

# Pension Committee report

## Mandate

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 Edmonton Pension Plan, the TELUS Corporation Pension Plan, the TELUS Québec Defined Benefit Pension Plan, the TELUS Defined Contribution Pension Plan, the TELUS Health and TELUS Retail Pension Plan, any successor plans, any related supplemental retirement arrangements as mandated by the Board, and any related trust funds (collectively the Pension Plans). The Committee is responsible for reporting to the Board in respect of the actuarial soundness of the Pension Plans, the administrative aspects of the Pension Plans, our investment policy, the 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 fundamental changes in the governance structure for the Pension Plans.

## Membership

The current membership of the Committee is as follows:

Name	Independent
Stockwell Day (Chair)	Yes
Ray Chan	Yes
Lisa de Wilde	Yes
John Manley	Yes

Prior to May 11, 2017, Micheline Bouchard was a member of the Committee. On May 11, 2017, Ray Chan became a member of the Committee and Micheline retired from the Board.

## Meetings

The Committee meets at least once each quarter and reports to the Board on its meetings. Activities reviewed are based on its mandate and annual work plan. At each meeting, the Committee meets in-camera with the TELUS Treasurer and also in-camera without management present. The Committee also meets with Pension Plan auditors without management present at each quarterly meeting. The Committee held four meetings in 2017.

## Highlights

The following sets forth highlights of the actions taken by the Committee in 2017.

## Orientation

Orientation sessions were held for new members of the Pension Committee focusing specifically on the roles and responsibilities of the Committee and its various governance practices.

## Internal controls audit

Following the consolidation of the master trust account on April 1, 2016 and the monitoring and reporting framework, an internal controls audit was performed to assess the adequacy and effectiveness of the internal control structure for the period of April 1, 2016 to March 31, 2017 for the four main defined benefit pension plans: the TELUS Corporation Pension Plan, the TELUS Edmonton Pension Plan, the Pension Plan for Management and Professional Employees of TELUS Corporation, and the TELUS Quebec Defined Benefit Pension Plan (DB Plans).

Based on the external auditor's review of relevant documentation, assessment of controls, detailed testing and interviews with management, it was determined that the DB Plans have an effective system of internal controls in place.

## Governance

In accordance with its mandate, the Committee approved the appointments of the auditor and actuary for the Pension Plans. As well, the Committee received, reviewed or approved, as required, the following:

- The Committee's terms of reference
- The defined benefit plans' goals and objectives and long-term asset mix policy
- The annual report of the defined contribution plans
- The Committee's annual work plan
- An annual report, including annual financial statements and audit reports prepared by the external auditors, for each of the Pension Plans
- An audit scope report
- An annual update on developments in pension law
- Reports from the actuary of each Pension Plan, including the assumptions and results
- Plan budgets, including Pension Plan expenses and peer plan results
- Quarterly and annual investment results measured against plan benchmarks and liabilities and including an in-depth review of a featured asset class at each meeting
- Plan insurance coverage
- Management's self-assessment of internal controls
- Reports confirming compliance with Pension Plan ethical standards, investment policies and procedures, derivative policies and legislation
- Investment manager performance assessments
- Reports on investment strategy and risk assessment
- A report on the design, operation and procedural effectiveness of the governance structure for the Pension Plans
- A report on a pension survey of members of the defined contribution plans
- A report on de-risking of the asset mixes in the Microtel Pension Plans in preparation for wind-up
- Presentations by service providers
- Management presentations on the topics of Mercer Consulting's high-level overview of the current funded status of federally registered plans, a review by Northleaf Capital partners of the Plans' infrastructure investments with Northleaf, the priority of pension claims in an insolvency, and an outlook on the global and Canadian economy and capital markets.

Signed, the members of the Pension Committee



Stockwell Day (Chair)



Lisa de Wilde



Ray Chan



John Manley