journey through our processes and touchpoints. Additionally, we enhanced existing internal programs and available customer training in an effort to continuously improve the customer experience:

Processes

For our business customers, we launched a transformational program that aims to create a best-in-class, end-to-end customer fulfillment process. By improving the effectiveness of our processes and significantly enhancing our internal delivery capacity, our team should be better positioned to deliver services as promised to our customers. This initiative was designed to simplify order processing, reduce the cycle time from proposal to activation to billing, and ensure that quality and customer support accountability are at the forefront throughout the solution fulfillment process.

The results in 2010 were:

- 18 per cent improvement in cycle time
- 35 per cent reduction in errors between sales and care
- Overall engagement up 16 per cent on teams involved with this initiative.

Touchpoints

At TELUS, we continue to innovate by offering various ways for our customers to connect with us, when and how they want.

- We established dedicated Business Centres in select stores across Canada. The business centre area of each store has been designed to creatively showcase

business solutions and is conducive to one-on-one conversations that enable us to create a special connection with customers.

- We continued to expand our presence in communities across Canada and now have more than 1,000 points of presence through our store, dealer and retail partner network.
- We launched Caya™ (Come as you are), a new retail store concept with two locations in downtown Vancouver. The first-of-its-kind retail brand from a major North American communications company welcomes everyone while being tailored to the lesbian, gay, bisexual, transgender and queer/questioning community. Caya offers communications and entertainment technologies for trendsetting people of every orientation. The stores feature TELUS and Koodo wireless handsets, Optik TV, and advanced photo and printing technology from Black's Photography along with stylish accessories, some exclusive to Caya stores. Caya is also about having the courage to innovate, by taking a risk and doing something differently by exploring new markets and opportunities.
- In 2010, we expanded our use of social media and had 9,400 touchpoints with our customers using Twitter and Facebook.

Account	Twitter Engagements ¹	Facebook Engagements ²	Total
@TELUS	644	136	780
@TELUSfr ³	275	110	385
@TELUSsupport	8,254	N/A	8,254
Total	9,173	246	9,419

1 For Twitter, an engagement consists of each time we post a message or tweet a client directly.
 2 For Facebook, an engagement consists of each time we post messaging (does not include direct messages in response to individual clients) to our Facebook Fan page.
 3 fr indicates service in French.



When our customers choose to reach us by phone, they may be connecting with a growing number of agents who are working from home as TELUS continues to evolve our work-from-home solutions. Through our At Home Agent program, approximately 1,000 of our more than 6,500 call centre team members across Canada work from the comfort of their own homes. In addition to reducing travel costs and impact on the environment, this innovative

program has decreased team member absenteeism and attrition and increased engagement and productivity. Our Work Styles program is also available to management professional team members.

Training

To enhance the customer experience, we expanded our Learning Centre program, which provides customers access to in-store and online tutorials that help them get the most out of their smartphones. It is available to both new and existing TELUS smartphone clients.

Customers can choose a 45-minute customized one-to-one learning session, or participate in a group session that is focused on a specific smartphone or operating system. Session tutorials address topics such as: top call drivers, applications, organization, messaging, multimedia, social media, device customization, maintenance and troubleshooting.

Responsibility to our customers

Leading the way in customer privacy

Privacy

TELUS is committed to respecting the privacy of our customers and team members and has a long-standing policy of protecting their privacy in all of our business operations. The TELUS Privacy Code sets out the principles that govern the collection, use and disclosure of customers' and team members' personal information. The Code reflects the requirements of Canada's privacy legislation, the Personal Information Protection and Electronic Documents Act, and our continuing commitment to protect both customers' and team members' private information.

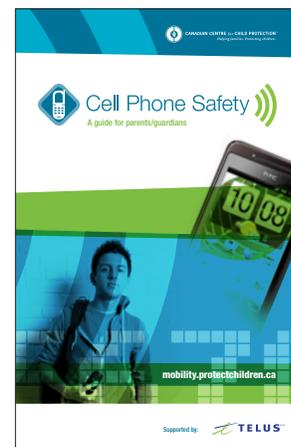
Safe driving

Various governments across the country – including Newfoundland & Labrador, Nova Scotia, Prince Edward Island, Quebec, Ontario, Manitoba, Saskatchewan, British Columbia and Strathcona County in Alberta – have passed legislation making it illegal to drive while using a handheld wireless device. Alberta has passed similar legislation, which becomes effective in September 2011. TELUS promotes responsible driving and recommends that driving

safely should be every wireless customer's first priority. We offer a wide range of hands-free devices to help drivers keep both hands on the steering wheel as well as important safety tips.

Mobile and Internet safety

Ensuring mobile and Internet safety for children is an important global issue and remains a key priority for TELUS. Combined with the rapid growth of cell phone use and texting among today's youth, the Canadian Centre for Child Protection (C3P) recognizes the need for a comprehensive approach to teaching teens to be safe and responsible users of mobile technology and the Internet.



In 2010 TELUS again partnered with C3P to create a mobile safety initiative to help educators and parents/guardians teach kids about the potential risks, and to highlight practical strategies that can be used to help keep them safe. In addition to the mobility website for parents (mobility.protectchildren.ca) and parent guide (Cell Phone Safety: A Guide for Parents/Guardians), there is also a cell phone safety lesson plan (texted.ca) that is designed to help students consider both the benefits and risks when making decisions about texting and consider the acceptable and unacceptable ways to communicate through this technology.

TELUS is also a long-time supporter of Internet literacy education through the Media Awareness Network (MNet) <http://www.media-awareness.ca>, which strives to offer resources and support for everyone interested in media or digital literacy for young people.

In 2011, we expect to continue our sponsorship of these two programs.

Community

COMMUNITY INVESTMENT

Courage to innovate in our communities

Helping improve communities through innovation

The TELUS team strives to live up to our brand promise – the future is friendly® – in all that we do. In 2010, TELUS was honoured to be named the most philanthropic corporation globally by the Association of Fundraising Professionals, becoming the first Canadian company to receive this prestigious international recognition.



Our team members, retirees, community leaders and customers are integral to the success of our strategy, which is outlined in our management approach, and, as such, there is a symbiotic relationship between our company, our team and our communities. Customers are increasingly aware that they help create healthier communities by choosing to do business with socially responsible companies. Strengthening our relationship in our communities also helps TELUS attract and retain team members. We also recognize that the investments we make are made possible by our customers' support of our products and services and the support of our investors.

In 2010, through various cause marketing campaigns, we demonstrated our commitment to sustainability and enhanced our community investment strategy by offering our customers product and service options that result in a direct benefit to local charities.

Meeting the growing needs of our communities

In 2010, TELUS continued to see an increase in the number of requests for support from the charitable sector. We anticipate this trend will continue, despite the slowly improving economic environment. In 2011, we have the opportunity to strengthen our communities by:

- Supporting projects that focus on youth and showcase innovation
- Continuing to advance our community investment strategy by offering our customers product and service options that result in a direct benefit to local charities.
- Partnering with organizations committed to the advancement of medical research, disease prevention and quality healthcare for all Canadians
- Leading by example with a clear commitment to support diversity in Canada
- Connecting and engaging our team members and retirees with charities that they are passionate about and that need resource assistance
- Increasing the engagement of our team members and retirees through our volunteer and giving programs.

Being a leading corporate citizen

Investing in our communities

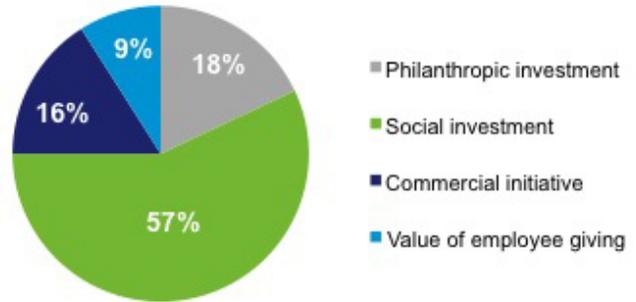
Since 2000, TELUS, our team members and retirees have committed \$211 million to charitable and not-for-profit organizations and volunteered more than 3.7 million hours of service to local communities in support of our philosophy to give where we live. In 2010, we contributed a total of \$38.6 million⁴ in financial and in-kind assistance.

Total community investment

Based on CSR best practice and guidance from our auditors and other stakeholders, we have engaged the London Benchmarking Group (LBG) to evaluate, categorize and validate our 2010 community investment data. This represents a new methodology and means of reporting our community investment dollars. LBG's assessment has categorized our community investment in the following four groups:



TELUS Community Investment by Type



Philanthropic investment: One-off or intermittent donations in response to charity appeals or in support of employee charitable activities.

Social investment: Longer-term, strategic involvement in community partnerships that address a specific range of social issues that are important to the company or to company stakeholders. These programs are often aligned with long-term corporate interests.

Commercial initiatives: Activities in the community that directly support a business objective, or promote or protect the commercial interest of the corporation. Examples include cause-related marketing, sponsorship of charitable events related to a business or marketing strategy, initiatives designed to spark recruitment, etc.

Value of employee giving: Contributions to a community project that can be directly linked to the company's employees and the company's involvement in the project. For example: contributions of the TELUS team through the Team TELUS Charitable Giving program and employee volunteer time during non-working hours.

Imagine Canada

We have been a member of the Caring Company program, an Imagine Canada designation, since 1995. This means we give more than one per cent of our pre-tax profits to charitable organizations each year. In 2010, TELUS surpassed this goal and contributed more than two and a half per cent of our pre-tax profits to charitable organizations.



TELUS Community Boards

Supporting Canadian charities

Through the TELUS Community Boards, we provide funding to local grassroots organizations in major centres where TELUS operates. Our Community Boards support registered Canadian charities that focus on youth, employ innovation (social and/or technological) in addressing existing or emerging issues of importance in communities and fit one of our funding focus areas: arts and culture, education and sport, or health and well-being in our environment.

TELUS launched our first Community Boards in Edmonton, Ottawa and Rimouski in 2005. They quickly became an instrumental part of our community investment strategy. We launched Community Boards in Vancouver, Calgary,

TELUS Community Investment	2010
Philanthropic investment	\$ 7,080,398
Social investment	\$ 22,063,681
Commercial initiative	\$ 5,970,350
Value of employee giving ¹	\$ 3,482,990
TOTAL	\$ 38,597,419

¹ TELUS-matched dollars are rolled into philanthropic investment category.

Toronto and Montreal in 2006 and in Victoria in 2007. In 2009, we launched the TELUS Atlantic Canada Community Board, which serves Nova Scotia, New Brunswick, Newfoundland Labrador and Prince Edward Island.

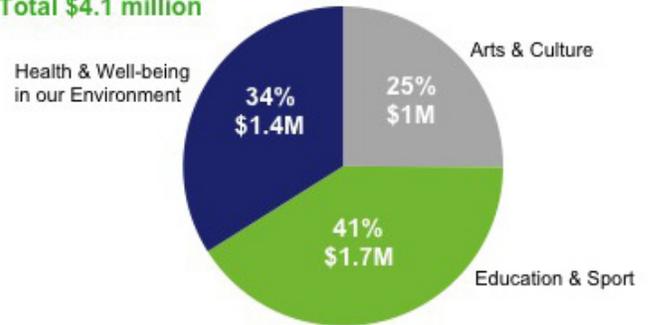
Arts & culture	Health & well-being in our Environment	Education & sport
		
<ul style="list-style-type: none"> ▪ We help to create the next generation of performing artists and audiences, and accessibility to arts for all 	<ul style="list-style-type: none"> ▪ We support youth healthcare, research, and disease prevention ▪ We strive to ensure a cleaner, healthier environment 	<ul style="list-style-type: none"> ▪ We encourage physical activity, high performance in sport, recreation, and accessibility to sports ▪ We promote youth learning, development and literacy
<p>Innovation: technology and/or social Future friendly® initiatives for young Canadians</p>		

Our nine Community Boards bring together influential community leaders with TELUS team members to strategically make local funding decisions. These decisions focus on addressing specific community needs and partnering with local organizations to help solve existing or emerging issues. These boards review charitable funding applications from local not-for-profit organizations and make decisions designed to deliver the most positive impact on the local community.

In 2010, TELUS Community Boards allocated \$4.1 million in support of 337 grassroots community projects that impacted more than 2.3 million Canadians. Ninety-seven per cent of the projects funded by the Community Boards were in support of Canadian youth. Since their inception in 2005, TELUS Community Boards have donated \$25.1 million, supporting 1,883 grassroots community projects that have touched the lives of more than 13 million Canadians.

TELUS Community Board funding by focus areas in 2010

Total \$4.1 million



Looking ahead

In 2011, TELUS will invest more funding to support the Community Boards' efforts to address the growing needs of the charities in our communities. TELUS intends to provide additional funding to support the Community Boards that saw the greatest increase in the number of proposals they received year-over-year, including: Atlantic Canada, Montreal, Toronto and Vancouver.

TELUS is planning to launch, at minimum, two new Community Boards in 2011 to expand the reach of the program. We announced a new Community Board in Quebec City in March 2011 and plan to launch one in the Thompson Okanagan region (serving Penticton, Kelowna, Kamloops and local smaller communities) of British Columbia later in the year. In 2011 and beyond, TELUS will work to ensure that as our company grows, so will the locations of our Community Boards ensuring that we continue to give where we live.

About our Community Board members

Our Community Boards are comprised of distinguished community leaders and local TELUS team members who have strong connections within the community, business and leadership expertise, and a great sense of compassion and willingness to make a difference. We are committed to keeping the boards' composition to more than 60 per cent external representation. At the end of 2010, 61 per cent of our 140 Community Board members were external to TELUS putting the decision-making power into the hands of local leaders.

TELUS Community Board members show their passion and commitment in the communities where they live, work

and serve by helping to create healthier communities and supporting sustainability within the charitable sector. In 2006, TELUS extended participation in the Team TELUS Cares charitable giving campaign to our external community board members. Since that time, donations by our external board members have steadily increased, and in 2010, 30 per cent external board members participated in our charitable giving program, donating \$288,620 to Canadian charities that will be matched by TELUS.

Read about some of the community projects our Community Boards are supporting at about.telus.com/community/en/boards.

TELUS Community Action Teams

Support for grassroots community action

The TELUS Community Actions Teams manage donation requests from charitable organizations that operate in communities outside major urban centres. Through this innovative approach, which complements the work of the TELUS Community Boards, we make our financial support accessible to grassroots organizations outside of our major urban centres and put community investment decision-making in the hands of local team members.

Eight TELUS Community Action Teams operate across Canada, in regional communities in British Columbia, Alberta and Ontario. The local Community Action Team members review the applications and make funding decisions that align with the TELUS Community Board strategy. In 2010, the TELUS Community Action Teams donated \$236,000 to support 84 projects.

Our TELUS Community Action Teams will continue providing donation dollars to charitable organizations in all regions of British Columbia and Alberta and select regions of Ontario with a combined budget of \$230,000, to demonstrate our support of local communities in 2011. The total expected funding for 2011 is slightly lower than 2010 as we transferred funding to support the launch of the Thompson Okanagan Community Board planned in 2011.

COMMUNITY ENGAGEMENT

Team TELUS Cares

Making a difference

TELUS is committed to fostering a corporate culture of giving by engaging team members with structured volunteer and donation opportunities to help make a positive difference in the communities where we live, work and serve. Our company has a long history of community involvement and giving. Since 2000, we have continually increased our focus on this area, launching Team TELUS Cares, our national charitable giving and volunteering program for team members and retirees, in 2006.

Team TELUS Cares underpins our philosophy to give where we live, motivating and mobilizing team members through three programs: Team TELUS Charitable Giving, Dollars for Doers and TELUS Day of Giving (formerly called TELUS Day of Service).

In 2010, TELUS, our team members and retirees contributed \$8.1 million of financial assistance as well as more than 557,000 volunteer hours to charitable and not-for-profit organizations across Canada. Our target for 2010 was to maintain our total donations and increase overall participation to 36 per cent across all Team TELUS Cares programs. We met our target for total donations; however, we fell short of our participation target, achieving 33 per cent overall participation. We attribute this decrease in team member participation in the overall Team TELUS Cares programs to the fact that fewer team members participated in the Team TELUS Charitable Giving program in 2010, compared to 2009. Team member feedback indicates that donors want their donations matched whenever they choose to make them in the year, rather than only during a six-week campaign. One of our long-term goals is to continually tailor the programs to better meet the needs of our team.

Despite the fact that team member participation rate in the Team TELUS Charitable Giving program decreased in 2010, we saw an overall increase in donations. Volunteer hours recorded through the Dollars for Doers program also

increased – up 19 per cent over 2009 – and participation in TELUS Day of Giving increased 10 per cent over 2009.

Team TELUS Cares Programs

Year	Team TELUS Charitable Giving		Dollars for Doers		Total	
	\$ in millions, except volunteer hours	Pledged donations	TELUS match	Volunteer hours		TELUS donations
2010		3.5	3.7	557,616	0.9	8.1
2009		3.4	3.7	466,461	0.7	7.8
2008		2.7	2.6	453,094	0.7	7.51
2007		2.7	2.5	417,302	0.5	6.61
2006		0	2.0	390,000	0.4	2.4
2005		1.0	1.0	139,248	0.2	2.2
2004		2.9	2.9	324,277	0.4	6.2
2003		2.3	2.3	351,526	0.3	4.9
2002		2.4	2.4	349,634	0.3	5.1
2001		1.5	1.5	154,970	n/a	3.0
2000		1.42	1.42	62,305	n/a	2.8
Total		23.8	26	3,666,433	4.4	56.6

¹ Figure also includes Dollars for Fundraisers program donations. This program was offered in 2007 and 2008 and the amounts are .9 and 1.5 respectively.

² Estimated breakdown as exact breakdown is unavailable.

TELUS Charitable Giving

Matching success

Making a donation directly to a charitable organization is one of the most effective ways to make a difference in our communities. Through the Team TELUS Charitable Giving (formerly called the Employee Charitable Giving) program, we are able to encourage team members, retirees, board members and TELUS service dealers to make charitable donations to the charities of their choice with TELUS matching dollar for dollar all donations to more than 50,000 eligible registered charities. Since 2000, TELUS has matched the charitable contributions of the team, varying from a select list of charities to any Canadian registered charity. After trying out different matching models, we determined that matching a wider range of charities best meet the needs of the team, and thus we launched the Team TELUS Charitable Giving program.

In 2010, TELUS double matched pledges made to Children's Miracle Network Hospitals and Women's Hospitals across Canada, thereby tripling donations to those organizations.

The program makes donating simple by enabling team members to contribute funds through payroll deduction – all at once or spread out throughout the year. Retirees can make donations by pension deduction. Members of the TELUS Corporate Board of Directors, TELUS Community Boards and TELUS dealers are also invited to participate in the program.

TELUS team members, retirees, board members and TELUS dealers contributed \$3.5 million to eligible charities in 2010. Since 2000, TELUS has contributed \$49.8 million to thousands of community organizations across Canada.

In 2010, we gave \$7.2 million to more than 2,800 charities across Canada:

- \$2.2 million from team members
- \$1.3 million from retirees, board members and TELUS dealers
- \$3.7 million match from TELUS.

Beginning in 2011, all Salvation Army organizations are now eligible for the TELUS match. In addition, TELUS will switch the double match donations from Children's and Women's hospitals to 10 breast cancer charities across Canada aligning with Go Pink, a special campaign led by TELUS in partnership with 10 hospitals across the country. The purpose of the 2010 campaign was to help charities purchase innovative breast cancer technology for women in their local communities. Overall, with the TELUS match, TELUS and team will donate \$7.1 million in 2011 to Canadian registered charities. This slight decrease is a result of program participants choosing more frequently to donate to charities that are not double matched by TELUS. Although there was an increase in value of program participant donations, the TELUS match decreased as there were fewer donations eligible for TELUS' double match opportunities, leading to an overall decrease in program donations.

Dollars for Doers

Rewarding volunteer commitment

TELUS rewards individuals and teams for personal volunteer work done throughout the year through the

Dollars for Doers program. The program has been offered for more than a decade. Individual team members who record a minimum of 50 volunteer hours in a year can direct a \$200 grant to the eligible charity of their choice. Teams of four or more TELUS team members who record a minimum of 200 volunteer hours in a year can direct a \$1,000 grant and retirees that volunteer more than 200 hours can direct a \$500 grant to the charity of their choice.

Our goal in 2010 was to increase recorded volunteer hours by three per cent to 470,000 hours. We exceeded that goal, with team members and retirees recording more than 557,000 volunteer hours, which is an increase of 19.5 per cent compared to 2009. In total, TELUS donated \$850,800 through Dollars for Doers in 2010. Since 2000, team members and alumni have volunteered 3.7 million hours in communities across Canada.

To recognize our team member needs of supporting local sports organizations with their volunteer grants, in 2011 we will be introducing the choice of designating the \$200 to a local sports organization, and not just eligible Canadian registered charities. In 2011, our target is to record 500,000 volunteer hours. This target is based on a year-over-year pattern. Last year, we saw a change in the pattern with a larger than usual increase in volunteer hours and are uncertain that the trend will continue.

TELUS Day of Giving

Making a difference together

In 2006, TELUS created a unique volunteer program – TELUS Day of Service (which we have renamed TELUS Day of Giving) – that brings together team members nationwide on a special day each year to make a difference. We held the 2010 TELUS Day of Giving on Saturday, May 29. More than 10,400 team members, retirees, family and friends participated in 175 activities in 32 regions across Canada in partnership with more than 200 non-profit organizations. In total, we gave 31,000 volunteer hours in one day. Overall participation increased by 9.8 per cent, exceeding our goal of five per cent.

Since its inception in 2006, TELUS Day of Giving has mobilized 41,500 team members, retirees, family and

friends to volunteer at 950 TELUS-organized activities benefiting the communities where we live, work and serve.

In 2010, the TELUS Day of Giving focused on sharing our passion for growing healthy and green communities and made the following impact:

- 518 bags of waste were collected from river valleys, parks, and fields
- 15,954 meals were prepared or served to the homeless and those in need
- 135,530 pounds of food were sorted at food banks
- 2,597 trees and plants were planted in parks and gardens
- 7,860 Kits for Kids were assembled to provide school supplies to students in inner city schools
- 102,600 millilitres of blood were donated for Canadian Blood Services
- 139,564 breast cancer ribbons were tied for the Canadian Breast Cancer Foundation.

