

# Corporate governance

## Statement of TELUS' corporate governance practices

### What we do

- ✓ **Independent board and committees** – Thirteen of our 14 director nominees are independent and all of our committees are composed of independent directors
- ✓ **Separate role of Board Chair and President and Chief Executive Officer (CEO)** – We maintain separate Chair and CEO positions and our Chair is an independent director
- ✓ **Share ownership guidelines** – We require directors and senior executives to own shares, or have an equity interest in TELUS, to align their interests with our shareholders and we disclose share ownership targets and numbers
- ✓ **Majority voting for directors** – Our Board adopted a majority voting policy in 2003
- ✓ **Strong risk oversight** – Our Board and committees oversee our risk management program and strategic, financial and operational risks
- ✓ **Formal assessment process** – Our directors formally evaluate the effectiveness of the Board and its committees, as well as the performance of all individual directors (including the Board Chair and committee chairs) on an annual basis. In 2020, an independent review was conducted by Deloitte LLP
- ✓ **Limit on interlocking boards** – We limit the number of other public company boards our directors can serve on together
- ✓ **No overboarding of directors** – Our policy states that no directors should sit on more than four other public company boards. A director who is a chief executive officer or a full-time senior executive at a public company should not serve on more than two public company boards in addition to the Board of TELUS
- ✓ **Director recruitment and board succession** – We have adopted a 15-year term limit and a retirement road map that informs our Board succession planning and process
- ✓ **Diverse board** – Our Board represents a diverse mix of skills, background and experience. We have adopted targets to have at least two members who represent a visible minority or are Indigenous by our annual meeting in 2023, and women and men each represent at least one-third of our independent directors
- ✓ **Independent advice** – Each Board committee has full authority to retain independent external advisors to help it carry out its duties and responsibilities
- ✓ **Code of ethics and conduct** – Our directors, officers and employees must comply with our code of ethics and conduct and confirm their compliance every year
- ✓ **Shareholder engagement** – We have a formal shareholder engagement policy that describes how shareholders can provide direct feedback to the Board and we engage with shareholders throughout the year
- ✓ **Say on pay** – We have held an advisory vote on our approach to executive compensation every year since 2011
- ✓ **In-camera sessions** – Independent directors meet without management present at each Board and committee meeting
- ✓ **Formal director orientation and ongoing education program** – We have a comprehensive orientation process for new directors and an ongoing education program for the Board
- ✓ **Mentoring** – New directors are paired with a director who has several years of experience on TELUS' Board to act as a mentor and assist with their orientation and understanding of the functioning of the Board

### What we do not do

- ✗ **No slate voting** – Our directors are individually elected
- ✗ **No management directors on committees** – Our management director does not sit on any of the Board committees
- ✗ **No share option awards for directors** – We do not grant share options to directors
- ✗ **No monetization or hedging** – No director, executive or employee can monetize or hedge our shares or equity-based compensation to undermine the risk alignment in our equity ownership requirements

We are committed to effective and sound practices in corporate governance and we regularly assess emerging best practices and changing legal requirements. We are also committed to transparent disclosure of our corporate governance practices and to providing voluntary disclosure when we believe that disclosure is helpful to our stakeholders, even if that disclosure goes beyond what is legally required.

TELUS complies with all applicable Canadian and U.S. corporate governance rules, regulations and policies. Although not required to do so, we have voluntarily adopted the expanded definition of independence in Section 303A of the New York Stock Exchange Governance Standards (the NYSE governance rules). We are also in substantial compliance with most of the provisions of the NYSE governance rules that are not mandatory

for foreign private issuers, including the NYSE requirements regarding the independence of compensation committee members, except as indicated below.

With respect to shareholders' approval of security-based compensation arrangements, TELUS follows the Toronto Stock Exchange (TSX) rules, which require shareholders' approval of security-based compensation arrangements and material amendments only if they involve newly issued securities. This is in contrast to the NYSE governance rules, which generally require shareholders' approval of all equity-based compensation arrangements regardless of whether they involve newly issued securities or securities purchased in the open market.