In 2011, our goal is to have 10,500 people volunteer their time on this special day of giving on Saturday, May 28, 2011.

International Day of Giving

The TELUS Day of Giving continues to expand globally, with events taking place in the Philippines, Central America and the United Kingdom.

Philippines

In the Philippines, the fourth annual TELUS Day of Giving took place on October 2, 2010 when more than 1,200 volunteers participated in five community projects during the company's largest-ever TELUS Day of Giving in the Philippines. Team members built houses for the homeless, planted trees and hosted activities for underprivileged children.

As part of TELUS Day of Giving, two simultaneous events were held with Gawad Kalinga (GK). GK is living its vision for the Philippines of the elimination of homelessness by providing homes, food for the hungry and, as a result, dignity and peace for Filipinos. Volunteers painted and constructed homes, conducted medical missions, did clean-up drives, gave lectures on healthy living and held

livelihood sessions. Over the years, TELUS has significantly contributed to GK's cause, building 71 homes and a three-story multi-purpose hall in its first village. Volunteers also visit the community every weekend to work with the residents. In 2010, 1,045 team members and volunteers donated 6,270 hours, in addition to the Day of Giving.

For 2011, TELUS has committed to build a second village with 135 homes to be constructed, replicating the success to date, and continue to support other local charitable organizations in need.

Central America

While we have not included content throughout our report on our Central American operations (as TELUS was not the majority owner during this reporting period), we do want to shine a light on our Day of Giving activities in Central America because they reflect our values and our 'we give where we live' philosophy.

For the second year, Day of Giving events took place at TELUS International locations in El Salvador and Guatemala over a period of several days in late October and early November. Focusing on youth and education, TELUS team members built, refurbished and improved schools for underprivileged children. In total, 3,000 volunteers contributed 10,000 volunteer hours, benefiting more than 4,000 children.

Because of these efforts, in 2009 and 2010, our Central American operations received the Community Hero Award from the United Way for the largest volunteer activity. In 2010, we also received the Heroes of Employee Fund Participation for achieving the largest employee contribution of any company in Guatemala and Guillermo Montano, president, TELUS International Central America, was honoured as a Golden Hero for his personal commitment in leading our corporate social responsibility movement in Guatemala.

In 2011, we intend to continue to support children and youth in both El Salvador and Guatemala.

United Kingdom

Consistent with our spirit of volunteerism, we held our first TELUS Day of Giving event in England in June 2010.

Almost 70 per cent of our team, alongside other volunteers, cleaned up and gardened at the Kingswood Nursery and Infant Centre, an outdoor education centre for primary school students aged three to eight.

The team's contributions included creating flower beds, building fences and bird houses, and erecting a new sculpture. This made the outdoor space safer and more enjoyable for students at the school.

Other team member engagement

More ways we make a difference

In 2010, the TELUS team demonstrated spirited teamwork in its support of Movember, an external campaign that aims to raise awareness of men's health issues. The campaign focuses specifically on cancers affecting men, such as prostate cancer, which is highly curable.

More than 240 team members registered as Mo Bros and Sistas on the Movember website, with the male participants pledging to change the face of men's health by growing a moustache. Collaboratively, we raised approximately \$75,000 for Prostate Cancer Canada.

Through an internal Movember blog, team members tracked their progress through photos and comments, with TELUS committing \$1 to Prostate Cancer Canada for every photo posted. As a result, TELUS made an additional \$1,915 contribution to Prostate Cancer Canada.

National food drive

In 2010, TELUS and our team members allocated more than \$189,000 to food banks across Canada. Our original goal was to donate \$80,000 through the TELUS National Food Drive. After a review, we decided to reallocate resources and will not be continuing to support this program, but will continue to support food banks across Canada through Team TELUS Charitable Giving, Dollars for Doers and TELUS Day of Giving.

TELUS Community Ambassadors®

Community Ambassadors providing strength in numbers

TELUS has a large pool of retirees and team members who have a passion for volunteering in the communities where they live, work and serve. Through the TELUS Community Ambassadors®, we provide a vehicle for their volunteerism as well as an opportunity for social networking. The program maintains the tradition of community giving that has been part of the telecommunications industry for more than 100 years.



One of our goals for 2010 was to increase membership by 300, which we surpassed by 33 per cent by adding 400 new members. In 2010, more than 2,300 retirees and team members were involved in the program through 20 local clubs – 11 in British Columbia, two in Alberta, five in Ontario and two in Quebec.

Our second goal was to produce 59,000 care items, an increase of five per cent over the previous year. We achieved an increase of 15 per cent, donating 60,809 care items valued at more than \$900,000, including:

- 9,832 comfort kits (personal hygiene items for the homeless and displaced families)
- 8,575 Kits for Kids (backpacks filled with school supplies for less fortunate children)
- 3,437 heart and lung pillows (for patients after surgery)
- More than 38,965 other items such as premie toques, lap blankets and finger puppets.

In 2011, our goals are to enlist 300 new members to join the TELUS Ambassadors clubs across Canada and to produce 61,000 care items to people in need in our communities.

TELUS Lunches and Breakfasts

Through a company-sponsored volunteer program coordinated by the TELUS Ambassadors, TELUS is helping to feed Canadians who are homeless or less fortunate. In

2010, TELUS sponsored teams of five to six volunteers to serve meals for two hours at:

- The Salvation Army Harbour Lights Centre in Vancouver's downtown eastside at TELUS Lunches (every second Tuesday)
- The Union Gospel Mission in downtown Vancouver at TELUS Lunches (every second Thursday)
- The Union Gospel Mission in New Westminster at TELUS Breakfasts (every second Thursday).

In 2010, 468 volunteers served 16,224 meals, recording 936 volunteer hours.

In 2011, the TELUS Community Ambassadors plan to continue facilitating this volunteer opportunity for the TELUS team in the Lower Mainland of British Columbia.

Community partnerships

Partnering with the community

TELUS enters into multiyear partnerships with a number of charitable and community organizations to help support the development of everything from high-quality pediatric care and social intervention projects to initiatives dedicated to helping support better and earlier detection of breast cancer. We also support green initiatives, a wide variety of volunteer and fundraising events nationwide, and directly help raise funds that support the building of critical care facilities like Jeneece Place, a hospice in Victoria, British Columbia.

In 2010, to increase efficiency and support consistent decision-making, we enhanced our two-tier system for evaluating sponsorship opportunities. The first level of evaluation is provided by the sponsorship working team – comprised of managers and directors from across the company. It meets monthly to review sponsorship opportunities, discuss contract renewals and share best practices. The sponsorship leadership team, comprised of vice-presidents from various parts of TELUS, provides program oversight. In 2010, these two teams continued to improve systems that worked to:

- Align current and potential corporate sponsorships with TELUS values and business priorities

- Develop consistent messaging that identifies how TELUS' commitment to community exemplifies the corporate values
- Establish team member engagement initiatives (i.e. Team TELUS Cares) as a basic component of all sponsorship program plans.

We have community partnerships with leaders in the fields of education, healthcare, sport and the environment.

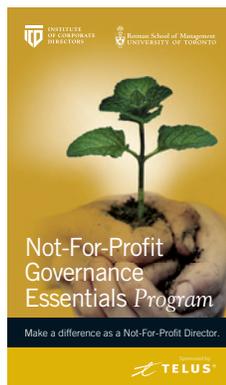
Education partnerships

Improving sustainability through education

The TELUS team believes education helps create sustainable organizations and communities. We work to ensure that charities and volunteers in our community have access to programs that provide the most current information available to assist them in achieving their charitable goals.

Governance Essentials Program

Five years ago, in support of our commitment to give where we live, TELUS created a program to benefit not-for-profit organizations and team members in our local communities. Our three-day Governance Essentials Program (GEP) session educates directors of not-for-profit and charitable organizations on their key board accountabilities and director responsibilities. TELUS partners with the Institute of Corporate Directors and the University of Toronto's Rotman School of Management to offer the GEP.



Several of our Community Board members and members of TELUS' Board of Directors support the GEP by volunteering their expertise and experience at these sessions and acting as Executives-in-Residence.

Stronger boards make stronger communities

Through this innovative GEP program, we provide governance training so that our team members can successfully serve on local boards in their communities. We also offer a number of \$1,000 scholarships per session to encourage not-for-profit organizations to participate.

Since 2006, 1,317 people in Vancouver, Victoria, Edmonton, Calgary, Toronto, Ottawa, Montreal and Halifax have attended the program and TELUS has awarded more than 300 scholarships. Of the total attendees, most of the program participants are community members and 420 have been TELUS team members.

We met our goal in 2010 to offer the first-ever Atlantic Canada session, held in Halifax in June with 40 participants.

The planned Montreal session, however, was deferred to 2011 to enable enhancements to the marketing plan to help ensure the long-term success of the program in the unique Quebec marketplace.

Looking ahead

We plan to survey our past participants to validate the results of the GEP program. If the results are as anticipated, we will host programs in Victoria, Vancouver, Edmonton, Calgary, Toronto, Ottawa, Montreal and Halifax over the next contract period.

For more information, please visit telus.com/gep.

TELUS World of Science®

The TELUS team recognizes the importance of promoting technological innovation and learning to inspire youth to develop a passion for technology and science. In 2005, we advanced our goal to help cultivate innovation in the sciences by forming partnerships with five science centres – TELUS World of Science® Vancouver, Calgary and Edmonton, as well as the Ontario and Montreal Science Centres.



Over a period of 20 years, TELUS is investing \$43 million in these five science centres. As part of our investment, TELUS supports the Innovators Program, which identifies rising stars from each of TELUS' science centre partners across Canada. Recipients of the TELUS Innovators Award are chosen based on their demonstrated passion for continuous learning, new idea generation and their courage to innovate. Each recipient receives a \$2,000 bursary from TELUS to attend the Canadian Association of Science Centres Conference, which was held in Montreal, Quebec in May 2010.



In 2011, TELUS looks forward to the opening of the new TELUS World of Science® Calgary, which will be more than twice the size of the current facility. The facility will be the first purpose-built science centre in Canada in nearly 30 years. It will feature interactive exhibits and programs that will encourage generations of artists, scientists and technologists to push the bounds of their creativity.

Computers for Schools

Computers for Schools is a federal-government-led initiative that was co-founded in 1993 by Industry Canada and the Telecom Pioneers, a telecommunications service group that predated the TELUS Community Ambassadors, with a goal to support access to technology in Canadian schools, libraries and non-profit organizations. It is the largest computer refurbishing program in North America and the fifth largest in the world, with TELUS as one of the program's largest donors.



In 2010, TELUS donated:

- 1,019 desktop computers
- 2,025 laptop computers
- 47 printers
- 74 video monitors.

In 2011, our contributions to this program will vary depending on how many computers need to be replaced and our available funding. In 2010, we donated 3,044 computers, which is almost twice as many as the 1,542 donated in 2009.

Free the Children – We Day

We Day is an event initiated by Free the Children that unites social issues speakers and musicians with youth from across Canada. The goal is to inspire youth to give back to their communities both locally and globally. TELUS has sponsored We Day since 2007.

In 2010, We Day events were held in Vancouver, Toronto and Montreal. TELUS technology provided in-venue text messaging at all three events, so young people could share inspirational messages on how their positive actions contribute to society. In total, 33,584 text messages were sent during the three events and 11,194 messages were displayed. In addition, TELUS hosted a live webcast of the concurrent We Day events in Toronto and Vancouver, which were viewed by approximately 3.9 million viewers over five broadcasts.

TELUS will continue to partner with Free the Children for the 2011 events being held in Toronto, Montreal and Vancouver.



The Royal Conservatory

In 2004, TELUS entered a \$10-million, 20-year partnership with The Royal Conservatory, supporting the Building National Dreams Campaign. A key component of our relationship with The Royal Conservatory is our support of the Learning Through the Arts (LTTA) program, an arts-based education program for elementary and secondary students in 15 countries, including Canada. LTTA brings inspiring artists into schools and, in partnership with teachers, create lessons that include arts/media components that make core curriculum engaging and relevant.



TELUS is the program's National Technology Sponsor, providing financial support and technology solutions that connect schools with programs and online courses. In 2010, TELUS provided 20 GPS-enabled smartphones to launch the Locative Media program, allowing students the opportunity to explore, document and create engaging multi-media presentations about their communities.



Healthcare partnerships

Our commitment to health

TELUS is committed to transforming healthcare in Canada. In 2009, TELUS launched TELUS Health Solutions, announcing plans to make continued capital investments of \$100 million over three years in the healthcare sector. In 2010, we began a one-year pilot leveraging TELUS Health Space®, an online platform developed by Microsoft as Health Vault. TELUS Health Space allows team members to collect, store and share their personal health information and to play an active role in managing their own health and wellness.

In support of this key area of TELUS' business growth, TELUS continues to show its support to healthcare charities across Canada and improve healthcare outcomes.

Upopolis

To reduce the loneliness and anxiety young patients often face during long hospital stays, TELUS partnered with Kids' Health Links Foundation to develop Upopolis.



It is a safe and secure connection to a young patient's family, friends, teachers and fellow patients. Upopolis is a multilingual platform designed to enable kids from eight to 18 to stay up to date with school work, have fun and entertain themselves, and ultimately to help create better health outcomes. Young patients can also access kid-friendly medical information so they can learn about their medical condition and what they can expect during their hospitalization.

Upopolis is currently available at McMaster Children's Hospital in Hamilton, BC Children's Hospital in Vancouver, Children's Hospital of Eastern Ontario in Ottawa, IWK Health Centre in Halifax, Sick Kids Hospital in Toronto and at Lutherwood, a centre for mentally and behaviourally challenged youth in Waterloo, Ontario.

In 2010, we launched Upopolis at Sainte-Justine University Hospital Center in Montreal and developed an enhanced version of the software program. This new release has the capability to suggest user connections based on personal profile information and enables patients to track their

personal events, doctor's appointments and procedures and test times all within their personal account.



In 2011, we plan to launch Upopolis in more children's hospitals, including the Holland Bloorview Kids Rehabilitation Hospital in Toronto, and bring the program to other Canadian pediatric healthcare organizations, such as Camp Oochigeas, an organization in Ontario for children with cancer.

TELUS Walk to Cure Diabetes

More than 300,000 Canadians have Type 1 diabetes. The disease affects children and adults suddenly, leaving them dependent on insulin for life and carrying the constant threat of complications that include kidney failure, blindness, heart disease, stroke and amputation. Through our sponsorship of the TELUS Walk to Cure Diabetes, we help the Juvenile Diabetes Research Foundation (JDRF) in raising funds to help find a cure and increase the education and awareness of type 1 diabetes.



In 2010, more than 3,750 TELUS team members, friends, family and retirees participated in the TELUS Walk to Cure Diabetes, raising more than \$435,000. In total, TELUS and its team members have contributed more than \$4.8 million to JDRF since 1999 through corporate giving, sponsorship and team member fundraising and donations.

Our goal is to increase TELUS participation and fundraising in 2011 by five per cent.



Opération Enfant Soleil

Opération Enfant Soleil is a non-profit organization that was founded in 1988 to raise funds for pediatric care and run health-related programs for children in Quebec. The organization distributes funding to Quebec's four major pediatric centres.

TELUS has partnered with Opération Enfant Soleil for 12 years, contributing \$1.7 million since 1998. Our support has included:

- Supplying telephone lines, call centre equipment and dedicated volunteers for its annual telethon
- Selling TELUS critters during the holiday season
- Being a lead sponsor at its fundraising events.

In 2010, our support also included two cause marketing initiatives. In 2011, we plan to continue to partner with Opération Enfant Soleil through new innovative cause marketing campaigns.

BC Children's Hospital Foundation

The BC Children's Hospital Foundation works with children, families, caregivers and hundreds of thousands of British Columbians to help give the BC Children's Hospital, and the Child and Family Research Institute the resources they need to provide outstanding pediatric care. TELUS has raised funds on behalf of the foundation since 1982. Our support has included:

- Donations through the Team TELUS Charitable Giving program and other Team TELUS Cares programs
- Corporate partnerships, such as TELUS World Skins Game 2008
- Funding from the TELUS Vancouver Community Board
- Special events, such as the Miracle of Weekend Telethon.

Over the past 25 years, the TELUS team has:

- Contributed more than \$10 million to the foundation
- Volunteered more than 20,000 hours of service to the hospital
- Launched Upopolis and gave computers to the hospital
- Hosted kids and their families in the TELUS suite at hockey games, concerts and events
- Donated care items made by the TELUS Community Ambassadors.



Motorcycle Ride for Dad

TELUS was the title sponsor of the Motorcycle Ride for Dad 10th anniversary event, contributing more than \$100,000 in support of the Military Family Funds and the fight against prostate cancer. The 2010 tour took participants 8,597 kilometres across Canada over 29 days in August.



TELUS will sponsor Motorcycle Ride for Dad events across Canada in 2011.

Telethons

TELUS has helped the Variety Club of BC and the BC Children's Hospital with their annual telethons for nine and 11 years, respectively. We designed a technology plan, installed phone banks, used our call centre technology, developed an online donation tool, recruited volunteers and provided an on-site support team for both events. In 2010, we provided \$82,390 of in-kind assistance.

Our goal for 2011 is to maintain our support of the Variety Club and BC Children's Hospital.

Jeneece Place

Neurofibromatosis is a condition that causes tumours to grow on nerve pathways. Jeneece Edroff of Victoria was just three years old when she was diagnosed with this painful disease. In the 14 years since, she has had nine major surgeries.

When Jeneece was seven, she set out on a mission to support other children. She showed up at British Columbia's largest annual telethon with \$164 in pennies that she had collected and she committed to keep returning to the telethon until she had raised \$1 million. At 15, she not only achieved her dream, she surpassed it, raising \$1.5 million.

Jeneece then set out to achieve another goal: to build a home away from home for families travelling to Victoria

for special medical care for their children. "My dream is to make sure no one has to sleep in a strange place when they must come to Victoria for treatment. I want Jeneece Place to be their second home," said Jeneece. Recognizing the community need and inspired by her dream, TELUS came forward to make the dream a reality.



TELUS and TELUS team members raised \$1 million, presenting a cheque at the conclusion of the 2010 TELUS World Skins Game to the Queen Alexandra Foundation for Children, specifically in support of Jeneece Place. The largest portion of this amount was the result of a cause marketing campaign that saw TELUS give \$100 for every new TELUS TV® customer on Vancouver Island. Additional funds were raised through the TELUS Employee Charitable Giving program. TELUS double-matched team member donations to Jeneece Place made through the 2009 program.

With more than \$4 million raised to date, Jeneece Place is scheduled to open its doors by December 2011 to serve Vancouver Island and Gulf Island families.

Sport partnerships

Sports for life

Canadians love watching and playing sports, and the TELUS team recognizes that sports programs are important to our young citizens as they grow up. Our efforts to help kids and athletes play sports can be seen in local communities across the country.

H.E.R.O.S.

In 2009, we ran grassroots sports pilot programs in Red Deer, Alberta and Prince George, B.C., two centres where we have significant numbers of team members and customers, but not TELUS Community Boards. In 2010, we had intended to officially launch this program in

eight centres across Western Canada and Quebec. After reviewing the strategy, we chose to focus our grassroots sports efforts on Hockey Education Reaching Out Society (H.E.R.O.S.), an organization we have supported since 2004. H.E.R.O.S. provides boys and girls from economically challenged neighbourhoods an opportunity to play ice hockey. The premise of H.E.R.O.S. is to use the game of hockey as a catalyst to encourage positive behaviour, self-esteem, commitment and perseverance.

TELUS' goal for 2010 was to contribute \$300,000 to H.E.R.O.S. and support the establishment of a H.E.R.O.S. program in Montreal. As committed, TELUS supported ten H.E.R.O.S. programs across Canada in seven cities, adding a third program in the Toronto chapter and opening a new chapter in Montreal.



Hockey Education Reaching Out Society

Looking ahead, TELUS plans to contribute \$1 million to H.E.R.O.S. from 2010 to 2012 and to help support the establishment of more H.E.R.O.S. programs in Canada. TELUS' \$1 million investment will also provide support for the continuation and operation of 10 programs. Funds will help provide more on-ice instruction, equipment replacement, academic assistance, nutrition programs, field trips and mentor training.



Whistler Blackcomb Foundation

British Columbia.-based Whistler Blackcomb Foundation is dedicated to the financial support of registered non-profit organizations in Whistler and the Sea to Sky Corridor, which extends from Mount Currie to North Vancouver. These organizations provide programs in the areas of health, human services, education, recreation, the arts, culture and the environment. TELUS is the title sponsor of the Whistler Blackcomb Foundation's premier fundraising events –TELUS Winter Classic and TELUS Golf Classic, which have raised almost \$1.4 million since 2001.



In 2010, the Foundation did not hold the TELUS Winter Classic as it would have conflicted with the 2010 Vancouver Olympic Games. Despite the decision, TELUS paid our sponsorship fees and, by doing so, encouraged other corporate sponsors to do the same, helping to ensure that the charities that depend on the funding would not suffer.

The TELUS Winter Classic 2011 took place in January 2011 and raised a record amount for local charities focusing on children and youth. The TELUS Golf Classic will be held in September 2011.



24h of Tremblant

The 24h of Tremblant is a Quebec ski marathon that brings together philanthropists and sport enthusiasts. TELUS has sponsored the event for six years, giving close to \$350,000.

The event, which raises money for La Fondation du Centre de cancérologie Charles-Bruneau, la Fondation Tremblant and the Ottawa Senators Foundation, was held this year at Mont Tremblant from December 10 to 12, 2010. With the help of Olympian Alexandre Despatie and musicians Misteur Valaire, TELUS launched a web campaign two weeks before the event, committing to give \$1 for each Misteur Valaire song downloaded on telus.com/musique. In addition, the TELUS teams who participated in the event were asked to fundraise as well. Our 2010 contribution totalled \$90,000.

Our goal for 2011 is to provide \$100,000 in sponsorship and fundraising.



Environmental partnerships

Tree Canada

In 2010, Tree Canada named TELUS a Centurion sponsor for having contributed more than \$1 million over the course of a partnership that began in 1998. In total, since our partnership with Tree Canada began, TELUS has assisted in the planting of more than 233,800 trees.



Some of TELUS' initiatives with Tree Canada over the past years have included:

- Planting trees and shrubs in school grounds
- Giving TELUS team members celebrating a milestone the option of having a tree planted in their name rather than another form of recognition
- Asking customers to consider having trees planted as part of our Summer and Holiday Perks program
- Supporting the BC Fire ReLeaf program in 2009 and Alberta Mountain Pine Beetle ReLeaf program in 2010.

In 2010, TELUS gave \$262,625 and planted more than 60,000 trees. Tree-planting efforts primarily supported the Alberta Mountain Pine Beetle ReLeaf program and reforestation efforts in Rimouski, Quebec. TELUS will continue to support the efforts of Tree Canada in 2011 through our various programs and volunteer activities.

Nature Conservancy of Canada

The Nature Conservancy of Canada (NCC) is the largest non-profit land conservation organization working for the direct protection of natural habitats and wild spaces across Canada. In 2010, TELUS entered into a sponsorship agreement with NCC to help ensure that Canada's natural habitats remain beautiful and wild for future generations.



As part of our agreement, TELUS makes a contribution to NCC for each customer who received an electronic, rather than paper, bill. In 2010, this resulted in a \$650,000

contribution to NCC. In addition, TELUS ran a Like to Give social media campaign on Facebook and Twitter near the end of 2010 and included the NCC as one of the 12 non-profits included in the campaign. As part of the campaign, TELUS posted information about each of the non-profits and committed to giving \$5,000 to each non-profit if 5,000 people "liked" the posts. The target was achieved.

By the end of 2010, 28.6 per cent of our customer base (or 1.43 million customers) had moved to an e.bill rather than a paper bill. This resulted in a total \$650,000 donation to the Nature Conservancy of Canada and annualized savings to TELUS of an estimated \$2.4 million.

We are working with the NCC to determine a goal for 2011.

Cause marketing and customer engagement

Community driven marketing

In this new era of more socially responsible consumerism, consumers look to do business with organizations that contribute to their communities and the environment. In 2010, we continued to advance our community investment strategy by offering our customers product and service options that result in a direct benefit to local charities. This enables us to invest in and strengthen the communities where our customers live.

Community TELUS TV® projects

Through our Community TELUS TV campaign, TELUS gives \$100 to a local community project for every new TELUS TV customer in certain specified areas. To date, through the Community TELUS TV campaign, TELUS has contributed \$5.5 million to 28 local community projects in Quebec, Alberta and British Columbia. In 2010, we launched 16 new campaigns.

For example, our Kelowna campaign raised \$588,900 for the Kelowna Family YMCA-YWCA facility expansion. In recognition, the Kelowna YMCA named the new gymnasium the TELUS Gymnasium.

Contributions from past Community TELUS TV projects completed in 2010

Community	Organization	Contribution	Start date	End date
British Columbia				
Vancouver Island	Jeneece Place	\$624,400	July 29, 2009	June 22, 2010
Kelowna	YMCA-YWCA of the Central Okanagan	\$588,900	October 14, 2009	October 14, 2010
Sechelt	Sechelt Maritime Gateway Day Float	\$30,100	October 14, 2009	October 14, 2010
Prince George	City of Prince George — Cottonwood Island Park Rehabilitation Project	\$144,500	October 28, 2009	October 28, 2010
Vernon	Vernon Jubilee Hospital	\$175,000	March 2, 2010	March 2, 2011
Penticton	Okanagan College	\$50,000	March 2, 2010	March 2, 2011
Powell River	Powell River General Hospital	\$15,000	March 2, 2010	March 2, 2011
Kamloops	North Kamloops Library Computer Lab	\$125,000	June 8, 2010	June 8, 2011
Alberta				
Airdrie	Genesis Place	\$121,600	October 14, 2009	October 14, 2010
Medicine Hat	City of Medicine Hat - Family Leisure Centre	\$338,400	November 13, 2009	November 13, 2010
Lethbridge	University of Lethbridge	\$350,000	March 2, 2010	March 2, 2011
Red Deer	G.H. Dawe Community Centre	\$250,000	June 8, 2010	June 8, 2011
Fort McMurray	Northern Lights Health Foundation	\$156,300	June 8, 2010	June 8, 2011
Grande Prairie	City of Grande Prairie, Aquatics & Recreation Multiplex	\$250,000	June 8, 2010	June 8, 2011

Community TELUS TV projects launched in 2010 – Ongoing campaigns

Final contributions not yet determined as these campaigns were in market at time of publishing this report.

Community	Organization	Start date	End date
British Columbia			
Mission	Zajac Ranch for Children	August 4, 2010	August 4, 2011
Chilliwack	Chilliwack General Hospital	August 4, 2010	August 4, 2011
Abbotsford	Abbotsford Hospice Society	August 4, 2010	August 4, 2011
Sechelt	St. Mary's Hospital Foundation	November 4, 2010	November 4, 2011
Prince George	Canadian Cancer Society Northern Lodge	November 15, 2010	November 15, 2011
Quebec			
Quebec City	Opération Enfant Soleil	November 4, 2010	November 4, 2011
Rimouski	Association du Cancer de l'Est-du-Québec (ACEQ)	November 4, 2010	November 4, 2011

Our goal for 2011 is to launch at least 16 new Community TELUS TV campaigns.

TELUS Go Pink

Approximately 23,200 Canadian women and 180 men were diagnosed with breast cancer in 2010. This is a distressing number of people who may have to wait the typical 33 days from first noticing a lump to learning if they have breast cancer.



Go Pink to help women in your local communities. [Find out more >>](#)

Access to digital mammography machines is a key factor in helping improve the detection of breast cancer. These machines are 28 per cent more accurate in detecting cancer than traditional film mammography machines. However, availability of and access to these life-saving machines are limited in many of the communities where our customers, team members and investors live.

Thanks to everyone who proved the power of pink by helping TELUS raise **\$2.13 million**

Great things happened with our Go Pink campaign to help fight breast cancer. TELUS contributed \$25 from the sale of every pink BlackBerry® to health-care partners across Canada. And we raised even more when thousands of people on Facebook* turned their profile pictures pink to show their support. Now that's the power of pink. Pass it on.

Women's Health Centre Foundation
Your contribution helped BC Women's Hospital & Health Centre Foundation provide much-needed early detection technology for women with breast cancer.

telus.com

In May 2010, TELUS announced we would give \$25 from every pink BlackBerry sold across Canada toward new digital mammography machines in regional hospitals. The campaign raised \$2.45 million toward the purchase of digital mammography equipment for hospitals across Canada, including \$450,000 raised through the Team TELUS Charitable Giving program.

The campaign involved several innovative fundraising initiatives to help TELUS raise money. The unique and very successful Go Pink Facebook application invited people to turn their profile photo pink, generating \$200,000 toward the campaign. A phenomenal 817,000 people responded worldwide, prompting a surge in fans of our Facebook page and making TELUS one of the most popular Canadian brands on Facebook by fan number at this time.

Starting in January 2011, we began to announce our regional results, which included a \$1 million investment enabling the BC Women's Hospital in Vancouver to add a third machine to the Sadie Diamond Breast Health Imaging Centre. At Princess Margaret Hospital in Toronto, philanthropists Emmanuelle Gattuso and Allan and Gary Slight generously offered to match all donations for a contribution of \$50 for every pink smartphone sold in Toronto and region, raising enough money to purchase a new digital mammography machine for The Gattuso Rapid Diagnostic Centre.

Like to Give

To increase awareness of TELUS national community partners and engage TELUS social media followers in TELUS donation decisions, TELUS launched the Like To Give campaign at the end of 2010.

Every day for 12 days, we posted information about one of TELUS national community partners on the TELUS Facebook wall. Anyone accessing the site was encouraged to click "like". If the post garnered 5,000 "likes", TELUS would give \$5,000 to each non-profit. As a result of this campaign, our 12 community partners – Hockey Education Reaching Out Society (H.E.R.O.S.), Boys and Girls Clubs of Canada, Juvenile Diabetes Research Foundation (JDRF), Computers for Schools, Free the Children, Go Pink, Tree Canada, Nature Conservancy of Canada (NCC), Hockey Canada, Opération Enfant Soleil, Kids Health Links,

Canadian Centre for Child Protection – received a \$5,000 contribution from TELUS.

Opération Enfant Soleil mobile campaign

In 2010, TELUS gave \$25 to Opération Enfant Soleil every time a customer purchased a smartphone or mobile Internet key in one of our Quebec retail outlets from April 19 to June 4. The campaign raised \$140,000.

In addition, as part of the TELUS Like to Give campaign on Facebook and Twitter in December, TELUS contributed \$5,000 to Opération Enfant Soleil and 11 other non-profits. TELUS posted information about these non-profits and committed to give \$5,000 to each one if 5,000 people "liked" the posts.

In 2011, we plan to continue to partner with Opération Enfant Soleil through new innovative cause marketing campaigns.

Nature Conservancy of Canada e.bill campaign

By the end of 2010, 28.6 per cent of our customer base (or 1.43 million customers) had moved to an e.bill rather than a paper bill. This resulted in a total \$650,000 contribution to the Nature Conservancy of Canada and annualized savings to TELUS of an estimated \$2.4 million.

CFL KidSport Canada campaign

In the lead-up to the Canadian Football League (CFL) 2010 Grey Cup Championship, TELUS, an official sponsor of the CFL, committed to give \$1 to KidSport Canada for every download of a free TELUS CFL Mobile application. The campaign resulted in 20,937 downloads, more than doubled our original goal. The \$20,937 donation from TELUS helped KidSport remove financial barriers for families so more kids can play organized sport.



Vancouver Pride TELUS TV campaign

To support the Vancouver Pride Society, showcase our support for the lesbian, gay, bisexual, transgender and queer/questioning community and encourage diversity and inclusiveness, TELUS launched a community-based TELUS TV incentive in 2010.

For every new TELUS TV customer in the Lower Mainland during Vancouver Pride Week (July 30-August 6), TELUS gave \$100 to the Vancouver Pride Society. Our contribution totalled \$50,000.

Edmonton International Fringe Festival TELUS TV campaign

The 29th Edmonton International Fringe Festival drew record-breaking crowds in August 2010. During the festival, TELUS gave \$25 for every new TELUS TV subscriber in Edmonton, which resulted in a total contribution of \$18,600 going to Edmonton Fringe Theatre Adventures.

In total, TELUS contributed \$50,000 in sponsorship and donations to support the 2010 festival. This included providing staff and volunteers with mobile phones.

Emergency response campaigns

TELUS funds projects that help solve existing or emerging issues within our communities, as well as responding to crises as they develop worldwide.

- In January 2010, when Haiti was devastated by an earthquake, TELUS provided more than \$450,000 in cash and in-kind donations including 1,500 mobile phones to emergency agencies in Haiti. The effort included a text-to-donate functionality for TELUS clients to donate funds through their mobile devices to the Red Cross, Salvation Army, Care Canada, Unicef Canada, Plan Canada, World Vision or the Clinton-Giustra Sustainable Growth Initiative. The company also partnered with World Vision for its national broadcast telethon for Haiti by providing call centre facilities and more than 200 volunteers in Toronto and Montreal
- In February 2010, a massive 8.8-magnitude earthquake struck Chile near the Santiago capital, injuring or displacing an estimated 1.5 million people. TELUS activated a text-to-donate campaign that generated donations to help provide child

protection and water purification assistance to those affected by the disaster

- More than 20 million people were affected by devastating floods in Pakistan that began in July 2010. TELUS joined the relief efforts by enabling our mobile subscribers to text donations to the Canadian Red Cross. TELUS team members raised more than \$18,000 through various fundraising events which TELUS matched
- In September 2010, Hurricane Igor struck Newfoundland, destroying homes and public infrastructure. The TELUS Atlantic Canada Community Board offered \$25,000 to support the relief efforts and TELUS matched those funds with another \$25,000 donation to the Salvation Army. TELUS also launched a text-to-donate campaign, which raised \$1,800 for the Salvation Army. Team members organized an internal fundraising drive and with the TELUS match, we raised another \$1,450.

Read about our efforts to help Japan recover from the devastating earthquake and tsunami in March 2011 at about.telus.com/community/en/relief

Insulin pumps

People with Type 1 diabetes constantly need to balance their insulin and sugar levels. If they do not, they are at higher risk to develop devastating complications, such as kidney failure, blindness, nerve damage, amputations, heart disease and stroke. An insulin pump can free children with Type 1 diabetes from multiple daily injections and give them the ability to quickly and easily adjust their insulin based on their body's immediate needs. However, insulin pumps cost approximately \$7,000 each and are often not covered by provincial or private health plans, which make them unattainable for many families.

TELUS ran a social media campaign from November 14 to December 24 to raise funds to help children with diabetes. TELUS donated \$1 toward the purchase of new insulin pumps each time visitors played an online balancing game and an additional \$1 if they forwarded the website link to their friends and family. A total of \$60,000 was raised through the campaign.

TELUS topped up this amount to \$200,000 for the purchase insulin pumps or alternate technology devices

in provinces where the insulin pumps are covered by provincial healthcare.

We partnered with six pediatric diabetes centres across the country – BC Children's Hospital in Vancouver, Calgary's Alberta Children's Hospital, Stollery Children's Hospital in Edmonton, The Hospital for Sick Children (SickKids) in Toronto, Sainte-Justine University Hospital Centre in Montreal and the IWK Health Centre in Halifax – to distribute these devices to children in need.

In 2011, our goal is to continue to leverage the power of social media to raise awareness of Type 1 diabetes and support kids living with this disease.

Return and recycle

In 2010, customers helped us prevent 156,150 mobile devices from going into landfills by participating in our wireless handset recovery program. Through our ongoing relationship with Tree Canada, we sponsor the planting of trees as part of this program. In February 2011, Tree Canada named TELUS a Centurion Sponsor for having contributed \$1 million to the program since 1992. More details can be found in the Environment section of this report.

Mobile devices returned and recycled in 2010

Means of disposal	Number of devices
Obsolete devices sold to third parties	13,976
Refurbished devices sold to third parties	7,000
Refurbished devices sold to TELUS customers	63,703
Recycled devices	71,471
Total	156,150



Team member

Courage to innovate:
Building on our strengths to
support business growth

Engaging our team

Engagement at TELUS is about strengthening the spirit and capturing the minds of team members in a way that contributes to our overall business performance. An engaged team is realized when our team members truly believe in and are proud of the company they work for, and see a strong connection between their daily contributions and TELUS' success.

The dedication, skill and spirit of our team enabled TELUS to weather the business challenges of 2009 and 2010 and to position us well for 2011. Thanks to their hard work and courage to innovate, TELUS delivered new services such as Optik™, an advanced IP-based home service that includes fast Internet and TV with PVR Anywhere and Remote Recording. TELUS, team members and retirees also continued our legacy of volunteerism and charitable giving to the communities where we live, work and serve, donating more than \$7.2 million to more than 2,800 registered charities and more than 557,000 volunteer hours in 2010.

Among the many efforts we make to be an employer of choice, we invest in the development of our team and work to create a workplace that is shaped by team member feedback and reflects our brand –

the future is friendly®. Our efforts were mirrored in the results of Pulsecheck, our team member engagement survey which we have conducted since 2001. It showed a three per cent increase in engagement, from 2009 to 57 per cent^A in 2010. While this encouraging result suggests our approach to supporting team members is building momentum, we recognize there is room for continued improvement.

Looking ahead to 2011, the ratification of a new collective agreement with the TWU on June 9, 2011, balances the needs of our team members, our customers and our shareholders. Moving forward, we expect to continue to deploy industry-leading communications products and services to our customers, help to build healthier communities, and work to enhance our work environment by offering programs such as Work Styles. In 2011, TELUS plans to raise engagement to the next level and support team members by:

- Continuing to engage team members in addressing the business challenges, emphasizing our Customers First program for improving both customer service delivery and front-line work processes
- Delivering valued human resources expertise to assist the business with operational effectiveness
- Providing financial and career support to team members displaced by organizational changes
- Supporting team member wellness and work life balance through access to support services and wellness practitioners, health screening and improvement programs, and our Active Living program
- Helping team members better manage their careers with tools such as the career web portal and offering learning opportunities through social media tools
- Furthering the adoption of the Work Styles program, which enables team members to work when and where they can be most effective, while reducing costs and environmental impacts
- Fostering a workplace that is inclusive and respects diversity, building on the momentum of the Diversity

and Inclusiveness Council and three team member resource groups (Connections for women, Spectrum for lesbian, gay, bisexual, transgender and queer/questioning team members and Eagles for team members with Aboriginal backgrounds)

- Providing ongoing opportunities for team members to give back to the communities where they live, work and serve through Team TELUS Cares programs.

Context and demographics

Working together

We believe we can build more productive workplaces and create stronger connections with our customers and communities by leveraging the innovative spirit of our team.

We do this by:

- Soliciting suggestions for improvement and measuring the impact of past programs through our annual Pulsecheck survey and a survey of senior leaders on human resources practices
- Conducting team member forums on leadership and engagement
- Working with union leaders from the Telecommunications Workers Union (TWU), Syndicat Québécois des employés de TELUS (SQET) and the Syndicat des agents de maîtrise de TELUS (SAMT) unions through the Common Interest Forum
- Engaging union representatives on topics such as employment equity and health and safety
- Offering business process improvement programs to leverage the knowledge and passion of our team
- Providing social media tools such as wikis, blogs and video sharing to enable team members to learn, exchange ideas, share best practices and provide feedback on a daily basis.

Human rights

We have a long-standing commitment to protecting and advancing human rights as outlined in our Ethics Policy and reflected in our Respectful Workplace, Employment Equity and diversity practices. In 2010, TELUS became a signatory of the United Nations Global Compact (UNGC) reflecting our desire to advance UNGC principles in the workplace and beyond.

We believe in providing inclusive and respectful workplaces for team members in Canada and our global operations. As such, we comply with local laws and participate in groups such as Assisting Local Leaders with Immigrant Employment Strategies, which supports local efforts in Canadian cities to successfully adapt and implement programs that further the employment of skilled immigrants. We also work with local agencies, such as the Edmonton Region Immigrant Employment Council, and conduct annual meetings with Human Resources and Skills Development Canada and the Canadian Human Rights Commission.

Our commitment to broader diversity goals dates back to 2004 when we first opened the TELUS Respectful Workplace Office, dedicated to educating team members about behaviours that support equal opportunity for all and to resolving workplace issues when they occur. Since that time we have broadened our diversity goals to drive benefits for all stakeholders, including team members, customers and neighbours of TELUS.

Two years ago, we introduced the Diversity and Inclusiveness volunteer council, which, among other things, supports three resource groups: Spectrum, which represents lesbian, gay, bisexual, transgender and queer/questioning team members; Connections for women; and Eagles for team members with Aboriginal backgrounds. In 2010, the council prepared its first annual diversity report, highlighting workplace programs, affinity marketing and community investments and sponsorships in support of diversity at work and in our communities.

The strength of our team members

Achieving success through spirited teamwork

The success of our company is directly related to the strength of our team. We live our values daily in interactions with our colleagues, customers and communities, delivering on our brand promise – the future is friendly. In 2010, our team remained steadfast in our determination to serve our customers and communities during challenging times and demonstrate compassion for others by participating in our community giving programs and volunteering.

Our company has undergone a tremendous evolution over the last 10 years and thanks to our team members' skills, creativity and hard work TELUS has achieved a leadership position in many key areas of our business. TELUS' team members have grown our wireless network from regional to national, from analog to CDMA, and from CDMA to one of the world's first HSPA+ (4G) networks. Our company also continues to be a leader in the deployment of wireline broadband networks, allowing us to deliver innovative solutions such as TELUS Optik TV™ to customers. As TELUS' global arm, TELUS International delivers world-class contact centre, information technology and business process outsourcing solutions to some of the world's largest and most respected corporations in the financial services, consumer electronics, telecommunications and energy and utilities industries.

Workplace demographics by location

Our people



The 34,800 members of the TELUS team serve our customers from locations across Canada and internationally.

1 Other Canadian provinces include Manitoba, Saskatchewan, New Brunswick, Nova Scotia and Newfoundland & Labrador.
 2 International includes Australia, South Korea, the Philippines, the United Kingdom and the United States.

Workplace demographics by employment type^{1,2} A

Team member type	AB	BC	ON	QC	Other		Total
					Domestic ³	International ⁴	
Regular ⁵	5,711	7,324	7,403	4,818	413	8,407	34,076
Temporary	106	277	156	188	9	—	736
	5,817	7,601	7,559	5,006	422	8,407	34,812

1 As of December 31, 2010.
 2 Active employees only as measured by headcount.
 3 Other Domestic Regular includes Manitoba (94), Saskatchewan (87), New Brunswick (82), Nova Scotia (117) and Newfoundland & Labrador (33). Other Domestic Temporary includes Manitoba (3), Saskatchewan (2), New Brunswick (1), Nova Scotia (2) and Newfoundland & Labrador (1).
 4 International includes Australia, South Korea, the Philippines, the United Kingdom and the United States.
 5 Regular refers to permanent full-time and part-time employees.

Strengthening our leaders

2010 was a year of growth and development marked by the launch of the TELUS Leadership Philosophy, a key enabler of our leadership culture at TELUS.

The goal of the TELUS Leadership Philosophy is to unite team members and foster a leadership culture by engendering consistent behaviours and practices for performing, managing and leading across TELUS. This philosophy recognizes that everyone at TELUS has an important voice in our business and through our collective leadership we make TELUS the recommended provider of home, mobility and business solutions and a great place to work. This is an important shift from leadership that is based on a team member's position in the organization to the culture in which we are all encouraged to take the lead.

We provide the tools and skills to strengthen our team by providing learning opportunities and support to upcoming, new and existing team leaders so that they can effectively engage, empower and lead their teams. As a result of the TELUS Leadership Philosophy, we augmented the Leading at TELUS series with new and innovative programming to support leaders across the organization.

As the TELUS Leadership Philosophy evolves over 2011, we will continue to explore innovative ways to expand on the delivery of effective leadership development while managing costs.

TELUS offers team members the following learning and development opportunities:

Leading Your Team: The Fundamentals

In 2010, Management Fundamentals training evolved to become Leading Your Team: The Fundamentals. The goal of the program is to support new leaders with an in-depth overview of TELUS-specific processes/tools used in leading a team and a leader's accountability for successfully engaging and building relationships with their team members. The new program includes virtual instructor-led offerings and self-directed learning opportunities.