TELUS follows many (but not all) of the incremental disclosure provisions under the NYSE governance rules.

## Board of Directors

### Oversight and mandate

The Board is responsible for the stewardship of the Company and for overseeing the management of the Company's business and affairs.

The Board has adopted the *TELUS Board Policy Manual* to assist directors in fulfilling their obligations, both individually and collectively, and to set out the expectations for the Board, Board committees, individual directors, the Chair, the committee chairs and the CEO. The terms of reference for the Board of Directors are contained in the manual and attached as Appendix A to this information circular. The entire *TELUS Board Policy Manual*, including the terms of reference for the Board of Directors, is reviewed annually by the Corporate Governance Committee and any amendments are approved by the Board.

The Board fulfills its duties and responsibilities both directly and by delegating some of these responsibilities to its committees. Following is a discussion of the key mandates for the Board, namely, strategic planning, risk oversight and succession planning.

To further delineate its responsibilities, the Board has adopted a delegation policy under which it delegates certain decisions to management. This policy provides guidance to the Board and management on matters requiring Board approval, including major capital expenditures, acquisitions, investments and divestitures.

**The Board plays a key role in reviewing the Company's corporate priorities and setting the Company's strategic objectives and goals.**

### Strategic planning

One of the Board's key mandates is to oversee the development and implementation of the Company's strategic objectives and goals. The corporate priorities and the plan to achieve those priorities are reviewed and approved by the Board each December. Every quarter, the Board receives updates on the Company's progress against each of the priorities, with key performance metrics and drivers. At each meeting, the Board holds detailed discussions on strategy and the implementation of the Company's strategic plan and priorities.

Critical to this process are the Board's strategic advance meetings, where the Board and management hold comprehensive discussions on the strategic plan and our corporate priorities, as well as progress toward our operational and financial targets. These meetings, as well as other activities during the course of the year, provide opportunities for our directors to meet with members of our senior leadership team to enhance their understanding of our business and to inform their participation in executive succession planning.

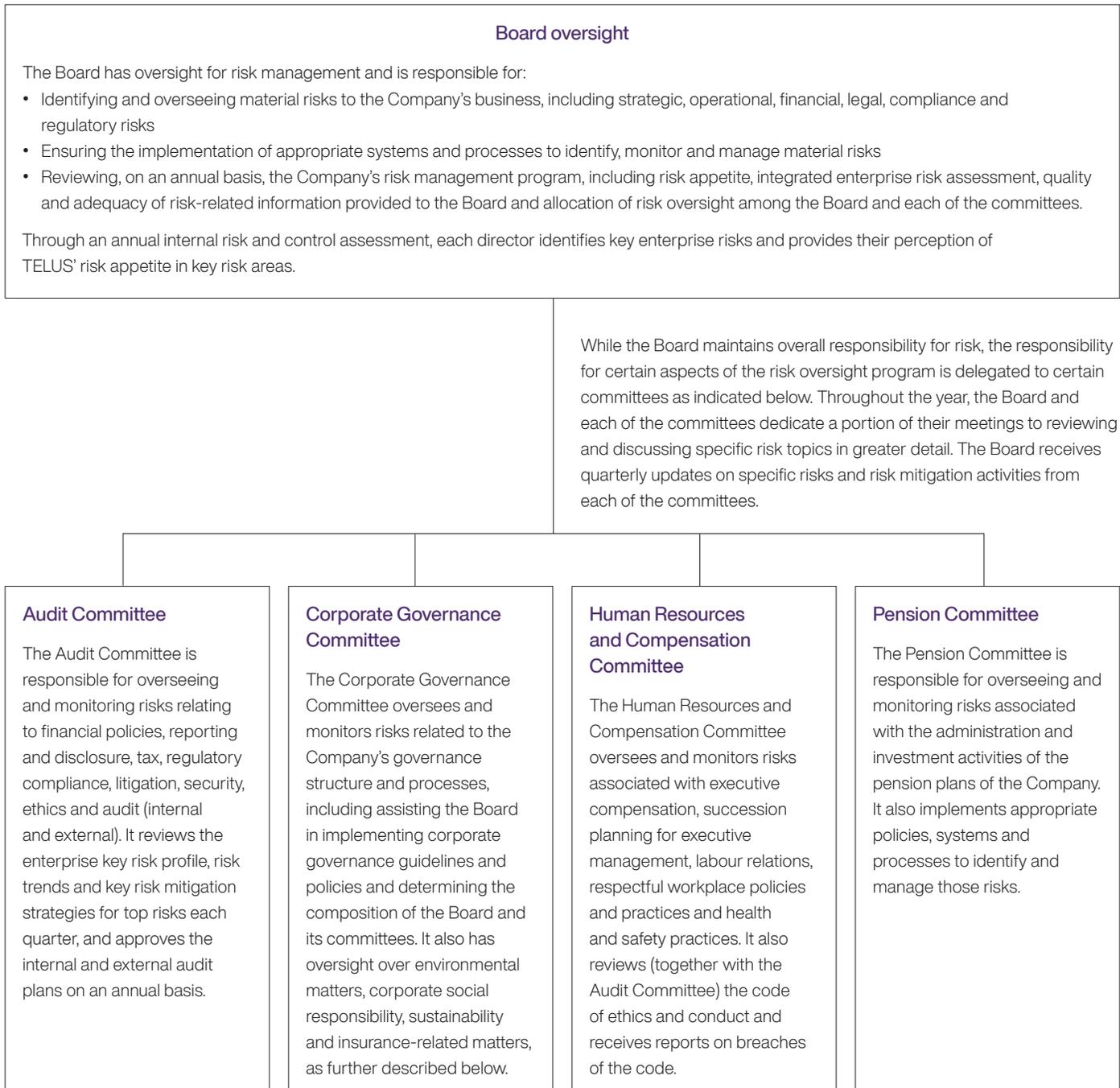
**A copy of the *TELUS Board Policy Manual* is available at [telus.com/governance](https://www.telus.com/governance).**

Until the summer of 2020, strategic advance meetings had been held each year over three days at the end of July / beginning of August. Due to the COVID-19 pandemic and restrictions on travel and in-person meetings, the three-day meeting originally scheduled for August 2020 was replaced by shorter strategic advance meetings held virtually prior to

each regularly scheduled Board meeting. We intend to keep this approach of shorter, virtual strategic advance meetings prior to regularly scheduled Board meetings so long as the Board and committee meetings are held virtually, which we anticipate will continue until at least the end of September 2021.

**Risk oversight**

Risk oversight and management is another key mandate of the Board.



For a detailed explanation of the material risks applicable to TELUS and its affiliates, see Sections 9 and 10 of Management's discussion and analysis in the TELUS 2020 annual report.

## Sustainability and environmental governance

Sustainability is embedded in our core business strategy – we are committed to following sustainable and responsible business practices and to making decisions that balance economic growth with healthy communities and social and environmental benefits. We have a long-standing foundation of sustainability governance, which supports our commitment to environmental stewardship and responsible corporate citizenship.

The Board has overall responsibility for stewardship of the Company, which includes risk oversight and management. The Board has delegated to the Corporate Governance Committee oversight of corporate social responsibility and sustainability, including climate-related risks. Our Sustainability and Environment and Enterprise Risk Management teams provide quarterly reports to the Corporate Governance Committee. These reports contain pertinent information regarding our environmental and climate-related risks, and related compliance activities and potential liability. The Corporate Governance Committee also oversees climate-related opportunities as they arise or are otherwise identified and discussed during quarterly committee meetings. The Corporate Governance Committee also reviews and makes a recommendation to our Board regarding approval of our annual Sustainability Report, which is available at [telus.com/sustainability](https://telus.com/sustainability).

Our CEO and executives are responsible for the approval of the overall strategic direction of our sustainability programs, which includes assessing and managing climate-related risk and mitigation as well as identifying climate-related opportunities. The Sustainability and Environmental team reports to our Executive Vice-President and Chief Financial Officer, who is responsible for the development and governance of our sustainability strategy. For more information on our climate-related governance, strategy, risk management and targets, see our Climate-related risks and opportunities discussion in our 2020 annual information form.