In 2010, 120 team members completed Management Fundamentals; since its inception in 2006, 889 team members have completed various iterations of the program.

Leading at TELUS – Skills Essentials

This learning and development series offers bilingual, modular programs for team members focused on coaching and engagement related skills:

- Essentials of Leadership and Coaching
- Coaching to Performance Expectations
- Reviewing Progress and Developing Others
- Managing Issues and Resolving Conflict Personal Productivity and Decision Making.

From 2006 to 2010, approximately 1,000 team leaders have completed the program.

Leading at TELUS – Presentation and Communication Skills Development

To enhance the presentation skills of team members, the Presentation Advantage workshop covers the fundamental skills required for making effective presentations. The continued emphasis on communication skills development is a key part of the TELUS Leadership Philosophy program in 2011.

Leadership NOW

This program, which launched in 2006, offers career development initiatives that recognize and invest in the development of our top leadership talent at all levels of the organization. It focuses on the development of TELUS' existing and future high-potential leaders who have the demonstrated desire and capability to move

into roles of greater responsibility in the near future. This 12-month program is designed to develop key leadership competencies.

2010 Leadership NOW participation by tier and province

Tier	British Columbia	Alberta	Ontario	Quebec	Total
Emerging Leaders					
Female	28	18	27	19	92
Male	60	52	63	34	209
Total Emerging Leaders	88	70	90	53	301
Managers					
Female	32	24	42	12	110
Male	53	41	44	23	161
Total Managers	85	65	86	35	271
	173	135	176	88	572

Senior Leadership Forum

All TELUS vice-presidents, senior vice-presidents and our Executive Leadership are invited to attend the annual Senior Leadership Forum, which is designed to further strengthen the effectiveness of our senior leadership team, enhance personal leadership competencies and motivate our company's key decision-makers to think and perform at a world-class level. The program structure is built upon themes and content from previous years and new corporate priorities.

In 2010, we focused on the customer experience and expanded the program to include more than 200 of our highest performing directors who would have otherwise attended the Directors' Business School. Merging these two executive development sessions helped to foster expanded discussions on our business and reinforce important connections across our most senior levels of leadership.

In 2010, we held individual sessions in Montreal, Toronto, Edmonton and Vancouver with team members attending the session in their home province. This allowed participants to experience regionally focused sessions whereby leaders could connect, engage with one another on best practices and develop strategies our local areas. It provided an opportunity to build upon existing relationships within our team to ensure we work collaboratively to enhance the execution of our strategy and delivery of customer service.

In 2011, we are launching the Directors Leadership Forum, which will bring the Senior Leadership Forum program to all directors across TELUS, who constitute the next level of management below vice-president at TELUS.

TELUS International University

TELUS International Philippines has partnered with leading educational institutions in the country, such as De la Salle University and University of Asia and Pacific, providing team members with a cost-effective opportunity to earn college degrees in various fields while concurrently working full-time.

Labour relations

The role of our unions

TELUS team members across Canada are represented by five different unions: the Telecommunications Workers Union (TWU), the Syndicat Québécois des employés de TELUS (SQET), the Syndicat des agents de maîtrise de TELUS (SAMT), the BC Government and Services Employees' Union (BCGEU) and Canadian Union of Public Employees (CUPE).

Union representation

Group	Bargaining unit	Management and professionals	Total	% unionized ¹
TELUS wireline	8,971	8,249	17,220	52%
TELUS wireless	3,425	5,766	9,191	37%
TELUS International	0	8,401	8,401	0%
Total ¹	12,396	22,416	34,812	36%

¹ As at December 31, 2010.

Collective bargaining

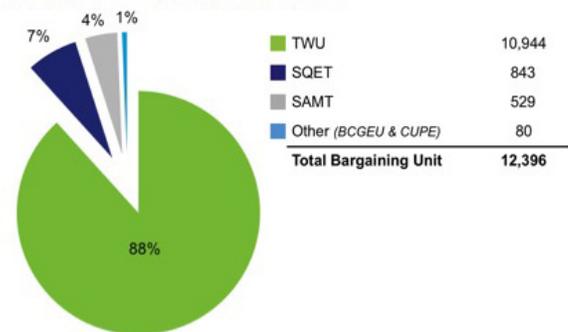
TELUS and the TWU successfully concluded collective bargaining reaching a tentative agreement on April 11, 2011 which was subsequently ratified by eighty per cent of the union members. The new collective bargaining agreement, which covers team members in the wireline and wireless businesses across Canada, came into effect on June 9, 2011 and expires on December 31, 2015. Highlights of the new agreement include improved hours of work and scheduling provisions for frontline customer experience team members, improved ability to re-engage retired team members and provisions to enable continued participation in TELUS' At Home Agent and Work Styles programs.

The current collective agreement with the SAMT, covering approximately 520 professional and supervisory team members in Quebec, remains in effect until December 31, 2011.

A new collective agreement was reached with the SQET in August 2010, covering approximately 840 trades, clerical and operator services team members in TELUS' wireline operations in Quebec. The new agreement is in effect until December 31, 2014. Highlights of the new agreement include improvements to contracting out with improved transfer and voluntary severance plans for affected team members, introduction of common interest forums between TELUS and SQET and adoption of the corporate flexible benefit plan.

In 2010, TELUS Sourcing Solutions Inc. successfully renegotiated both of its collective agreements. The new agreement with the BCGEU, covering approximately 60 team members expires on April 30, 2013 and the new agreement with CUPE, which covers about 20 team members, expires on December 31, 2012.

Bargaining unit team members by union affiliation



Common Interest Forum

Common Interest Forums, now included in the TELUS-TWU and the TELUS-SQET collective agreements, are designed to encourage dialogue between the company and the union. The two parties discuss issues such as industry developments, corporate strategy, growth of the business and staffing requirements. In addition to ongoing dialogue at the executive level, TELUS senior leadership and the TWU formally met once during 2010 under the terms of the Common Interest Forum agreement.

TELUS endeavours to provide notice to its unions and affected bargaining unit team members pertaining to operational changes such as contracting out, technological change and mergers, acquisitions and divestitures. Notice requirements of such changes are contained in the collective agreements.

Grievances

In 2010, the unions representing team members filed 600^A grievances and arbitrations, which are up slightly from 2009 and on par with 2008. Discipline, pay and scheduling of time off remain the most common issues.

Grievances/arbitrations

Group	2010	2009	2008
TELUS wireline	403	381	455
TELUS wireless	197	173	147
Total	600^A	554	602

Core policies and programs

Our commitment to ethics and integrity

Integrity

The TELUS team places great importance on maintaining a culture that encourages the achievement of our business objectives in a manner consistent with our values. To promote company-wide awareness of integrity issues, all team members must complete annual online integrity training as a term of employment.

The TELUS Integrity 2010 course included ethics, respectful workplace, corporate security and privacy training. All TELUS team members^A (including those in TELUS International with the exception of team members in our South Korean joint venture), as well as more than 90 per cent of contractors with access to our information systems, completed this course as of February 22, 2011.

The 2011 TELUS Integrity course will be updated as appropriate to address new and emerging issues in regards to ethics, respect, privacy and security.

Ethics

The TELUS Ethics policy ties together all policies regulating business behaviour and provides guidelines for the standards of ethical conduct by all team members,

including officers and members of the TELUS Board of Directors. The policy is updated annually, communicated to team members and housed on TELUS' internal and external websites.

TELUS EthicsLine

Through the TELUS EthicsLine (1-888-265-4112 or telus.ethicspoint.com), team members and external stakeholders can raise anonymous and confidential questions or complaints related to accounting, internal controls or ethical issues.

In 2010, the Ethics office fielded 388^A calls, reflecting an increased awareness of ethical issues. Of these, it was determined that 22 per cent did not relate to the Ethics policy and were therefore referred to more appropriate areas, such as Client Care and Human Resources. Of the remaining 304^A calls, 75 were inquiries from team members seeking advice on ethical situations and the remainder were complaints from external and internal stakeholders. Each complaint was researched and resolved appropriately. The Audit Committee of TELUS' Board of Directors reviewed a summary report of these calls.

Calls received by the Ethics Office

Type	2010 ^A	2009	2008
Non-ethics related	84	110	108
Requests for advice	75	97	104
Ethical complaints	229	170	144
Total calls	388	377	356

Breaches of ethics and discipline

The Ethics office concluded there had been 96^A breaches of the Ethics policy in 2010, compared to 94 in 2009. The most frequent violations in 2010 were related to breaches of company policies, misuse of company assets and confidentiality and misappropriation of information. None involved fraud by team members who had a significant role in internal controls over financial reporting. Corrective action was taken for each of the breaches with some of the breaches resulting in discipline of more than one team member.

With the disproportionate share of breaches occurring among new and less experienced team members, the

company has targeted extra education on ethics to certain team member groups. Encouragingly, the number of breaches involving team members with five years or less service with TELUS fell slightly to 81 per cent of the breaches from 83 per cent in 2009, especially in the last quarter of 2010. For the second year in a row, we launched in September a short online course to highlight specific expectations of behaviour for team members with customer-facing roles.

Discipline for breaches of ethics

Corrective action	2010	2009	2008
Letter on employment file	9	15	9
Employment suspended	33	32	39
Employment terminated	66	90	39
Team member resigned	5	16	6
Total team members disciplined	113	153	93

Ethical climate survey

In 2010, the Ethics office conducted a company-wide survey to measure our ethical climate. The survey results indicated our program is effective in fostering an ethical and respectful workplace for all team members. We intend to conduct the survey every few years to measure our ethical practices for future improvement opportunities.

Respectful workplace

Ensuring a positive workplace environment

Our focus on respect in the workplace is an indication of our commitment to creating a positive, professional and safe working environment, and is a cornerstone of our values and culture at TELUS. When we respect each other, we improve work relationships, enhance teamwork and increase productivity. In support of this priority, TELUS launched the Respectful Workplace Office in 2004. It oversees our Respectful Workplace policy and works to resolve workplace issues.

Each year, key points from our Respectful Workplace policy are covered in the mandatory Integrity training course. In addition, all newly hired team members are provided training on the policy. Our overriding goals are to help team members understand the law and what is considered

acceptable behaviour in the workplace, as well as the protections and processes available to them should an inappropriate workplace issue arise.

In 2010, we completed a review of our Respectful Workplace policy to ensure it is still pertinent within today's ever-changing work and legislative environments. Upon completion of the review, it was determined no changes were required.

Analysis of complaints filed by team members with the Canadian Human Rights Commission (CHRC) is an indicator we use to determine if there are any internal practices that are causing concern and that might require attention. These complaints provide an objective process for examining the appropriateness of practices as business and societal priorities evolve.

CHRC complaints

	2010 ^A	2009 ¹	2008
New	10	12	11
Closed	13	7	10
In progress at year end	9	12 ^A	7

¹ 2009 restated as a result of an additional closed case.

Year over year, the number of CHRC complaints have been fairly stable with the main reason for complaints being issues related to disability. Complaints may be referred back to the internal TELUS resolution process, a resolution reached with the complainant through the CHRC, or it may be dismissed.

Complaint outcomes

	2010	2009	2008
Referred to TELUS internal resolution process	5	3	5
Resolution reached	6	1	1
Dismissed	2	3	4

TELUS International

TELUS International follows local legislation that protects human rights in all international jurisdictions where we operate. Our policy is to go beyond what is required by local laws to protect our team members' rights. The TELUS Respectful Workplace policy and training have been implemented including a process for reporting and resolving workplace issues.

Diversity and inclusiveness

Thriving on diversity

TELUS believes diversity is a key success driver in the global marketplace and that diversity thrives when we honour the traditions, beliefs, lifestyles, abilities and perspectives of our team. We are striving to foster a culture of acceptance and inclusivity, where team members and customers can share their views, personalities and uniqueness with confidence and trust.

In 2010, we:

- Increased the diversity and inclusiveness engagement score by two per cent, to 87 per cent, exceeding our target of 86 per cent
- Formed an Aboriginal Employee Resource Group called Eagles that focuses on enabling our Aboriginal workforce to drive more innovation in our marketplace and to better support the communities we live in
- Introduced a series of workshops to support and foster our commitment
- Enhanced our diversity council structure to include representation from the Joint Employment Equity Committee, the Respectful Workplace Office, and our three resource groups (Connections for women, Spectrum for lesbian, gay, bisexual, transgender and queer/questioning team members and Eagles for team members with Aboriginal backgrounds).
- Created an annual diversity report that we will use as a baseline to drive improvements on our strategy to be a global leader
- Introduced Caya, a retail store welcoming everyone, but tailored to the lesbian, gay, bisexual, transgender and queer/questioning community.

In 2011, our goal is to continue creating a work environment where all team members feel valued and believe their differences are respected. We have established the Diversity and Inclusiveness engagement target at 88 per cent, a one per cent increase over the result in 2010. Other goals include:

- Increased education and awareness, using formal and informal learning approaches that clearly demonstrate the value of diversity of thought

- Continued strategic partnerships with the Canadian Board Diversity Council, Pride at Work Canada and other diversity-focused organizations
- Ongoing community investments and affinity marketing programs to better align and connect with our diverse customers and communities
- Continue to support and foster the development of new resource groups (e.g. new Canadians)
- Specific leadership behaviours that will drive accountability for diversity and inclusion.

TELUS International

TELUS International embraces diversity and celebrates a corporate culture of equal opportunity, emphasizing hiring and advancement practices that support women, racial and ethnic minorities and people with disabilities.

Employment equity

In Canada, TELUS is legislated by the federal Employment Equity Act. The purpose of this Act is to eliminate workplace barriers faced by four groups: women, Aboriginal peoples, persons with disabilities and members of visible minorities. We strive to ensure our workforce reflects the diversity in the Canadian talent pool and provides equal opportunity through our diversity, respectful workplace and workplace accommodation programs.

We have implemented initiatives such as Employee Resource Groups, recruitment outreach activities, the Diversity Inclusiveness Council, and team member health programs. Through these efforts we aim to remove any employment barriers impacting the retention of existing team members and also to attract new team members from a broad cross-section of the workforce.

As a result of these efforts, the prior year's representation rates for team members with Aboriginal background and visible minorities increased slightly and representation rates for persons with disabilities remained consistent on a year-to-year basis. While the overall percentage of women working at TELUS across almost all categories has declined slightly, the representation of women in non-traditional roles (e.g. as managers of installation and repair teams) remains consistent.

In 2011, we will continue to engage and inspire women at TELUS in the pursuit of excellence in their careers through Connections – the TELUS Women’s Network. We plan to build on the programs offered in 2010 and continue to expand our focus on diversity.

Workforce profile¹

%	Canadian workforce availability ²	Canadian workforce actual representation for telecommunications ³	2009 TELUS actual ^{4,5}	2008 TELUS actual ^{4,5}	2007 TELUS actual ^{4,5}
Women	42.2	39.7	37.5	38.3	38.8
Members of visible minorities	21.5	17.5	16.2	14.8	13.3
Aboriginal peoples	1.7	1.4	1.6	1.5	1.7
Persons with disabilities	4.7	2.0	3.1	3.1	2.8

- 1 Based on data collected for reporting under the Federal Employment Equity Act. Figures for 2010 for TELUS are not available until June 2011.
- 2 Canadian workforce availability refers to the percentage of the designated group (i.e. visible minorities, Aboriginal peoples, persons with disabilities, women) in the Canadian workforce who have the skills necessary to fill positions at TELUS. Based on 2006 Census data, this is the most current information available.
- 3 Most recent data available. Canadian workforce actual representation for telecommunications carriers refers to the percentage of the designated group (i.e. visible minorities, Aboriginal peoples, persons with disabilities, women) who are employed at telecommunications in Canada. As reported in the 2009 Employment Equity Act annual report published by the Government of Canada.
- 4 TELUS actual refers to the percentage of the designated group (i.e. visible minorities, Aboriginal peoples, persons with disabilities, women) who are employed at TELUS.
- 5 Workforce profile percentages were calculated based on the completion of a survey and may not be representative of the actual percentage of TELUS workforce.

TELUS International gender profile

% of workforce	2008	2009	2010
Women	46.69%	46.97%	47.31%
Men	53.31%	53.03%	52.69%

Connections – the TELUS Women’s Network

To engage and inspire women at TELUS in the pursuit of excellence in their careers TELUS introduced Connections – the TELUS Women’s Network in 2005. Connections provides women at TELUS with personal growth, development and local networking opportunities.

In 2010, we held 80 local networking events, including 25 local outreach events. This exceeded our goal to hold 75 events, including the 20 local outreach events. We also launched a mentoring program, as planned, and had 135 participants across the country take part. We also launched

a new leadership workshop, achieving our goal of attracting at least 500 participants. Connections membership decreased from 3,000 in 2009 to 2,900 in 2010, which means we missed our goal to maintain our membership.

Through Connections, TELUS sponsors Women’s Executive Network (WXN), which creates and delivers innovative networking, mentoring, professional and personal development for women in business. Our sponsorship includes support for WXN’s breakfast series, Canada’s Most Powerful Women: Top 100, and the WXNWisdom mentoring program. In 2010, we hosted 400 Connections members at 34 WXN networking breakfast events, held across the country. Since 2007, 61 team members have participated in the WXNWisdom mentoring program, thereby achieving our targets last year.

In 2011, we intend to:

- Increase Connections membership to 3,000
- Promote WXN’s Wisdom mentoring program to Connections members, and increase participation from 61 to 75 team members
- Hold a leadership workshop for 500 participants
- Launch a national recognition program for women at TELUS
- Hold 85 local networking events
- Hold 25 local outreach events
- Host 400 Connections members at 34 WXN networking breakfast events.



“Connections is a great way to network with like-minded women and build strong relationships and friendships across TELUS. It is also an opportunity to grow as leaders and influence the development of others in a positive way.”

— Melissa Ross, area sales and channel development manager, Consumer Solutions



"I think it's a fantastic network that allows professional, smart women to connect and learn from one another. There is so much knowledge, insight and perspective a women can bring to the workforce. I think it's imperative that we

join together to support one another and give back to our community. I must admit I also really enjoy the breakfast series and the networking events!"

— Erin Walker, strategic program director,
Human Resources

Safety management

Putting safety first

At TELUS, we work to eliminate workplace hazards by engaging managers, unions, and both policy and health and safety committees in the development, implementation and monitoring of the safety management system. We also train team members in the identification and control of their workplace hazards and set performance targets for hazard control programs. In addition, we continually monitor the effectiveness of the safety management system at both the workplace and corporate levels and investigate all reported health and safety complaints and accidents.

Safety performance results are reported every quarter to the Audit Committee of TELUS' Board of Directors (Corporate Governance Committee, effective May 2011) . We have had no work-related deaths in the past five years. In 2010, as indicated in the chart below, TELUS recorded 199 lost time accidents (LTAs), which represent a frequency of 0.93  LTAs per 200,000 person-hours worked. This is thirteen per cent higher than our 2009 result of 0.82 LTAs per 200,000 person-hours worked.

More than half of the LTAs in 2010 were sprains and strain. The prevention of strains and sprains is fundamental to the ergonomics program strategy. Ergonomics standards are incorporated into a wide range of procedural guidelines, such as lifting and moving objects, operating tools and equipment, driving tips, working with laptops, stretching and rest pauses. To help reduce the number of LTAs

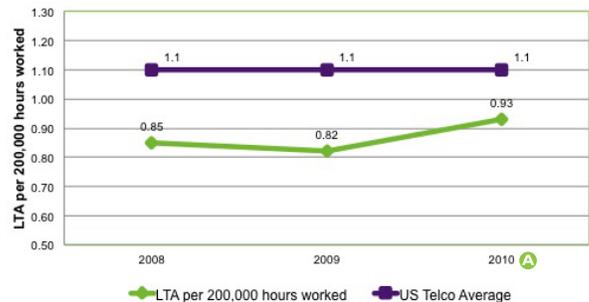
related to sprains and strains, the training frequency for manual material handling has been reduced from every five years to every two.

Our LTA frequency in 2010 was 15 per cent lower than the latest (2008) U.S. telecommunications industry average of 1.1 LTAs per 200,000 person-hours. It is also at least 56 percent lower than the latest (2008) Canadian national average of 2.12 LTAs per 100 workers. (For the Canadian national average, one worker is considered to be one person working all year on either a part-time or full-time basis.) We believe our lower-than-average results are attributable to our efforts to engage and train team members and to work with various health and safety committees in developing, implementing and monitoring our safety management systems.

Aligned with our courage to innovate value, we are constantly looking at new ways to improve our safety management system. In 2010, we implemented the contractor safety policy that standardized practices and processes for field operations and helped us prevent accidents and injuries while contractors are performing work for TELUS. This policy outlines standards and tools for health and safety evaluation, selection and control of contractors and subcontractors. For 2011, our goal is to reduce accidents and injuries and achieve a 0.82 LTA ratio.

In regards to our global operations, the Audit Committee of TELUS' Board of Directors received quarterly updates on health, safety and wellness issues in 2010. These updates included how many work-related accidents and injuries have occurred and how many work hours were lost as a result of accidents, injuries and illnesses. In 2011, these updates have been reported to the Corporate Governance Committee of TELUS' Board of Directors.

Lost time accidents per 200,000 hours worked (year over year)



U.S. Telco Average used as benchmark. Canadian LTA statistics, which are calculated using a different methodology, are not available for the telecommunications industry.

Absenteeism

In 2010, the TELUS absenteeism rate (which includes paid and unpaid time off work due to personal illness or work-related injury) was 7.6  days per full-time equivalent position, compared to 7.2 days in 2009. Our 2009 and 2010 rates compare favourably with the 2009 absenteeism average for Canadian organizations with more than 500 employees, which was 10.1 days per full-time equivalent, according to Statistics Canada.

We addressed absenteeism in 2010 by:

- Establishing clearly defined metrics to measure the health and well-being of team members
- Evaluating the effectiveness of the short-term disability management process
- Continuing with attendance management training for front-line managers
- Aligning national absenteeism-related processes
- Continuing to expand our suite of wellness services in support of team member health
- Adding the corporate absenteeism policy to the TELUS Integrity 2010 course completed by all team members annually.

In 2011, we expect to implement a comprehensive communication plan, including standardized quarterly reports to senior leaders, to increase awareness of the cost of absenteeism and our practices and processes related to absenteeism.

Additional programs to foster wellness and growth

A commitment to team member engagement

Engagement

At TELUS, we believe increased team member engagement leads to enhanced individual, team and corporate performance. Since 2001, we have measured engagement using the Aon Hewitt web-based engagement survey. We are committed to attaining levels of engagement that would place TELUS in the high engagement zone as defined by Aon Hewitt.

The survey, internally called Pulsecheck, is based on engagement work with more than 1,500 organizations worldwide. Aon Hewitt is also a sponsor of the Best Employers in Canada study that measures engagement of employees and leaders.

Each year, all team members are invited to participate in the voluntary and confidential survey. Survey results help us identify areas that we need to focus on to continue being a great place to work. After the survey results have been published on our company intranet, teams develop and implement action plans to address areas of improvement. Importantly, engagement results are measured on our corporate and business unit scorecards with status reports and updates provided during regular business unit reviews.

In 2010, TELUS team member participation in the Pulsecheck was 76 per cent, consistent with 2009 and 2008 levels. The high participation levels in voluntary engagement surveys is not common and suggests many TELUS team members continue to be interested in expressing opinions about engagement.

The 2010 Pulsecheck results reflected a three per cent increase in our team's overall engagement score, indicating a significant change according to the industry benchmark of two per cent annually.

Engagement results and targets

2011	2010		2009		2008	
	Result	Target	Result	Target	Result	Target
60%	57% 	56%	54%	62%	58%	58%

We achieved this increase despite a year in which our organization experienced challenges, such as strong competition, an economy that is slowly recovering and a continued need to focus on cost containment. Most companies saw a decrease in engagement in 2010 compared to 2009. It is significant that TELUS moved against this trend by posting an increase in engagement.

Each year, we focus a great deal of effort on the top engagement drivers to enhance our work environment. Again this year, Pulsecheck shows that our top drivers are career opportunities, work processes, performance development, organizational reputation and recognition.

Focus areas for improvement in 2011 are:

- Drive the enterprise-wide transition to a more Customers First culture
- Optimize the Fair Process and Own.it methodology to encourage greater team member involvement in the improvement of our work processes
- Leverage our Work Styles program to enable more team members to work when and where it is most effective.

Our engagement target for 2011 is 60 per cent.

TELUS International

Team members in TELUS International Philippines complete the same Pulsecheck survey as their Canadian colleagues, although it is run as a separate survey. Results from the 2010 Pulsecheck survey yielded an engagement score of 74 per cent, an increase over 2009 at 71 per cent. The 2010 participation rate was 58 per cent, which was lower than the previous year at 66 per cent.

All other TELUS International entities, except our South Korean joint venture, rolled up under the overall TELUS 2010 Pulsecheck survey.

Performance culture

Enhancing the TELUS work experience

Recruitment

TELUS' hiring processes are designed to be rigorous and standardized. We leverage a variety of tools and resources to actively source and select qualified candidates. We are committed to ensuring our candidate pools are rich and diverse through the use of various available resources, including Talent Oyster, a job board that focuses on candidate diversity.

The total number of TELUS team members currently on work permits for foreign workers is less than 0.5 per cent of our total number of domestic team members.

Performance development

To supplement ongoing coaching and development, team members receive an annual formal performance review and a mid-year performance discussion. Through an

integrated, online system, we are able to standardize the establishment of clear personal objectives, including threshold and stretch targets. The system also enables the company to establish a Customized Career Development Plan for every team member to help them excel in their role and prepare for their future career aspirations. Team members, working with their managers, create these plans, which include a variety of learning activities, such as on-the-job training and development, mentoring, job shadowing, online and instructor-led courses, and external training.

The Personal Performance Review process clarifies team member performance relative to established objectives and allows for identification of development areas to continuously improve performance. Career development at TELUS spans the employment cycle of team members, from their induction at time of hire, to their in-role development and potential participation in high potential programs and longer term career progression.

Formal comparative ranking is only done for management team members and a small subset of unionized team members. As part of the annual performance cycle at TELUS, individual team member performance is reviewed and discussed at the next upper management level. As part of this review, comparative ranking is also done to ensure relative alignment of performance scores across the different parts of TELUS.

Salary and benefits

Our compensation package is market focused and flexible. It allows us to identify and recognize individual contributions and competitive skill sets. We offer a highly competitive, market-based compensation package aligned with similar high-tech companies and national organizations with revenues of more than \$1 billion. To ensure we remain market competitive, we review compensation levels annually or as required.

TELUS' cash compensation includes base salary and performance bonuses and/or sales incentive programs, which allow team members to share in the risk and reward of running the company. In addition, we provide medium-term and long-term share-based incentives (restricted share units and/or option awards) for high-performing and high-potential team members. Setting individual team

member salaries, initially and annually through reviews, is tied to performance reviews that are applied equally to all management professionals at TELUS, irrespective of gender, age or race. Our strategy is to pay team members within ranges that factor in their performance and potential rating. High performers at TELUS are targeted to be paid at or above the 75th percentile for total compensation over time.

We also offer wealth accumulation through retirement and savings plans, including defined benefit or defined contribution pensions. Within our defined contribution pension plans, TELUS matches up to 5.8 per cent of earnings to help team members save for their retirement. TELUS also matches 35 to 40 per cent up to a maximum of six per cent of base compensation when team members purchase TELUS common shares through the Employee Share Purchase Plan.

Terms and conditions (including wages) for all team members covered by a collective agreement are negotiated between the parties. TELUS' entry level wage in Canada is above the median of provincial minimum wages by 20 per cent.

Our total rewards philosophy is central to the company's ability to succeed because it enables us to attract and retain the best talent in a competitive marketplace. Furthermore, our pay-for-performance methodology helps ensure that appropriate differentiation takes place, based on meeting objectives and living the TELUS values as the way to achieve those objectives.

The approach in 2010 balanced the ongoing need to manage our costs with providing competitive total compensation, rewarding outstanding performance and responding to feedback about pay that we receive from team members through our annual Pulsecheck survey.

Team member performance bonuses are based on a fixed pool drawn from a set percentage of corporate Earnings Before Interest and Taxes, multiplied by factors derived from the corporate balanced scorecard multiplier, individual performance multipliers, and personal performance bonus percentages.

Communicating this at the beginning of the year and tracking throughout provides greater transparency of the formula and maintains the central element of team member differentiation.

For 2011, there continues to be a modest budget for compensation increases and long-term incentives for key management team members below the vice-president level, plus higher levels of long-term incentives available for awarding to high-performing managers, directors and above.

In addition, in 2011, we further enhanced the alignment of compensation to shareholders' interest by encouraging our senior managers below the executive level (senior vice-presidents, vice-presidents and directors) to commit to meeting share ownership targets. In consideration, senior managers who choose to engage in the enhanced share ownership model will be eligible for annual grants of medium-term restricted stock units called management performance stock units or MPSUs. The size of MPSU grants is based on annual target amounts established by the CEO for each job level.

Total salaries and benefits¹

\$ in millions	2010	2009	2008
Total salary and benefits	\$2,233	\$2,303	\$2,326

¹ Stated under Canadian GAAP, for comparative purposes.

Benefits

We provide a very competitive, comprehensive flexible benefits package, offering plans that meet the diverse needs of full- and part-time team members. We recognize that costs are increasing for many team members; however, team members have told us through surveys that they would rather pay more and keep their benefit plans than have across-the-board reductions to plan benefits.

Our benefit plans also recognize the need of team members to balance their lives through programs such as the Life Balance Account, My Personal Assistant, GoodLife Fitness memberships and Kids & Company.

While benefits are not provided to temporary team members, they do receive a company contribution to their Health Spending Account.

Voluntary turnover

In 2010, the average voluntary turnover of all team members was 7.6 per cent, compared to 6.5 per cent the previous year. Our 2010 results are below our target of 8.0 per cent. The increase from the prior year results are partially due to the improvement in economic conditions in 2010. In 2011, our target is 7.6 per cent, which is based on the 2010 Conference Board of Canada average overall voluntary turnover, plus an adjustment factor for expected modest economic growth in 2011.

Some of the TELUS programs and initiatives that help attract and retain team members are:

- Career resources including an online development tool to be completed annually
- Recognition such as Bravo, Passion for Growth awards and TELUS Legends
- Performance development through semi-annual reviews and objective setting
- Learning by an array of programs
- Corporate Social Responsibility innovative practices that allow team members to make a difference in their communities
- Performance-based compensation plans that allow sharing in company success
- Mid and long-term incentives for more senior team members.

TELUS International

The majority of positions in TELUS International are in contact centres. In the Philippines, contact centre positions are desirable professional roles, often attracting candidates who possess or are working to acquire post-secondary education and are fluent in English. As a result, these positions pay a substantial premium over the local legislated minimum wage. Team members hired by TELUS must be at least 18 years of age.

The base wages received by TELUS International Philippines team members are more than 35 per cent higher than the Philippines National Capital Region Minimum Wage and this range increases in line with team members' level of contact centre experience. TELUS International Philippines also provides supplementary income to team members who have certain technical and language skills and grants various allowances for meals and transportation.

In terms of recruitment to fill senior roles, TELUS International Philippines's policy is to hire either internal candidates from within the local TELUS International team or external candidates from the local market wherever we operate. In general, TELUS International uses local workforce for senior roles in its operations. Of the 10 most senior leaders in the Philippines, seven were internal candidates promoted into their current roles. Career development is encouraged through mentoring and internal job posting.

Lifelong learning

Strengthening our leaders

In 2010, we introduced the TELUS Leadership Philosophy as well as a new approach to learning and development known as Learning 2.0. Our team member learning practice is now a collaborative, connected and continuous journey and we employ many different types of training, from classroom, eLearning, books and coaching to user generated content, such as videos, blogs, micro-blogs and wikis.

Throughout 2010, we saw a rapid rise in participation through the use of social learning as well as a resulting increase in job-related performance. Year over year, for example, we experienced a seven-fold increase in the number of visits and interactions to our various Corporate Learning opportunities fed through social learning means. In 2011, we will be measuring our return on learning investment and have established a benchmark based on actual results of 68 per cent.

Among the learning opportunities we offered in 2010 were:

- **“Engaging career and business conversations with...”** TELUS leaders and subject matter experts share their own experience in respect to career development. On average, more than 200 team members (tracked through webcast attendance) attend each live webcast
- **Food for Innovative Thought:** 60-minute webinars designed to help team members take responsibility for their careers at TELUS. Topics include planning your career, building trust and credibility, leadership and

coaching, mentoring and authentic leadership

- **Play to Your Strengths:** team members connect with leaders who discuss career development and leadership
- **SkillSoft and Books 24x7:** an online learning opportunity that makes courses and books available to all team members at any time. In 2010, team members accessed Books 24x7 in 51,302 sessions, for an estimated 293,709 pages read
- **Career Development Portal:** more than 1,000 pages of interactive information about Career Paths, Learning Paths and Career Guidance. In 2010, the portal registered 196,786 page views.

In 2010, we created a new learning and collaboration space, which is one of the top five sites visited by team members. It helps team members, leaders and learning professionals understand Learning 2.0, development options, and resources supporting learning/career development. It includes a manager support guide, information on developing learning plans, and maximizing learning investments as well as a centralized link list to help TELUS team members find information easily. The site is now the standard entry point for any learning query at TELUS, streamlining the process for learning and collaborating at TELUS.

Learning investment¹

\$ in millions	2011 Budget ²	2010 ² 	2009 ²	2008 ²
Amount spent ¹	\$19.6	\$17.0	\$22.3	\$29.9

¹ Does not include TELUS International.

² Learning Investment dollars restated due to changes in methodology to align with our new budgeting system and the inclusion of previously excluded learning investment accounts.

The decline in learning investments is not reflective of a decrease in our commitment to learning. The trend reflects the restructuring of our workforce, the recessionary impacts on our business and the move toward more cost-effective learning delivery.

In 2010, we secured agreements with premium external learning partners who could deliver exceptional value and provide the very best training to the TELUS team. As a result, we were able to deliver quality learning to team members while achieving the targeted savings in the Learning Investment chart.

Formal learning courses completed¹

Estimated completion (000s)	2010	2009	2008
e.Learning	216	137	279
Instructor led	30	52	83
Total	246	189	362

¹ Does not include TELUS International.

In 2011, we plan to increase spending, but will continue to seek innovative ways to deliver effective development while managing costs to achieve our target of \$19.6 million.

External recognition

In 2010, Dan Pontefract, director, Learning and Collaboration, received two awards for innovation in learning:

- The Vanguard Award (Chief Learning Officer) – Given to learning executives who have either launched a new enterprise learning function or completely overhauled existing workforce development initiatives in the past year
- Corporate University Leader of the Year by the Corporate University Best-in-Class Awards (CUBIC) – The CUBIC awards were established to honour, recognize and promote internal training organizations and corporate universities that set standards of excellence in a variety of categories.



Welcome to TELUS

This program provides a comprehensive overview of our history, strategy, culture and performance expectations, including an introduction to the four TELUS values that define the code of conduct and behaviours that TELUS expects to see demonstrated by all team members on a daily basis.

In 2010, our live web sessions in Canada, which have evolved to include a webinar gallery, interactive collaboration platforms and additional informal and social learning, enabled new team members to access the

program from computers in their own locations. We delivered 17 sessions of the three-day program to 493 participants.

In 2010, we launched an initiative to standardize the orientation program that will be implemented in Canada in 2011. We also introduced other innovative add-ons, such as the use of a virtual world environment to assist with the on-boarding and orientation process. In addition, we made Welcome to TELUS programs with regional customization available to new team members internationally.

Work Styles

Adapting to a new world

Work Styles, introduced in 2007 and launched nationally in 2009, is an enterprise-wide program that supports team members, in eligible roles, to work when and where they are most effective – at home, in the office or in an alternate location. The program is designed to:

- Help managers and team members adopt a flexible work environment culture that enhances team member engagement and productivity
- Support the reduction of floor space utilization resulting in significant real estate cost savings
- Reduce our environmental impact through reduced greenhouse gas emissions.



The way we work is changing

In 2007, 39 per cent of TELUS team members were choosing mobile or at home working options, rather than the traditional office based location. By September 2009, an internal survey showed 52 per cent of respondents identified working this way at least part of the time. Work Styles offers benefits to the individual team member, the company and to the community at large. This was illustrated during the 2010 Vancouver Winter Olympic Games when Vancouver-based team members kept vehicles off the road to help reduce traffic, maintain business continuity and experience the personal benefits of working from home.

Embracing innovation in Work Styles

In 2010, we expanded our Work Styles program, providing information and tools to assist team members and their leaders make informed choices about Work Styles options. Work Styles was also introduced as a key component of our real estate strategy for new locations at TELUS House Toronto and Place TELUS Québec in Quebec City. Read about the grand opening of TELUS House Toronto, which was designed to support the way our team members want to work and set a new standard for excellence.

Today, we are enabling work styles for team members by providing remote-enabled access to their desktop and supporting a complementary program for At Home customer service agents.

While participation in Work Styles at TELUS continues to increase, we are not able to report on the environmental benefits of the program as statistics previously reported are not available for 2010.

In 2011, we will continue to support the adoption of Work Styles, in conjunction with our real estate consolidation in the Lower Mainland of British Columbia, Edmonton and Calgary. By 2014, we anticipate having as few as 30 per cent of team members will be resident office workers (working in traditional TELUS-based offices), while the remainder will choose either a mobile or work-at-home work style. We will also develop a process of measurement.

Recognition

Recognizing our team

We believe increased team member engagement can positively influence productivity improvements, customer satisfaction, revenue growth, retention, attendance and overall team member satisfaction. This is why we strive to create a culture of appreciation where giving and receiving recognition is easy and in line with our values. In 2002 Team Machine was created to support the efforts and enable recognition across the organization. Team Machine was replaced by Bravo in August 2008.

Our recognition efforts align with our goal to become an employer of choice and our efforts to ensure every team member is supported, developed and recognized for their efforts in achieving our business goals.



Performance and career recognition

Demonstrating the TELUS values is the foundation of our corporate recognition strategy as evidenced by our recognition policies, processes and programs, including Bravo, our online recognition tool. Bravo, which was enhanced in 2010, empowers team members to send and receive recognition in the form of e-cards, gifts, gift cards and points that can be redeemed for catalogue items. Through Bravo, we also recognize team members every five years on their career milestones with a gift of points and either a plaque or a tree planted in their name. Reports indicate that all business units in TELUS and team members from all levels of the organization are actively participating in the program.

In addition to Bravo and career milestone recognition, there are three corporate formal award programs at TELUS:

- The Passion for Growth award program recognizes team members who exhibit the “We have a passion for growth” TELUS value for exceptional leadership. Recipients of this award are recognized for significant and measureable achievements impacting our business, our customers and our team
- In 2010, TELUS launched the TELUS commemorative coin program that is positioned to complement recognition aligned with other CEO recognition programs. TELUS coins are presented as a personal symbol of appreciation from the CEO for memorable accomplishments
- The TELUS Legends award program was launched in 2010 and is the highest recognition at TELUS. All active and former team members with 20 or more years of service are eligible to receive the award. We have Bravo for recognizing the great achievements happening across TELUS every day, and career milestones to mark long service with our company. The Legends award takes recognition one step further by paying tribute to team members who have consistently lived our collective values and made significant contributions to the TELUS legacy.

Improving recognition programs

In the 2010 Pulsecheck results, we saw a two per cent increase in team members’ view of our recognition efforts compared to 2009, despite the very challenging economic climate. We believe team members can see and appreciate the focus being put on recognition at TELUS. In 2009, we adopted a Recognition Essentials Framework to provide a holistic view of recognition. It has driven improved recognition practices and contributed to the evolution of the TELUS Engagement Forum.

The TELUS Engagement Forum was created in 2008 and continues to provide a disciplined approach to ensuring senior leaders actively participate in defining our recognition strategy. This forum provided the inspiration for a new recognition workshop for all leaders.

Despite difficult economic times, creating a culture of appreciation at TELUS in reflection of our values was a priority in 2010 and resulted in an investment higher than our projected budget of \$7.65 million. In 2010, we spent \$7.89 million ^(A) on team member recognition. This expenditure reflects 0.35 per cent of TELUS’ salary and benefit expenses in 2010.

Total team member recognition expense

millions	2011 Target	2010 Actual ^(A)	2009 Actual	2008 Actual
Recognition expense	\$8.80	\$7.89	\$8.59	\$8.80

In 2011, our total recognition budget is 8.8 million to cover Bravo awards and points, career milestone awards, and other individual and team recognition programs.

Wellness

Our commitment to wellness



Healthy Living

balance, strength, resilience

Une vie saine

équilibre, force, résilience

Healthy living supports a healthy mind. Being active, eating well, resting, attending to self-care and having a connection to those around you are all part of being mentally well.

TELUS is committed to fostering a healthy workplace where team members can achieve their full potential. Our aim is to create a workplace of choice that incorporates best practices in health and wellness and offers diverse programs based on our organizational needs. The wellness strategy adopts a holistic approach to overall health and well-being. The wellness team continues to educate and inform team members about how they can proactively manage their health and well-being. We currently measure each of our wellness programs separately.

In 2010, our focus expanded to include technology based awareness and events. We launched workshops on demand and ran national webinars. The workshops were accessible 24/7 through an online library. Themes included all aspects of proactive health and wellness.

We also continued to offer:

- National screening programs for blood pressure, cholesterol, glucose and body mass index
- BC Mammography Screening program on site in the Lower Mainland in partnership with the BC Cancer Society
- Flu vaccinations and pandemic preparedness
- Naturopathic immune support clinics, offering a

complementary approach to well-being during the cold and flu season

- Healthy foods in all vending machines, catering services and cafeterias
- Comprehensive leadership support services, including counseling to help leaders manage difficult issues faced by teams or individuals
- Team members and family support tools
- Corporate rates established with more than 70 fitness partners nationally and more than 20 onsite fitness facilities
- Onsite practitioners for massage, naturopathy and various other services
- Flexible childcare services designed to meet specific and changing needs of families through a variety of services and partnerships
- Partner For Life with Canadian Blood Services and Héma-Québec, delivering onsite clinics and promoting off site participation to fill the urgent need for blood in our communities
- TELUS Quit Smoking Recognition Program, which reimburses team members for the cost of their program if they remain smoke-free for one year after treatment
- Personal Health Assessment, which is a component of the mental health program we launched in 2009.

One of our goals for 2010 was to have 80 per cent of team members nationally having access to face-to-face wellness programs. We achieved 77 per cent and have set as a goal for 2011 to reach 80 per cent.

Healthy Measures

Approximately five per cent of TELUS team members were screened through the Healthy Measures program in 2010. Results have shown a reduction in health risk factors related to chronic illness for those who have participated in health coaching programs following the clinics.

Active Living

We are constantly looking at new ways to support and encourage healthy life habits. Our diverse portfolio continued to grow in 2010 with the addition of several more fitness partnerships and an Active Living challenge in the spring. In 2010, we achieved 20 per cent participation, which was lower than our target of 25 per cent participation, at our onsite wellness facilities. We

attribute our lower result to the fact that we had more team members working at home, as well as many team members relocating or moving into new facilities where we were ramping up membership. Despite this, we were able to encourage six per cent of team members who were not previously involved in any fitness program to become participants in our Active Living program. The Active Living Challenge will continue in 2011.

Mental health awareness

In 2010, we continued to help our team members effectively manage workplace stressors through education and awareness programs and services. We implemented a pilot to evaluate an end-to-end awareness and support strategy for mental health for both team members and managers. It is designed to provide clear and concise processes and interventions to proactively manage mental health issues while expanding awareness and reducing stigma. Valuable data and insights are being gathered and results will enable a stronger more targeted strategy for the entire company.

Throughout 2011, we expect to further extend mental health awareness to support leaders helping team members with challenging personal issues and crises.

TELUS Health Space®

The TELUS Health Space internal pilot was also launched in the fourth quarter of 2010. This one-year pilot leverages TELUS Health Space, an online platform developed by Microsoft as Health Vault. TELUS Health Space allows team members to collect, store and share their personal health information and to play an active role in managing their own health and wellness. This pilot will also give TELUS the information we need to ensure the platform is effective and user friendly before taking it to the Canadian market. It will help us shape new services through active real life testing, which should allow millions of Canadians to manage their personal health through technology-based solutions.