## Succession planning

Another key mandate of the Human Resources and Compensation Committee (Compensation Committee) and the Board is succession planning. Executive succession planning is fully integrated with the Company's overall succession planning process, which covers all management and key positions to ensure the development of talent and business continuity. At least twice a year, the Compensation Committee reviews the succession plans for the ELT (Executive Leadership Team – all Executive Vice-Presidents who are appointed officers of the Company) roles, as well as discussing potential successors for the CEO role.

The Compensation Committee and the Board continue to prioritize executive succession planning and invest significant time in CEO succession planning. The CEO succession plan and process, as well as the top high potential candidates for the CEO role, were discussed with the entire Board at two points in the year. With the support of Korn Ferry's CEO succession planning expertise and best practices, CEO succession candidates are undertaking additional assessment exercises and enhanced, specific development plans. Candidates are being assessed on a number of defined attributes including their leadership capabilities, sustained operational results and proven ability to drive strategy. The CEO, the Compensation Committee and the Board have discussed development opportunities, mentorship and enhanced responsibilities to support potential candidates' growth.

On an ongoing basis, the Compensation Committee and the Board also discuss talent management and succession plans throughout the year in the context of performance reviews and executive compensation. For more details on executive succession planning that was conducted in 2020, please refer to the Compensation Committee report on page 62.

**Succession planning is an important priority for the Board and is reviewed on an annual basis.**

## Committees

To help the Board fulfill its duties and responsibilities, the Board delegates certain powers, duties and responsibilities to its committees to ensure a full review of certain matters. These include the Audit, Corporate Governance, Human Resources and Compensation, and Pension committees.

The following table provides an overview of our current Board committees. Management directors do not serve on any committee and, as Board Chair, Dick Auchinleck is not a member of any committee but regularly attends committee meetings. All of the committees are composed solely of independent directors.

Committee	Number of meetings held in 2020	Members as of December 31, 2020	Independent
Audit	4	David Mowat (chair)	✓
		Christine Magee	✓
		Denise Pickett	✓
Corporate Governance	4	John Manley (chair)	✓
		Lisa de Wilde	✓
		Mary Jo Haddad	✓
		Kathy Kinloch	✓
Human Resources and Compensation	4	Mary Jo Haddad (chair)	✓
		Ray Chan	✓
		Kathy Kinloch	✓
		John Manley	✓
		Marc Parent	✓
Pension	4	Ray Chan (chair)	✓
		Lisa de Wilde	✓
		Marc Parent	✓

Each committee has terms of reference that set out its mandate, duties and scope of authority, and each committee reports to the Board on its activities on a regular basis. The mandate and responsibilities of each committee are shown in the table below.