TELUS International

As part of the overall benefits provided to team members at TELUS International Philippines, we offer onsite clinics staffed by a medical team, fitness facilities and recreation partners that offer discounts to team members. In addition,

healthy food choices are available in cafeterias. A Healthy Living sports tournament, free flu shots and some in-house fitness classes are also offered to team members.

Social media and team members

TELUS and social media

Across the organization, team members are increasingly using social media tools to connect and collaborate about our business, new ideas and industry trends, which is encouraging innovation and increasing engagement. We established TELUS' social media usage guidelines in 2008.

In 2010, we introduced several social media capabilities. A few highlights are listed below:

Take The Mic was an eight-week program we ran in the second half of 2010 to promote team member collaboration, as team members play a key role in delivering on our brand promise to customers and shareholders. Take The Mic featured a weekly topic, a poll question, a platform for team member conversation and access to subject matter experts.



Learning through Social Media

Learning and development at TELUS has been transformed through the use of social media. Social learning tools include videos, blogs, micro-blogs and wikis.



Habitat Labs is an online community focused on the development of innovative new technologies. Participating team members get a sneak peak at ideas being developed

by other TELUS team members, who are able to test-run their prototypes. It also provides developers a place to display their technologies for the enterprise to use.

Green Teams

Green teams paving the way

We continue to cultivate a culture of corporate social responsibility through the TELUS Green Teams – our national network of environmentally conscious team members who volunteer their time to promote sustainability at work and at home. There are 15 Green Teams across Canada with more than 140 members. Our newest team is dedicated to the “greening” of TELUS corporate stores and Koodo kiosks.

In 2010, the Green Teams hosted 65 events, including workshops (on topics ranging from energy conservation to organic gardening), film screenings and presentations. They also supported corporate initiatives such as our mobile device recycling drive, Bike to Work Week and the Commuter Challenge. Some Green Team members attended conferences and participated in community events. Other activities include:

- The Quebec teams sold reusable coffee cups, donating all profits in support of the Centre for International Studies and Cooperation's work in Haiti.
- The Toronto and area teams promoted composting with their “Eat Green Use Green” campaign. A bowl of green apples was placed in each kitchen. Team members were invited to help themselves to the apples, but to use the compost bins provided for the cores. Waste audits were also conducted to encourage team members to be more aware of what they are throwing away
- The Barrie team participated in Eco-Fest 2010 in Barrie, Ontario, promoting paperless billing and presenting information about mobile phone recycling
- The Ottawa team purchased two electricity usage monitors, which measure the instantaneous and cumulative watts used for a single plug. Team members borrow the monitors to help them make more informed, smart energy choices
- The Burnaby teams hosted several sustainable food and merchandise expositions for team members,

working with local suppliers and conducted a four-month recycling trial of glass, metal and plastic containers

- The National Green Team held a video competition, inviting team members to submit videos about, “Making Future Friendly® Green Decisions”.

Scholarships

Our commitment to education

Post-secondary education is continually increasing in cost and many young Canadians need assistance to afford this level of education. As a major employer of educated Canadians, TELUS has a stake in helping Canadians access post-secondary education. Accordingly, TELUS offers post-secondary scholarships to dependent children of current TELUS team members. Our program provides:

- 12 awards of \$2,000 each for full time students entering the first year of their first bachelor's degree program
- Two awards of \$5,000 each for full time students currently enrolled in post-secondary studies in engineering, communications, information technology, computer science or business at the bachelor's or master's level.

These awards are available for one academic year. Candidates are selected by a committee of Canadian university and college representatives chosen by the Association of Universities and Colleges of Canada. The evaluation criteria are based mainly on academic performance and extracurricular activities or volunteer/community involvement. In addition, the quality of reference letters is considered.

In 2010, we processed 97 applications and 14 winners were chosen. In total, TELUS provided \$34,000 in scholarship funding.

In 2011, we intend to maintain the program with no changes planned.

Environment

Courage to innovate: Continuously improving efficiency and building a stronger green culture

Toward a more sustainable future through green initiatives

In 2010, the TELUS team remained committed to being a leading corporate citizen and reducing the overall environmental impact of our domestic and international operations, in line with our values. The strength of our environmental and sustainability culture at TELUS is the result of almost two decades of dedicated work in this field. Since we published our first environmental report in 1992, we have continued to evolve our environmental management and sustainability program to support what we believe is a best-in-class corporate responsibility programme. Our disclosure now aligns to the Global Reporting Initiative A+ level, we've been recognized as either a World or North American Leader on the Dow Jones Sustainability Index for the past decade and we have been twice named a Carbon Disclosure Leader by the Carbon Disclosure Project.

Our continued dedication to being an environmental leader and living up to our future friendly® brand promise has produced many milestones. The TELUS team has:

- Announced our climate change strategy, which commits TELUS to a 25 per cent reduction in greenhouse gas emissions and a 10 per cent overall energy reduction over the next 10 years
- Continued to align our environmental management system (EMS) with ISO 14001:2004 standard
- Seen our consumption of office paper drop from 117 million sheets in 2001 to 40 million in 2010
- Expanded our national network of Green Teams, comprised of dedicated individuals across Canada who volunteer their time to promote sustainability in the work place
- Transformed our real estate footprint by adhering to the Leadership in Energy and Environmental Design

(LEED) principles in all new buildings constructed. Our TELUS House Ottawa is now LEED Gold certified. Our TELUS House Toronto and TELUS House Quebec are targeting gold and silver respectively and the recently announced TELUS Garden head office development in Vancouver will see one of the two buildings be the first in Canada built to the new 2009 LEED Platinum standard

- Developed Work Styles program enabling our team members to work remotely, often at home, thereby reducing their own environmental impact and improving their work-life balance
- Promoted the use of Telepresence and teleconferencing technologies to reduce the cost and environmental impact of travel
- Continued to evolve our mobile device recycling program, resulting in almost 250,000 mobile devices recycled since 2007
- Supported conservation efforts in our communities through our TELUS Day of Giving™ and contributions to numerous environmental groups through our many support programs.

Looking forward to 2011 and beyond, we are focused on developing key sustainability initiatives to strengthen our corporate social responsibility efforts. We intend to further implement our climate change strategy to help us meet emission reduction targets, work on our supply chain sustainability and risk assessment and continue to align our environmental management system program to the ISO 14001:2004 standard. We are also looking for ways to bring innovative products to our customers that help them meet their sustainability goals. These include our teleconferencing and videoconferencing solutions

which help our customers and business partners reduce their travel, a more energy efficient network and server virtualization projects, an expanding end-of-life mobile device recycling, and e.bill paperless options for our customers.

Environment Management System

Managing our green initiatives

TELUS has had a formal environmental management system (EMS) since the mid-1990s. Our current goal, set in 2009, is to align our EMS programs with ISO 14001:2004. In 2010, we also set as a specific goal the alignment of our Human Resources (HR) business unit with the ISO 14001:2004 standard. We were successful in meeting this target.

We chose to focus our EMS upgrade efforts on HR because it has the highest environmental-risk-to-team-member ratio in large part because HR includes our Real Estate operations. We determined this by assessing the environmental risk of each business unit and normalizing it against the number of team members working within each unit. Our EMS covers both owned and leased properties.

In 2010, we also set a target to integrate TELUS International measures with our overall EMS program. As a first step in achieving this objective, we completed high level environmental risk assessments at our international locations. We plan to continue that effort in 2011 as part of that program.

Our target for 2011 is to continue executing the implementation plan and align our fuel management and utility pole storage programs with the ISO14001:2004 standard by the end of the year.

Environmental training

Training for a greener future

Environmental training, which we have provided to selected TELUS team members and contractors for more than 30

years, helps ensure we are fulfilling our responsibility as a leading corporate citizen. Our training programs are designed to provide team members with the necessary information to effectively mitigate potential environmental risks associated with their daily work activities.

Environmental training is a key component of our Environmental Management system and, as such, is regularly reviewed in the context of our environmental risks. The training includes topics such as spills and releases response and transportation of dangerous goods. In 2010, our team members completed 3,435 training courses with environment themes. This is up from the 1,709 courses in 2009 and is a result of our course refresher frequency, which ranges from one to three years, depending on the content.

In 2011, we plan to continue to delivering all necessary environmental training.

Energy and carbon

Climate change strategies

In 2010, TELUS announced our climate change emission and energy reduction targets. We undertook a two-year process of rigorous analysis and consultation with various stakeholder groups. Our efforts reflect the emphasis we are placing on greater sustainability and strengthening our position as a leading corporate citizen. Moving forward, we plan to fully integrate our climate change targets into TELUS' triple bottom line approach to business decisions, which will help us successfully execute our strategy.

Over time, the need to implement a climate change strategy has grown in importance for TELUS. We generate greenhouse gases and, as a result, we have a responsibility and an opportunity to do our part in reducing our emissions and those of our partners. We also need to understand and address climate change from a strategic perspective. Without a proper strategy and plan of action to address issues such as natural disasters due to climate change, we may put our business at risk. Our new climate change strategy has three primary components – mitigation, adaption and innovation. Each component has its own set of goals.

Mitigation

- 25 per cent absolute reduction below 2009 levels in greenhouse gas emissions by 2020
- 10 per cent absolute energy reduction below 2009 levels across our operations by 2020
- New eco-efficiency targets tied to customer connections measures and megabits.

Adaptation

- Enhance our business continuity planning in order to address the impact of adverse changes in climate such as flooding and forest fires
- Address our risk insurance program to cover new and emerging climate change-related risks.

Innovation

- Go to market with solutions and technology that will help TELUS, our customers and our partners in the community realize their climate change goals.

We have already begun implementing some key strategic activities to address our energy and emission footprint. We have hired an energy director to lead our energy reductions, and have begun retiring old equipment. As well, we have started real estate building retrofits, installing more efficient network and server equipment, real estate consolidation and team member education. As our strategy to meet our targets evolves, we will track and report our progress.

TELUS' energy footprint

We continue to categorize energy consumption (kWh) in three main categories (based on World Business Council for Sustainable Development Greenhouse Gas Protocol):

- Scope 1 or direct energy sources (such as fuels that include natural gas, gasoline, diesel, propane and heating oil)
- Scope 2 or indirect energy sources (such as electricity)
- Scope 3 or other energy sources (such as air travel).

The core of our energy footprint is tied to the use of electricity in our administration buildings, data centres and network infrastructure. In 2010 we continued to work on improvements and addressed:

- Our real estate footprint and implementing the Work Styles program

- Network transformation and equipment upgrades
- Data centre efficiency projects that provide heating and cooling efficiencies
- LEED building design in our new real estate holdings
- Internal education to team members
- Travel reduction.

Our 2010 results

Our total energy use in 2010 increased over 2009 by four per cent. Our indirect energy consumption increased by eleven per cent, while our direct energy consumption decreased by eight per cent. Throughout 2010, we focused on efficiency improvements, including fleet management improvements, real estate upgrades and LEED building construction, and network and technology infrastructure changeover. In 2010, we also rolled out TELUS Optik TV™, increased our total customer connections base by three per cent, and experienced business and network growth.

As we start to work toward our climate change targets, we expect that our total energy consumption will decrease in future years. Since 2008, we have worked to reduce team member travel by encouraging the use of teleconferencing and videoconferencing technologies, such as Cisco Telepresence. This has resulted in the continued reduction in energy use associated with air travel. Our total energy related to travel decreased by 12 per cent in 2010 over 2009.

The TELUS team not only sells Cisco Telepresence service to customers but we use it to lower travel costs and encourage team member collaboration and learning. In 2010, we also began hosting investor meetings and analyst calls over Telepresence.

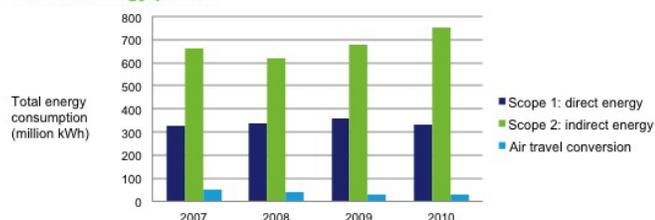
For the second year in a row, we have included our operations in the Philippines in our 2010 energy disclosure. While the results from the Philippines will not be part of our assurance values this year, our goal is to have the systems in place for assuring in 2011.

TELUS energy consumption¹

kWh hours (000s)	2010	% change	2009	2008
Scope 1: direct energy ²	330,190 ▲	-8	358,854	340,331
Scope 2: indirect energy ³	738,983 ▲	11	665,609	619,886
Green Power purchase	12,500 ▲	0	12,500	12,500
Total	1,081,673	4	1,036,963	972,717
Air travel conversion	27,095	-12	30,800	41,459
TELUS International ⁴	16,517	4	15,900	X
TELUS total including air travel and international	1,125,285	4	1,083,663	X

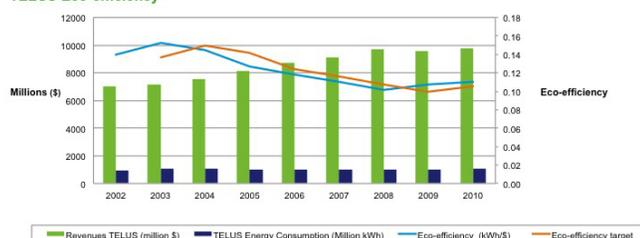
- 1 All results in kilowatt hours and includes Canadian TELUS operations only.
- 2 Includes all types of direct energy fuels – natural gas, gasoline, diesel, propane and heating oil.
- 3 Includes indirect energy – electricity.
- 4 Scope 2: electricity consumption and not part of the total kWh value.

TELUS energy profile



Since 2001, TELUS has set eco-efficiency targets (kWh/Revenue). In 2010, our target was a two per cent improvement relative to our total revenue. We did not achieve this target as our eco-efficiency was 0.11 kWh/\$ for 2010, which is a 2.5 per cent increase over 2009. This year, we have included a new eco-efficiency ratio that we will start to track and compare year over year in addition to our revenue-based eco-efficiency number. We will report on our energy consumption (kWh) to total customer connections. For 2010, our customer connection eco-efficiency is 84 kWh per customer connection.

TELUS Eco-efficiency



Carbon disclosure

In 2010, TELUS was named a Carbon Disclosure Leader by the Conference Board of Canada and the Carbon Disclosure Project, in the Canada 200 category for our excellence in climate change reporting.

Over the past several years our greenhouse gas (CO₂e) emissions have fluctuated within a narrow range. In 2010, our total emissions increased by five per cent, a trend we are looking to reverse over the next 10 years through our climate change strategy. Our direct emissions decreased by eight per cent and our indirect emissions increased by nine per cent. Our total scope 1 and 2 CO₂e emissions for 2010 were 352,000 metric tonnes compared to 335,000 metric tonnes in 2009.

This increase in our emissions can be explained by the fact the Environment Canada increased the emission factor related to the energy grid for Alberta. If the emission factor had not changed, our emissions would have remained virtually the same as the previous year. This is supported by the fact that our overall kilowatt hour consumption remained relatively the same as 2009 enterprise wide.

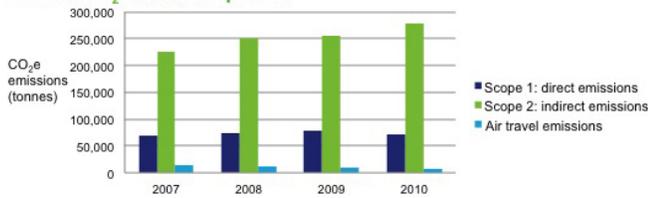
Our Scope 3 emissions, which we define as air travel emissions, continuously declined since 2008. In 2010, these emissions dropped by 11.5 per cent over 2009, and since 2008 they have declined by 36 per cent.

TELUS greenhouse gas emissions (tonnes CO₂e¹)

CO ₂ e	2010	% change	2009	2008
Scope 1: direct emissions	72,000 ▲	(8)	78,000	73,000
Scope 2: indirect emissions	280,000 ▲	9	257,000	252,000
Total	352,000	5	335,000	325,000
Air travel emissions	7,700	(14)	9,000	12,000
TELUS International ²	6,300	5	6,000	X
TELUS total including air travel and T.I.	366,000	5	350,000	X

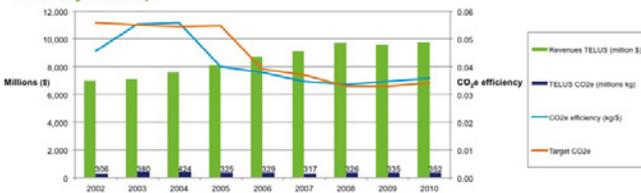
- 1 This represents TELUS' CO₂e emissions, which include carbon dioxide, methane and nitrous oxide and other green house gases for our Canadian TELUS operations only.
- 2 TELUS International total not included in the Total emission value

TELUS CO₂e emission profile



Our CO₂e efficiency target for 2010 was a two per cent improvement over 2009. Our target was 0.034 kg/\$revenue. Our actual efficiency was 0.036 kg/\$revenue, which is a three per cent increase from 2009, resulting in our target being missed.

TELUS CO₂e efficiency



Conference solutions and reducing our energy footprint

Since we began reporting on this metric in 2001, we have seen continuous improvement in our emissions avoidance. One of our strategies to offset our emission contribution is to invest resources in the promotion of video and teleconferencing as an alternative to travel for meetings for both team members and customers, and to reduce work commutes for team members through Work Styles.

In 2010, we continued to increase our telephone and video conference usage with an eight per cent increase in overall usage of both systems combined. Below are statistics for CO₂ and pollutant avoidance for both TELUS' internal operations and our customers from the use of our video and teleconferencing tools. While this is a commonly used approach to estimate emissions avoidance associated with telecommunications technology, there is a risk that the data provided does not accurately reflect the actual results associated with using these services. The number of participants, the distances travelled, and the mode of transportation can all vary greatly, especially in a company such as TELUS with national and international operations. However, we have aligned our methodology with that of Environment Canada's to estimate the CO₂ avoidance.

Estimated pollutants avoided using video and teleconference

	2010	2009	2008	2007
Number of video and teleconferences	1,390,970	1,282,805	1,184,409	929,937
CO ₂ ¹ avoided (metric tonnes)	594,602	540,676	500,000	395,037
% change in CO ₂ avoidance	10	8	26	33

The calculation assumes six participants who travelled an average of 300 kilometres by car to attend a meeting. Formulas used from Environment Canada.

Paper consumption

Reducing paper consumption

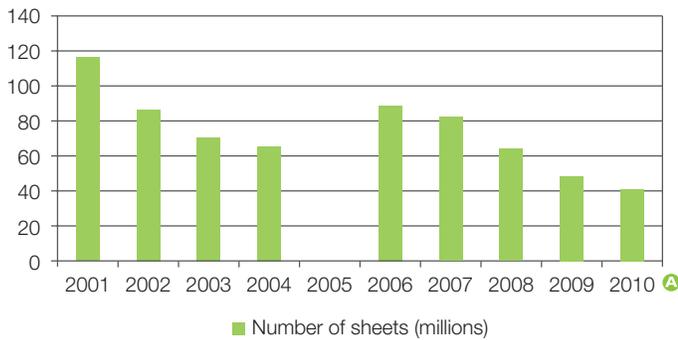
In 2010, the TELUS team continued to focus on our paper reduction, responsible paper purchasing and team education efforts. Our goal for 2010 was a 10 per cent paper reduction over 2009. We exceeded this target by reducing paper consumption by almost nine million sheets of paper or 18 per cent over 2009. Since 2006, we have cut our annual paper consumption by almost 50 million sheets of paper. We are targeting a further 10 per cent reduction in paper in 2011.

In 2009, the TELUS team targeted our paper purchasing program as an area of improvement. In 2010, we continued our partnership with Canopy, an environmental non-government organization and worked to transition all office supply paper to 100 per cent post consumer recycled content. In 2011, we will continue to work with our suppliers to meet this goal.



By the end of 2010, 28.6 per cent of our customer base (or 1.43 million customers) had moved to an e.bill rather than a paper bill. Thanks to a cause marketing campaign, this resulted in a total \$650,000 contribution to the Nature Conservancy of Canada and annualized estimated savings to TELUS of \$2.4 million. We plan to continue this focus in 2011.

Paper consumption



Note: 2005 data unavailable

Tree Canada partnership

TELUS also continued our partnership with Tree Canada. Through numerous TELUS initiatives (such as e-billing, 2010 Summer Perks program and our wireless handset recovery program), TELUS sponsored the planting of 60,121 seedlings in 2010. These programs help our customers support environmental stewardship through the choices they make regarding the use of TELUS products and services.



Waste and recycling

Achievements in waste management and recycling

Waste management and recycling remains a high priority at TELUS. In 2010, TELUS accomplished two significant achievements regarding waste:

- B.C. electronic equipment stewardship plan:** TELUS has been collecting, refurbishing for reuse, reselling, and recycling electronics for many years now. Our new plan will allow these processes to be tracked more formally and reported annually to the British Columbia government. It covers rental and retail TELUS customer premise equipment as well as equipment used by our team members. Mobile devices are addressed under the Canadian Wireless Telecommunication Association's Stewardship Plan – Recycle My Cell.
- Corporate waste and recycling strategy and plan:** In an effort to strengthen and standardize our current waste management program, we formed a core steering committee and began development

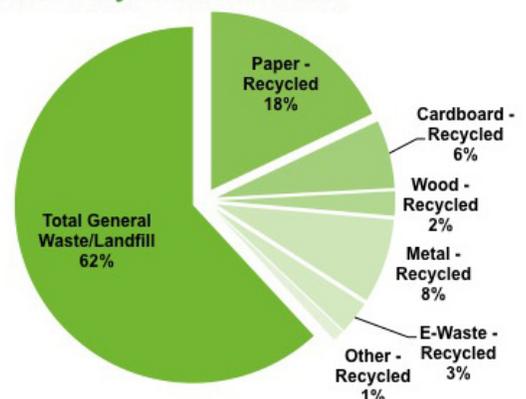
work on a corporate waste and recycling strategy. Through the development of the strategy and plan we have identified minimum levels of recycling service for 260 of our most populated buildings that account for 85 per cent of our Canadian workforce footprint and approximately 90 per cent of our total waste generation. We will work through 2011 to implement these new standards.

Also in 2010, we:

- Recycled, refurbished and repurposed 561.5 metric tonnes of e-waste, including circuit cards, data equipment, mobile devices, telecommunications equipment and electronics. This compares to 466 metric tonnes in 2009. We generated less e-waste because we curtailed our technology rollover program as a cost-saving measure. TELUS only utilizes domestic recycling facilities for the final disposition of e-waste products in Canada
- Recycled 2.86 million kilograms of paper, compared to 2.5 million kilograms in 2009. This increase is a result of improved team member awareness and internal tracking
- Recycled 156,150 handsets, compared to 108,419 in 2009. We exceeded our 2010 goal of 110,000 handsets through the Recycle My Cell program. Our goal for 2011 is 160,000
- Avoided 5,592 metric tonnes of solid waste going into landfills and achieved a 38 per cent diversion rate for 280 of our most populated buildings in Canada.

The chart below depicts the breakdown of our recycled material for 280 of our most populated buildings in Canada, calculated in metric tonnes.

2010 Waste and Recyclables at TELUS



Giving products extended life

In addition to responsible waste disposal, we also focus on giving certain products extended life, while benefiting our communities. In 2010, we continued to support the Computers for Schools program, contributing 20,699 kilograms of hardware compared to 15,832 kilograms in 2009. This included 2,025 laptop computers and 1,019 desktop computers, along with monitors and printers.



Water consumption

Water management improvements

Our target for 2010 was to increase the percentage of total consumed water we were able to measure across our real estate footprint. As we proceeded through the year, we realized we would not be able to obtain independent water readings for all of our properties and we did not increase our ability to measure water consumption more accurately. Our focus for the year was pursuing LEED certification in our new buildings, making efficiency improvements at existing buildings and consolidating our real estate footprint. Water metering implementation was determined to be not as high a priority given the available resources and the relatively low water intensity of our industry and operations.

In 2010, we were able to accurately measure our water consumption at 45 per cent of our total real estate footprint. In 2011, we will be meeting with internal stakeholders to determine the future direction of our water management strategy.

Environmental compliance

An exceptional environmental management track record

The past year marked the fifth year in a row that TELUS has not been fined for environmental non-compliance. We believe this reflects the successful performance of our environmental management processes and the effectiveness of our team member training program. In 2011, we will strive to maintain this track record.

Environmental site assessments

Changing the way we perform environmental assessments

Since the late 1990s TELUS team members and contractors have been assessing our key owned and leased properties for compliance to several areas of corporate environmental policy and regulation. The results of these assessments are tracked electronically and management team members then follow up on any issues that are identified.

Our 2010 goal was to conduct 1,780 site assessments, including 85 per cent of high-risk/high-value sites. We completed 1,832  environmental site assessments, including 100 per cent of high-value-risk sites, exceeding our goal. Of these site assessments, 1,742  were completed by field staff and 90  by Environment team members.

Our target for 2011 is to complete 1,750 site assessments, with 1,700 conducted by field staff and 50 by Environment team members. We will also be targeting to complete site assessments at 100 per cent of high-risk/high-value sites. Our target for environmental team members has been decreased in 2011 to account for the implementation of more detailed and time intensive assessment methodology. This methodology now includes an audit of our heating, ventilation and air conditioning systems to federal halocarbon regulations.

We completed significantly more assessments in 2009 and 2010 than the previous years because we combined our environment and safety assessments, covering the majority of our significant environmental building risks. As a result, we had more people conducting more environmental assessments.

Spills and releases

Raising our spill and release standards

TELUS continues an active program to track and report on our spills and releases. Under federal and provincial legislation, spills and releases over set thresholds are required to be reported to the appropriate agency and our target continues to be to maintain 100 per cent compliance with this requirement. In addition to reporting

externally, TELUS requires all spills and releases, regardless of amount, to be reported internally. This allows us to follow-up on all incidences and implement the appropriate corrective action where required.

We reported a total 221 spills in 2010, which is more than we have reported in previous years. We attribute this to the increased spills reporting training we provided to team members and contractors. In 2011, we will continue to communicate our expectations, procedures and regulations to team members and contractors.

Although the total number of spills increased, the majority of the increases were a result of spills that are considered not reportable by regulatory standards. The volume of liquids spilled decreased in 2010 compared to 2009, while the total weight of gas releases increased due to the increase in number of halocarbon releases. Most of these releases were classed as not reportable by regulatory standards.

We did not meet our target to report 100 per cent of all reportable incidents (our reporting compliance was 98 per cent) due to one incident that was not reported promptly. We conducted a thorough investigation, interviewing TELUS team members and contractors, and identified areas of improvement within our reporting process. We will implement these improvements in 2011.

In 2010, we combined all refrigerant gases into one category called halocarbon. In the past, gases were separated into two categories: those having ozone-depleting properties and those that contribute to the greenhouse gas affect. Both types of gases have global warming potential (GWP) properties. By measuring each gas by their GWP, we can more accurately calculate the impact our spills and releases have on climate change. Other substances that were released or spilled include glycol, fuel from generators or vehicles, battery acid and hydraulic fluid.

We continue to operate a 24/7 hotline that team members and others call to report spill or release incidents. The hotline staff also provides guidance for onsite management and subsidiary reporting to external agencies as required. Follow up and root cause analysis per incident are performed by the Environment team.

In 2011, we are planning additional steps to reduce halocarbon releases by identifying aging equipment and communicating this priority to TELUS team members as well as our building maintenance contractors. Halocarbon releases from our heating, ventilating and air conditioning systems accounted for more than 80 per cent of our reported spills in 2010. In addition, we plan on introducing a new system for the categorization of our spill/release incidents based on volume. This system will allow for a more accurate comparison of year-over-year trends and a clearer presentation of our data.

Spills and releases reporting¹

	2010 	2009	2008 ²
Reportable	46	42	24
Not reportable ³	175	119	98
Total spills	221	161	122
Approximate volume (L) ⁴	3,605	12,107	495
Approximate weight (kg) ⁵	1,905	1,420	800

- 1 Spill amounts reflect best estimate based on investigation results.
- 2 2008 figures were revised from our 2008 report due to a change in jurisdictional definitions of "reportable".
- 3 Spill and releases below regulatory thresholds do not require reporting and are termed "Not Reportable." Definition of "Reportable" varies by jurisdiction
- 4 Volume in litres includes liquid petroleum hydrocarbons, battery acid, glycol and other.
- 5 Weight in kilograms includes refrigerants (Chlorofluorocarbons) and fire suppression agents (Halon and FM-200).

Fuel system upgrades

Focusing on fuel system upgrades

To enable continuity of services as required by federal regulation, TELUS must provide its own back-up electrical power in the event that commercial electricity sources are not available. In addition, TELUS has certain remote sites where commercially provided power is not currently available. This requires the use and storage of diesel and propane fuel for power generation with diesel fuel posing an environmental risk if it leaks from either a storage tank or faulty fuel line.

We continue to focus on fuel system upgrades as installation and maintenance of these systems helps to mitigate the future risk of environmentally damaging spills. These upgrades include the installation of double-walled fuel storage tanks and remote spill monitoring systems, which alert our emergency operations centre in the case of a fuel spill.

Since the start of our formal fuel systems upgrade program in 2002, we have completed upgrades at 228 of our approximately 250 sites that have tanks larger than 2,500 litres. Our target for 2010 was to complete 15 sites. We were able to exceed this target and completed 21^A sites by year end.

Our target for 2011 is to complete 18 sites.

Halon inventory reduction

Removing halon

Halon 1301 was used in the North American telecommunications industry in fire-extinguishing equipment because it is not toxic to humans, but it has very high ozone-depleting properties. TELUS continues its multi-year effort to remove this compound across the organization and replace it with more environmentally sensitive detection and suppression technology. Since 2004, TELUS has removed more than 32,000 kilograms of Halon 1301 from our properties. Our remaining inventory (approximately 3,000 kilograms) is located at 10 remote facilities outside the major urban areas where we operate. In 2011, we aim to remove the Halon 1301 from two of these facilities. This is part of a multi-year plan to remove all Halon 1301 from our facilities.

Vegetation management

Developing a vegetation management standard

In an effort to control and manage unwanted vegetation growth at our facilities and along our right-of-ways, TELUS drafted an integrated vegetation management plan for the province of British Columbia. We intend to register this plan with the Government of British Columbia in 2011. Our plan involves selecting and combining vegetation treatments to target specific unwanted plant species that pose a risk to team member safety, facility access, facility security and facility reliability while minimizing impacts on the environment and the public. It incorporates a number of vegetation management techniques including pruning, pulling, mowing and the application of non-persistent

herbicides. The application of herbicides is well controlled and only done in circumstances where other vegetation management techniques are not practical. All herbicides within the plan are approved for use by Health Canada, and not applied within 10 metres of any water body. Herbicides will not be used for aesthetic vegetation control.

The goal for 2011 will be to begin implementing our plan for British Columbia and develop a corporate-wide, integrated vegetation management standard.

Contaminated sites

Addressing contamination

To manage the issue of environmental impacts from historical and current spills and releases, TELUS prioritizes sites to be addressed using a risk matrix method based on the Canadian Council of Ministers of the Environment approach. Assessment and remediation techniques vary with the extent of the contaminated area, and the degree and type of contamination. We continue to focus on remediation as a means to improve our environmental footprint.

Our 2010 target was to conduct assessment and/or remediation work on 16 sites and complete remediation work on two sites. Completed sites refer to sites that have known contamination remediated according to the appropriate regulatory guidelines for soil and/or groundwater. We successfully investigated 20^A sites but only completed remediation at one^A of our targeted projects. The remaining site was not completed due to unforeseen technical challenges that delayed the completion of the remediation work.

Our target for 2011 is to conduct assessment and/or remediation activities at 20 sites and have two sites completed.

Independent Assurance Report

To the Board of Directors and Management of TELUS Corporation ("TELUS"),

We have reviewed selected quantitative performance indicators and TELUS' self-declaration that it has met the A+ level of conformance with the GRI requirements (the "Subject Matter") presented in TELUS' Corporate Social Responsibility Report (the "Report") for the year ended December 31, 2010. We did not review all information included in the Report.

Subject Matter

We reviewed the selected quantitative indicators noted in the attached table labeled Attachment A and TELUS' self-declaration that it has met the A+ level of conformance with the GRI requirements. The selected quantitative performance indicators were chosen by TELUS primarily on the basis of perceived external stakeholder interest. We did not review the narrative sections of the Report, except where they incorporated the Subject Matter.

Responsibilities

TELUS management is responsible for collection and presentation of the Subject Matter set out in the Report. Our responsibility is to express a conclusion, based on our assurance procedures, as to whether anything has come to our attention to suggest that the Subject Matter is not presented fairly in accordance with the relevant criteria.

Methodology & Assurance Procedures

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Federation of Accountants. As such, we planned and performed our work in order to provide limited assurance with respect to the Subject Matter.

We obtained and evaluated evidence using a variety of procedures including:

- Interviewing relevant TELUS management and staff responsible for data collection and reporting

- Obtaining an understanding of the management systems, processes, and controls used to generate, aggregate and report the data
- Reviewing relevant documents and records on a sample basis
- Testing and re-calculating quantitative information related to the selected performance indicators on a sample basis
- Assessing the information collected for completeness, accuracy, adequacy and consistency
- Reviewing and discussing the final version of the Report with TELUS management to confirm that it reflected our findings.

Our evidence-gathering procedures were more limited than required for a reasonable assurance engagement and, consequently, we do not express an audit opinion on the Subject Matter.

We carried out our work on the selected performance indicators at TELUS' head office in Burnaby, British Columbia. We did not visit Telus' other national or international locations. Our assurance criteria comprised the Global Reporting Initiative Sustainability Reporting Guidelines (2006), industry standards, and TELUS internal management definitions as disclosed in the Report, informed by relevant regulations.

Our assurance team included individuals with environmental, health and safety, social, economics and assurance experience.

Conclusion

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the Subject Matter is not, in all material respects, presented fairly in accordance with the relevant criteria.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Vancouver, Canada
July 29, 2011

Attachment A:

TELUS 2010 Corporate Social Responsibility Report — Reviewed Performance Indicators

All figures as of December 31, 2010, unless otherwise noted. All financial figures are in Canadian dollars. Values rounded where appropriate.

GRI Ref	Performance Indicator	Coverage	2010 Value	Notes
EC1	Community investment	Canada	\$38.6 million	—
EN1	Paper consumption	Canada	40.3 million sheets	Includes office paper use only.
EN3	Total energy use – direct sources	Canada	330,190,000 kWh	—
EN4	Total energy use – indirect sources	Canada	751,483,000 kWh	Includes both conventional and Green Tag power
EN16	Total direct greenhouse gas emissions	Canada	72,000 tonnes CO ₂ e	—
EN16	Total indirect greenhouse gas emissions	Canada	280,000 tonnes CO ₂ e	—
EN23	Number of reportable spills and releases	Canada	46	Definition of “reportable” varies by jurisdiction
EN23	Number of non-reportable spills and releases	Canada	175	Definition of “non —reportable” varies by jurisdiction
EN23	Estimate total volume of spills and releases	Canada	Liquids: 3,605 litres Gases: 1,905 kg	—
EN26	Number of completed environmental site assessments and inspections	Canada	By Environmental Advisors: 90 By field staff: 1,742 Total: 1,832	Site Assessments are recorded on a per site basis
EN26	Number of fuel system upgrades	Canada	21	Includes both fuel system upgrades and removals
EN26	Number of active and closed remediation sites	Canada	Number of sites investigated: 20 Number of remediation projects closed: 1	—
HR4	Number of human rights cases opened and closed	Canada	Cases carried over from previous year: 12 New cases opened: 10 Cases closed: 13 Cases still in progress: 9	Human rights cases as defined by the Canadian Human Rights Commission
LA1	Total workforce – by region	Company-wide	British Columbia: 7,601 Alberta: 5,817 Ontario: 7,559 Quebec: 5,006 Other: 422 International: 8,407 TOTAL: 34,812	“Other” refers to other Canadian provinces. “International” refers to TELUS’ employees located in Singapore, the Philippines, the United States, the United Kingdom, South Korea and Australia.
LA1	Total workforce – by employment type	Company-wide	Regular: 34,076 Temporary: 736 TOTAL: 34,812	Active employees only. “Regular” refers to permanent full time and part time employees.
LA2	Voluntary employee turnover rate	Canada	7.6%	—
LA4	Total number of grievances and arbitrations	Canada	600	Reported by case
LA4	Unionization – percent of workforce unionized	Company-wide	Wireline: 52% Wireless: 37% TELUS International: 0%	—
LA7	Lost time accident rate	Canada	0.93	Number of lost time accidents per 200,000 work hours. Does not include contractors. LTA rate is calculated based on known incidents for 2010 as of January 18, 2011.
LA7	Absenteeism rate	Canada	7.6	Average number of days absent per full-time employee per year
LA10	Learning investment expenditures	Canada	\$17.0 million	—
LA13	Workforce demographics – gender and minorities as a percent of TELUS workforce	Canada	Women: 37.5% Visible minorities: 16.2% Persons with disability: 3.1% Aboriginal people: 1.6%	Because of lag in receiving national benchmark data, reported values are as of December 31, 2009. Metrics other than gender are based on completed surveys of TELUS employees.
n/a	Employee recognition expenditures	Canada	\$7.89 million	Total spend on reward programs designed to recognize employee performance.
n/a	Employee engagement - percentage of employees expressing job satisfaction	Company-wide	57%	Based on employee survey by third-party consultant

SO3	Percent of employees completing ethics training	Canada	100%	Percentage of employees that completed the 2010 ethics training as of February 22, 2011
SO4	Total number of inquiries and complaints made to TELUS Ethics Office	Canada	388	Total number of contacts to TELUS Ethics Office before screening and categorization
SO4	Number of inquiries and complaints made to TELUS Ethics Office relating to the company's ethics policy	Canada	304	—
SO4	Number of concerns determined to be breaches of ethics policy	Canada	96	—

Attachments

Global Reporting Initiative (GRI) Guidelines

TELUS and global reporting initiative guidelines

This report has been prepared using the Global Reporting Initiative (GRI-G3) Guidelines. The index below lists where you can find information related to each GRI criterion – either in the report or in the TELUS 2010 annual report. Combined, these reports form TELUS' reporting package of economic, social and environmental performance.

The 2010 Corporate Social Responsibility (CSR) reporting period consists of the 2010 calendar year and information reported within is confined to that period. TELUS has been publishing annual CSR reports since 1997. Questions concerning content of information within the 2010 CSR report should be directed to sustainability@telus.com.

Throughout the year we also provide information to the Dow Jones Sustainability Indexes, FTSE4Good, the Carbon Disclosure Project and other organizations that help investors understand the economic, environmental and social performance of companies.

For this report, TELUS is self declaring at a Level A+ checked, based on the assessment of our report content against the criteria in the GRI application levels. PricewaterhouseCoopers reviewed TELUS' self-declaration that it has met the A+ level of conformance with the GRI requirements. Based on their work as described in their Independent Assurance report, nothing has come to their attention that causes them to believe that the self-declaration is not, in all material respects, presented fairly in accordance with the relevant criteria. PricewaterhouseCoopers has provided limited assurance of indicators symbolized throughout the report with .

TELUS supports the United Nations Global Compact (UNGC) and its 10 principles covering human rights, labour,

environment and anti-corruption. The Communications of Progress section our Corporate Social Responsibility Report cover TELUS' progress in 2010 in these areas and we reference the UNGC Principles in the table.

Report Application Level	C	C+	B	B+	A	A+
G3 Profile Disclosures 	Report on: 1.1 2.1 – 2.10 3.1 – 3.8, 3.10 – 3.12 4.1 – 4.4, 4.14 – 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 – 4.13, 4.16 – 4.17		Same as requirement for Level B	
G3 Management Approach Disclosures 	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
G3 Performance Indicators & Sector Supplement Performance Indicators 	Report on a minimum of 10 Performance Indicators, including at least one from each of Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) Reporting on the Indicator or b) Explaining the reason for its omission	
		Report Externally Assured		Report Externally Assured		Report Externally Assured

*Sector supplement in final version

Profile

Description	Page number	UNGC Principle
1.1 Statement from CEO	10	Statement of support
1.2 Statement of key impacts, risks and opportunities	10, 13, 19	Principle 7, 8, 9

Organizational Profile

Description	Page number	UNGC Principle
2.1 Name of reporting organization	2	
2.2 Major services	2	
2.3 Operational structure-main division, operating companies	5	
2.4 Location of headquarters	28	
2.5 Countries in which TELUS operates	5	
2.6 Nature of ownership	Who we are TELUS Information Circular (page 5)	
2.7 Markets served	24	
2.8 Scale of reporting organization	28	
2.9 Significant changes – openings, closings, structure	10	
2.10 Awards received in the reporting period	Online only	

Reporting parameters

Description	Page number	UNGC Principle
3.1 Reporting period	5	
3.2 Date of most recent previous report	5	
3.3 Reporting cycle	Annual	
3.4 Contact point for questions	5	
3.5 Process for defining report content	16, 93	
3.6 Boundary of report	5	
3.7 Limitations on scope of report	5	
3.8 Basis for reporting on ventures that can affect comparability from period to period	Not applicable to our scope of reporting	
3.9 Decision to apply or not apply GRI principles	93	
3.10 Explanations for restated information from previous reports	Any restatements are clearly stated within the Report	
3.11 Significant changes in measurement methods	Not applicable	
3.12 Table identifying the location of the Standard Disclosures in the report	93	
3.13 Policy and current practice with regard to seeking external assurance for the report.	90	

Governance, commitments, and engagement

Description	Page number	UNGC Principle
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	33	
4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Online only	
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	33	
4.4 Mechanism for stakeholders to provide direction	16	
4.5 Linkages between executive compensation and achievement of organizational goals	Executive Compensation discussed in Annual Report Information Circular page 54	
4.6 Process for governance body to ensure conflict of interest avoided	33	
4.7 Process for ensuring required expertise of Board members	33	
4.8 Mission and value statements, codes of conduct, policies relevant to economic, social and environmental performance	17, 18, 66	
4.9 Process of governance body for overseeing the organization's management of economic, social and environmental performance and status of implementations	18, 33	

Description	Page number	UNGC Principle
4.10 Process for evaluating the highest governance body performance with respect to economic, social and environmental performance	33	
4.11 Discussion on whether and how the precautionary principle is addressed	17	7
4.12 Externally developed economic, social and environmental charters or principles to which the organization prescribes or endorses	93, 101	
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic	UNGC Community Partnerships Education Health Care Sports Environmental Support	
4.14 Stakeholders engaged by the organization	16	Principle 10
4.15 Basis for identification and selection of stakeholder	16	Principle 10
4.16 Approaches to stakeholder engagement, including frequency of engagement by types and by stakeholder group	16	Principle 10
4.17 Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting	16	Principle 10

Economic performance indicators

Core/Add	Description	Page number	UNGC Principle
Management Approach			
	Economic	19	
Economic Performance			
EC1	core	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments	28, 44, 45, 47, 56, 72
EC2	core	Financial implications and other risks and opportunities for the organization's activities due to climate change	82 Principle 7
EC3	core	Coverage of the organization's defined benefit plan obligations	72
EC4	core	Significant financial assistance received from government	Annual Report, section 8.2.3. p.84 (table)
Market Presence			
EC5	add	Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation	72
EC6	core	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	30

Core/ Add	Description	Page number	UNGC Principle	
EC7	core	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations	72	
Indirect Economic Impacts				
EC8	core	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind and pro bono engagement	10, 24, 30, 31	
EC9	add	Understanding and describing significant indirect economic impacts, including the extent of impacts		

Social performance indicators

Core/ Add	Description	Page number	UNGC Principle	
Management Approach				
	Community Investment	20		
	Team Members	20		
	Human Rights	21	Principles 1, 2, 6	
Employment				
LA1	core	Total workforce by employment type, employment contract, and region	62, 68	
LA2	core	Total number and rate of employee turnover by age group, gender, and region	72	
LA3	add	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	72	
Labour/Management Relations				
LA4	core	Percentage of employees covered by collective bargaining agreements	65	Principles 1, 3
LA5	core	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	65	Principle 3
Occupational Health and Safety				
LA6	add	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	65	Principle 1
LA7	core	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	65, 70	Principle 1
LA8	core	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	78	Principle 1
LA9	add	Health and safety topics covered in formal agreements with trade unions	TELUS does not deem this to be significantly material	

Core/ Add	Description	Page number	UNGC Principle	
Training and Education				
LA10	core	Average hours of training per year per employee by employee category	74	
LA11	add	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	74	
LA12	add	Percentage of employees receiving regular performance and career development reviews	17, 72	
Diversity and Equal Opportunity				
LA13	core	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	33, 68	Principles 1, 6
LA14	core	Ratio of basic salary of men to women by employee category	72	
Social Performance Human Rights				
HR1	core	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	22, 65	Principles 1, 2, 3, 4, 5, 6
HR2	core	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	22	Principles 1, 2, 3, 4, 5, 6
HR3	add	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	66	Principles 1, 2, 3, 4, 5, 6
Non-Discrimination				
HR4	core	Total number of incidents of discrimination and actions taken	66, 67	
Freedom of Association and Collective Bargaining				
HR5	core	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	TELUS' Ethics Policy allows for all employees to exercise freedom of association and collective bargaining	Principles 1, 2, 3
Child Labor				
HR6	core	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	101	Principle 5
Forced and Compulsory Labor				
HR7	core	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	101	Principle 4

Core/ Add	Description	Page number	UNGC Principle
Security Practices			
HR8	add	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	67 Principle 1, 2
Indigenous Rights			
HR9	core	Total number of incidents of violations involving rights of indigenous people and actions taken	TELUS has no incidents/ actions of violations involving indigenous people
Social Performance: Society			
Community			
SO1	core	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	30, 32, 36, 41
Corruption			
SO2	core	Percentage and total number of business units analyzed for risks related to corruption	33 Principle 10
SO3	core	Percentage of employees trained in organization's anti-corruption policies and procedures	67 Principle 10
SO4	core	Actions taken in response to incidents of corruption	70 Principle 10
Public Policy			
SO5	core	Public policy positions and participation in public policy development and lobbying	35 Principle 1-10
SO6	add	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	TELUS does not deem this to be significantly material
Anti-Competitive Behavior			
SO7	add	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	See Litigation and Legal matters in 2010 annual Report (section 10.9)
Compliance			
SO8	core	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	See Litigation and Legal matters in 2010 annual Report (section 10.9)
Social Performance: Product Responsibility			
Customer Health and Safety			
PR1	core	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	22, 36, 40 Principle 1 to 10
PR2	add	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Compliance See Litigation and Legal matters in 2010 annual Report (section 10.9)

Core/ Add	Description	Page number	UNGC Principle
Products and Service Labeling			
PR3	core	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	TELUS does not discuss this in the Report, however our products and services adhere to all laws and labeling requirements
PR4	add	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	See Litigation and Legal matters in 2010 annual Report (section 10.9)
PR5	add	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	36
Marketing Communications			
PR6	core	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	17, 18
PR7	add	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Not reported
Customer Privacy			
PR8	add	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not reported
Compliance			
PR9	core	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	See Litigation and Legal matters in 2010 annual Report (section 10.9)

Environmental performance indicators

Core/ Add	Description	Page number	UNGC Principle
Management Approach			
	Environment	22	Principle 7
	Supply chain	22	Principle 1,7,8,9
Materials			
EN1	core	Materials used by weight or volume	This metric is not material to our business operations as we are not a manufacturer, thus it is not reported on
EN2	core	Percentage of materials used that are recycled input materials	This metric is not material to our business operations as we are not a manufacturer. However, TELUS has switched all office paper to 30 per cent PCR
Energy			
EN3	core	Direct energy consumption by primary energy source	84 Principle 7, 8

Core/ Add	Description	Page number	UNGC Principle
EN4	core Indirect energy consumption by primary source	84	Principle 7, 8
EN5	add Energy saved due to conservation and efficiency improvements	82	Principle 7, 8
EN6	add Initiatives to provide energy-efficient or renewable energy based products and services, and reduction in energy requirements as a result of these initiatives	82	Principle 7, 8, 9
EN7	add Initiatives to reduce indirect energy consumption and reductions achieved	82	Principle 7, 8
Water			
EN8	core Total water withdrawal by source	87	
EN9	add Water sources significantly affected by withdrawal of water	TELUS does not deem this to be significantly material	
EN10	add Percentage and total volume of water recycled and reused	TELUS does not measure this	
Biodiversity			
EN11	core Land owned, leased, managed in biodiversity rich habitats	TELUS does not deem this to be significantly material	
EN12	add Significant impacts on biodiversity	TELUS does not deem this to be significantly material	
EN13	add Habitats protected and restored	TELUS does not deem this to be significantly material	
EN14	add Strategies, current actions and future plans for managing impacts on biodiversity	TELUS does not deem this to be significantly material	
EN15	add Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	TELUS does not deem this to be significantly material	
Emissions, Effluents and Waste			
EN16	core Total direct and indirect GHG emissions by weight	84	Principle 7, 8
EN17	core Other relevant indirect GHG emissions by weight	84	Principle 7, 8
EN18	add Initiatives to reduce GHG emissions and reductions achieved	82	Principle 7, 8, 9
EN19	core Emissions of ozone depleting substances by weight	84	Principle 7, 8
EN20	core NO, SO and other significant air emissions by type and weight	84	Principle 7, 8
EN21	core Total water discharge by quality and destination	TELUS does not report on this as it not material to our operations	
EN22	core Total weight of waste by type and disposal method	86	Principle 7, 8
EN23	core Total number and volume of significant spills	87	Principle 8
EN24	add Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex and percentage of transported waste shipped internationally	TELUS does not deem this to be significantly material	

Core/ Add	Description	Page number	UNGC Principle
EN25	add Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	TELUS does not deem this to be significantly material	
Products and Services			
EN26	core Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	82, 85, 86, 87, 89	Principles 7,8,9
EN27	core Percent of products sold and their packaging materials that are reclaimed by category	TELUS does not have a system in place to track this	
Compliance			
EN28	core Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	87	Principle 8
Transport			
EN29	add Significant environmental impacts of transporting other goods and materials used for the organization's operations and transporting members of the workforce	TELUS does not deem this to be significantly material	
Overall			
EN30	add Total environmental protection expenditures and investments by type	Environ-mental Support	

United Nations Global Compact

Report

The United Nations has developed a global agreement, or compact, to help businesses align their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. TELUS supports the compact and we report in line with its principles. The Company became a signatory of the UN Global Compact (UNGC) in 2010. This report should be read in conjunction with TELUS' Corporate Social Responsibility report for 2010 (www.telus.com/csr).



UN Global Compact (UNGC) Principle 1: Businesses should support and respect the protection of international human rights within their sphere of influence.

TELUS has a long-standing commitment to respecting and protecting human rights as outlined in our Ethics policy and reflected in our respectful workplace, employment equity and diversity practices.

The TELUS Ethics policy ties together all policies regulating business behaviour and provides guidelines for the standards of ethical conduct by all team members, including officers and members of the TELUS Board of Directors, wherever we conduct business. The Ethics policy formalizes our commitment to safeguard internationally proclaimed human rights. The policy is updated annually, communicated to team members and posted on TELUS' internal and external websites. Further details are provided for team members in the Respectful Workplace policy, which also applies at all sites where business activities are undertaken for TELUS.

In addition to complying with these two policies, TELUS International follows local legislation that protects human rights in all international jurisdictions where we operate. TELUS International delivers contact centre, IT and business process outsourcing solutions in multiple locations and languages to both TELUS and global companies. These contact centres are located in various countries including the Philippines, India, two Central American nations and the U.S.

Each year, TELUS requires its team members and contractors to complete an online training course that outlines key aspects of the ethics, respectful workplace, security and privacy policies. Entitled Integrity 2010, the course was completed by all team members and over 90% of contractors. Also, TELUS has implemented specific training based upon its Respectful Workplace policy.

Appropriate management control processes are in place to monitor Company practices. Collective agreements set out the steps of the grievance and arbitration processes available to team members covered by such agreements. Internal complaints about respectful workplace practices are investigated and addressed by the Respectful Workplace office, which reports quarterly to the Human Resources and Compensation Committee of TELUS' Board of Directors. The TELUS EthicsLine provides further support to anyone who has ethical questions/issues regarding the Company. Everyone is invited to use the TELUS EthicsLine to anonymously and confidentially ask questions, request support or make a good faith report about a real or perceived violation of the Ethics policy, government law or regulation, questionable business practice or accounting/auditing matter. All reports to the EthicsLine are addressed by the Ethics office, which reports quarterly to both the Human Resources and Compensation Committee and to the Audit Committee of TELUS' Board of Directors.

The Company is also developing a Supplier Code of Conduct (currently in draft form), which is to be used in our global supply chain. The code is expected to align to the 10 principles of the UNGC.

UNGC Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

TELUS' focus on respect in the workplace is an indication of our commitment to creating a positive, professional and safe working environment, and is a cornerstone of our values and culture. When employees respect each other, we improve work relationships, enhance teamwork and increase productivity. In support of this priority, TELUS launched the Respectful Workplace Office in 2004, which oversees our Respectful Workplace policy and works to resolve workplace issues.

Each year, key points from TELUS' Respectful Workplace policy are covered in the mandatory Integrity training course, including human rights. In addition, all newly hired employees are provided training on the policy. Our overriding goals are to help team members understand the law and what is considered acceptable behaviour in the workplace, as well as the protections and processes available to them should an inappropriate workplace issue arise.

In 2010, TELUS completed a review of its Respectful Workplace policy to ensure it is still pertinent within today's ever-changing work and legislative environments. Upon completion of the review, it was determined no changes were required. We also analyze complaints filed by team members with the Canadian Human Rights Commission to determine if there are any internal practices that are causing concern and that might require attention. A summary of the analysis may be found in our Corporate Social Responsibility report.

UNGC Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

TELUS upholds our employees' right to freedom of association at the work place and maintain a constructive dialogue with all labour unions and work councils active in our operations.

TELUS team members are free to join a union wherever permitted by law. A new collective agreement between TELUS and the Telecommunications Workers Union reached in April 2011 was ratified by union members and took effect on June 9, 2011. This agreement was made possible through a professional negotiating process that has set the stage for a constructive relationship into the future. The agreement covers approximately 11,000 members and expires on December 31, 2015. Highlights of the new agreement include improved hours of work and scheduling provisions for frontline customer experience team members, improved ability to re-engage retired team members and provisions to enable continued participation in TELUS' At Home Agent and Work Styles programs.

The current collective agreement with the Syndicat des agents de maîtrise de TELUS (SAMT), covering approximately 530 professional and supervisory team members in Quebec, remains in effect until December 31, 2011 and negotiations are expected to begin in the third quarter of 2011.

A new collective agreement was reached with the Syndicat Québécois des employés de TELUS (SQET) in August 2010, covering approximately 840 trades, clerical and operator services team members in TELUS' wireline operations in Quebec. The new agreement is in effect until December 31, 2014. Highlights of the new agreement include improvements to contracting out with improved transfer and voluntary severance plans for affected team members, introduction of common interest forums between TELUS and SQET and adoption of the corporate flexible benefit plan.

In 2010, TELUS Sourcing Solutions successfully renegotiated both of its collective agreements. The new agreement with the British Columbia Government and Services Employees' Union, covering approximately 60 team members expires on April 30, 2013 and the new agreement with Canadian Union of Public Employees, which covers about 20 team members, expires on December 31, 2012.

UNGC Principle 4: The elimination of all forms of forced and compulsory labour.

TELUS does not use nor support forced labour at any of our operations. The TELUS Ethics policy also states that all team members have the right to a safe and violence-free workplace and violence in the workplace is considered a criminal issue. TELUS has a Violence Prevention in the Workplace Investigation and Reporting Policy. Our draft Supplier Code of Conduct addresses forced labour and does not allow the use of forced labour in our supply chain.

UNGC Principle 5: The effective abolition of child labour.

TELUS does not use nor support child labour at any of our operations. Our draft Supplier Code of Conduct addresses child labour and does not allow the use of child labour in our supply chain.

UNGC Principle 6: The elimination of discrimination in respect of employment and occupation.

The TELUS Ethics policy states that every team member has the right to a workplace that is free from discrimination and harassment. The TELUS team places great importance on maintaining a culture that encourages the achievement of our business objectives in a manner consistent with our values. To promote company-wide awareness of this issue, all team members must complete annual online integrity training as a term of employment as noted above under Principle 1.

UNGC Principle 7: Businesses should support a precautionary approach to environmental challenges.

The Environment and Corporate Social Responsibility team, which is located within the Risk Management department of the Finance business unit, is comprised of professionals from across Canada responsible for TELUS environmental programs, including our environmental management system. The Environmental policy explains TELUS' commitment to environmental responsibility.

UNGC Principle 8: Undertake initiatives to promote greater environmental responsibility.

The strength of our environmental and sustainability culture at TELUS is the result of almost two decades of dedicated work in this field. Since we published our first environmental report in 1992, we have continued to evolve our environmental management and sustainability program to support what we believe is a best-in-class corporate responsibility program. Our disclosure now aligns to the Global Reporting Initiative A+ level and we have been recognized as either a World or North American Leader on the Dow Jones Sustainability Index for the past decade. In addition, we have been twice named a Carbon Disclosure Leader by the Carbon Disclosure Project. Details of our initiatives to promote greater environmental responsibility are explained in our Corporate Social Responsibility report (www.telus.com/csr)

UNGC Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

TELUS has committed to a 25 per cent reduction in CO2 emissions by 2020 over 2009 levels, and 10 per cent energy reduction over the same time. The Company will be doing this partly from internal innovation and energy efficiency projects. We also continue to offer teleconferencing and videoconferencing as a solution to team member and customer travel. We have also implemented an e.bill solution for our customers, reducing our paper consumption and thereby supporting our conservation efforts. In 2009, TELUS introduced a Work Styles program which is an enterprise-wide initiative that supports team members in eligible roles to work when and where they are most effective – at home, in the office or in an alternate location. The program is designed to:

- Help managers and team members adopt flexible, non-traditional styles of work
- Improve team member engagement and productivity
- Reduce the Company's environmental impact
- Help TELUS lower real estate costs over the longer term.

UNGC Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The TELUS Ethics policy states that the Company does not support any form of dishonesty, including bribery, kickbacks and extortion, either directly or indirectly through an agent or third party. As noted under Principle 1, our Ethics policy is updated annually. Our 2011 policy update included a review of the UK Bribery Act of 2010 to ensure we align with its requirements. Our draft Supplier Code of Conduct also stipulates that our suppliers are expected to refrain from engaging in any form of corruption, including bribes, kickbacks and extortion.

Glossary

4G (fourth generation): As defined by the International Telecommunications Union, 4G is the next generation of wireless technologies, including HSPA+ and LTE, which offers a substantial speed improvement over HSPA.

ADSL2+: Provides downstream data rates of up to 19 Mbps, which enables three simultaneous video streams into a home. TELUS' goal is to provide at least 15 Mbps of bandwidth to its targeted broadband footprint. These rates can be increased further by bonding multiple lines together.

bps (bits per second): A measurement of data transmission speed for the amount of data transferred in a second between two telecommunications points or within a network. Kbps (kilobits per second) is thousands of bits per second. Mbps (megabits per second) is millions. Gbps (gigabits per second) is billions.

best engagement company levels: Levels of engagement that would place TELUS in the high engagement zone as defined by Aon Hewitt, using a web-based engagement survey. Aon Hewitt is also a sponsor of the Best Employers in Canada study that measures engagement of employees and leaders.

broadband: Used to refer to communications services that allow high-speed transmission of voice, data and video simultaneously at rates of 1.5 Mbps and above.

cause marketing: A type of campaign involving the cooperative efforts of a company and a non-profit organization resulting in cross promotional activities that drive charitable donations to the non-profit organization.

CDMA (code division multiple access): A wireless technology that spreads over a frequency band that is larger than the signal to enable the use of a common band by many users and to achieve signal security and privacy. CDMA2000 refers to the family of third generation wireless standards that use CDMA.

churn per month: calculated as the number of subscriber units disconnected during a given period divided by the average number of subscriber units on the network during the period, and expressed as a rate per month. A prepaid subscriber is disconnected when the subscriber has no usage for 90 days following expiry of the prepaid card.

Clear & Simple® rate plans: Clear & Simple rate plans offer simplified pricing with no system access or carrier 911 charges, designed to make it easy for wireless customers to choose a plan that is right for them.

conflict minerals: refer to minerals mined in conditions of armed conflict and human rights abuses, notably in the Eastern provinces of the Democratic Republic of the Congo.

CO₂e: Equivalent carbon dioxide is a measure for describing how much global warming a given type and amount of greenhouse gas may cause, using the functionally equivalent amount or concentration of carbon dioxide (CO₂) as the reference.

CRTC (Canadian Radio-television and Telecommunications Commission): The federal regulator for radio and television broadcasters, and cable-TV and telecommunications companies in Canada.

customer connection eco-efficiency: total number of network access lines, high-speed Internet, dial-up Internet, IPTV, Satellite TV, and wireless subscribers in relation to our total energy consumption.

Customers First: A corporate priority focused on creating a best-in-class customer experience as measured by the voice of our customers.

fastest: Canada's fastest coast-to-coast HSPA+ wireless network is based on TELUS' tests of data throughput speeds in large Canadian urban centres available from national HSPA+ service providers. Internet access speed provided by the network operator may vary due to the device being used, network congestion, distance from the

cell site, local conditions and other factors. Speed on the Internet is beyond the wireless network operator's control and may vary with the user's configuration, Internet traffic, website server and management policies, and other factors.

fair process: A five-step process that helps team members make and implement decisions in a collaborative manner. It incorporates authenticity, clarity, transparency, consistency and changeability.

GoodLife fitness memberships: GoodLife fitness memberships are available for TELUS team members at approximately 50 per cent off regular fitness fees. Included with your membership are services such as personal training, child minding and nutritional counselling.

HSPA+ (high-speed packet access plus): A 4G technology capable of delivering advanced wireless data download speeds. HSPA+ network technology is currently capable of supporting manufacturer-rated peak wireless data download speeds of up to 21 Mbps and upload speeds of up to 5.8 Mbps.

health spending account: An account used by employees to obtain tax free reimbursement (except Quebec residents) for medical or dental expenses that qualify under the Income Tax Act and are not reimbursed by any other insurance plan (government or private).

International Financial Reporting Standards: principles-based Standards, Interpretations and the Framework adopted by the International Accounting Standards Board

IP (Internet protocol): A packet-based protocol for delivering data across networks.

IP television: An IP television service that uses a two-way digital broadcast signal sent through a switched telephone or other network by way of streamed broadband connection to a dedicated set-top-box. The TELUS service is trademarked as TELUS TV[®] and marketed as Optik TV.

Kids & Company: provides corporate clients' employees with nurturing, innovative child care services for their children to play, learn and thrive throughout the day.

life balance account: A benefit that provides team members with an annual dollar amount for activities that help achieve a work life balance.

lost time accident: Under the Canada Labour Code, an LTA is any time lost as a result of an accident. Lost time begins on the day subsequent to the accident.

LTE (long-term evolution): A 4G mobile communications technology, capable of wireless broadband speeds of up to 100 Mbps, that has emerged as a leading global wireless industry standard.

my personal assistant: A professional assistance company that specializes in decreasing stress by helping with everyday personal tasks.

Own.it: Six-step process for making business improvements within a 90-day time period, in which team members have an active role in identifying and implementing recommendations.

performance development: Relates to the process of setting objectives, performance appraisals and reviews, and establishing career development plans (including formal, informal and social learning) to enhance the performance of individual team members. This is also one of the top five drivers of the Engagement Score.

Pulsecheck: TELUS annual team member engagement survey.

remediation: Removal of contamination at a site to levels that do not exceed regulatory standards.

roaming: A service offered by wireless network operations that allows subscribers to use their mobile phones while in the service area of another operator.

smartphone: An advanced mobile device or personal digital assistant (PDA) that provides text messaging, email, multimedia downloads and social networking (e.g. Facebook Mobile) functionality in addition to voice.

spectrum: The range of electromagnetic radio frequencies used in the transmission of sound, data and video. The

capacity of a wireless network is in part a function of the amount of spectrum licensed and utilized by the carrier.

summer and holiday perks program: TELUS' Holiday PERKS campaign is sent out annually to some of our clients. It's a campaign where we give clients an opportunity to choose from a selection of gifts.

team member engagement: Engagement is a measure from our Pulsecheck survey, comprised of six survey questions that monitor three aspects of TELUS team members' relationship with the organization. Team Member Engagement is an indicator of our level of commitment, involvement and enthusiasm at TELUS

TELUS Community Ambassadors: Our network of dedicated retiree and team member volunteers.

Team TELUS Cares: Our national charitable giving and volunteering program for team members and retirees.

TELUS International entities: Our international operations in the Philippines, United States, United Kingdom, Australia, South Korea, Guatemala and El Salvador.

TELUS wireless: Provides integrated digital wireless voice and data services on a 4G HSPA+ high-speed network, 3G digital PCS (CDMA) network, and TELUS Push To Talk® services with Mike®, on Canada's only iDEN network.

TELUS wireline: A full-service incumbent local exchange carrier in British Columbia, Alberta and Eastern Quebec offering local, long distance, data, Internet, video, entertainment and other services to consumers and businesses. Nationally, we provide data, IP and managed solutions focusing on the business market in urban centres in Ontario and Quebec.

VDSL2 (very high-speed digital subscriber line 2): The next generation of fibre-to-the-node technology offering accelerated data download rates of up to 30 Mbps. These rates can be increased further by bonding multiple lines together.

Wi-Fi (wireless fidelity): The commercial name for networking technology that allows any user with a Wi-Fi-enabled device to connect to a wireless access point (e.g. hotspot).

Investor information

TELUS is committed to generating sustainable economic growth. Visit telus.com/investors.

Governance

TELUS is strengthening Canada's communities through the Governance Essentials Program. Visit telus.com/gep.

Community giving

TELUS has a unique and innovative national program of 10 community boards. Since 2005, the TELUS Community Boards have donated \$25.1 million to support 1,883 community projects. Visit telus.com/community.

Employment

TELUS is a great place to work, with a focus on attracting and retaining the best talent. Visit telus.com/careers.

Environmental stewardship

TELUS is committed to doing its part as an environmental steward. Visit telus.com/csr.



the future is friendly®

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