	Mandate	Responsibilities
<b>Audit Committee</b>	To support the Board in fulfilling its oversight responsibilities regarding the integrity of the Company's accounting and financial reporting.	<ul style="list-style-type: none"> <li>• Monitoring internal controls and disclosure controls</li> <li>• Monitoring legal, regulatory and ethical compliance and reporting and the timeliness of filings with regulatory authorities</li> <li>• Reviewing and assessing the independence and performance of the Company's external and internal auditors</li> <li>• Overseeing the management of the Company's risks</li> <li>• Monitoring the Company's creditworthiness, treasury plans and financial policy</li> <li>• Overseeing the Company's whistleblower and complaint procedures.</li> </ul> <p>For more details on the Audit Committee's 2020 activities, see page 57. For more information on the Audit Committee, including its terms of reference, refer to the Audit Committee section in our annual information form for the year ended December 31, 2020.</p>
<b>Corporate Governance Committee</b>	To assist the Board in fulfilling its oversight responsibilities to ensure TELUS has an effective corporate governance regime.	<ul style="list-style-type: none"> <li>• Monitoring corporate governance developments, emerging best practices and the effectiveness of our corporate governance policies and practices</li> <li>• Identifying, recruiting and recommending nominees for election as directors</li> <li>• Providing ongoing education and development for directors</li> <li>• Overseeing Board and director evaluations</li> <li>• Recommending to the Board its determination of directors' independence, financial literacy, financial expertise, and accounting or related financial management expertise</li> <li>• Monitoring and reviewing insurance claims and property risks, corporate social responsibility and environmental matters and policies.</li> </ul> <p>For more details on the Corporate Governance Committee's 2020 activities, see page 59.</p>
<b>Human Resources and Compensation Committee</b>	To assist the Board in developing its compensation philosophy and guidelines on executive compensation and to oversee policies related to employees.	<ul style="list-style-type: none"> <li>• Determining CEO goals and objectives relative to compensation</li> <li>• Evaluating CEO performance</li> <li>• Reviewing and recommending to the Board for approval the compensation arrangements for the CEO (based on evaluation)</li> <li>• Reviewing and approving the compensation arrangements for our ELT</li> <li>• Overseeing executive succession planning</li> <li>• Monitoring executive compensation policies, health and safety policies, procedures and compliance, and certain aspects of our approach to business ethics and corporate conduct.</li> </ul> <p>For more details on the Compensation Committee's 2020 activities, see page 62.</p>
<b>Pension Committee</b>	To oversee the administration, financial reporting and investment activities for six registered Company pension plans, any related supplemental retirement arrangements as mandated by the Board, and any related trust funds (collectively the Pension Plans).	<ul style="list-style-type: none"> <li>• Monitoring the actuarial soundness of the Pension Plans</li> <li>• Monitoring the administrative aspects of the Pension Plans</li> <li>• Monitoring the investment policies of the Pension Plans</li> <li>• Monitoring the performance of the investment portfolios and compliance with applicable legislation</li> <li>• Recommending 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.</li> </ul> <p>For more details on the Pension Committee's 2020 activities, see page 61.</p>

Each committee also uses an annual work plan to guide its deliberations during the course of the year. The mandate of each committee and its annual work plan is approved by each committee on an annual basis. Finally, each committee has the authority to retain external advisors at TELUS' expense in connection with its responsibilities. The Compensation Committee retained Meridian Compensation Partners LLC (Meridian) in 2010 as its independent external executive compensation consultant. A description of Meridian's work for the Compensation Committee is on page 76. Since 2011, the Corporate Governance Committee has retained Meridian to assist in the annual market study of directors' compensation (see page 32).

We believe our directors should have exposure to different committees, so that they can develop a broad Company perspective. Our committee succession planning principles include facilitating consistency and continuity, having a common director on the Compensation Committee and Pension Committee (to provide a direct linkage on related matters), having a former Audit Committee member on the Pension Committee, and having former committee chairs act as emergency committee chairs, if required. In 2015, the Corporate Governance Committee approved the following additional planning principles:

- Generally, new directors serve only on the Audit Committee for the first year, and thereafter may serve on two committees
- The Chairs of the Audit and Compensation Committees will generally only serve on their respective committees of the Board, in consideration of the extra responsibilities associated with those roles
- The principles of our diversity policy should apply to the committee composition succession process to ensure that diversity considerations are taken into account when determining the optimal composition and mix of skills for each committee.

Accordingly, the Corporate Governance Committee reviews the composition of the committees annually and considers the desirability of rotating directors among committees. For instance, since joining in 2003, Dick Auchinleck has served on each committee, with his longest tenure being on the Corporate Governance Committee (10 years). Ray Chan joined the Board in 2013 and was on the Audit Committee for four years, as well as the Compensation Committee. He stepped down from the Audit Committee in May 2017 and joined the Pension Committee to gain exposure to a different area of the Company and to lend his financial expertise to this committee. As per our committee succession plan, Ray became chair of the Pension Committee after the May 2020 annual meeting.

In 2020, the Board approved the additional following changes to committee membership: after the May 2020 annual meeting, Marc Parent stepped down from the Audit Committee to rejoin the Pension Committee, and John Manley left the Pension Committee to rejoin the Compensation Committee. Mary Jo joined the Corporate Governance Committee on July 30, 2020 – while she is the Chair of the Compensation Committee, the Board determined, in consultation with Mary Jo, that her overall workload and responsibilities allowed her to serve on a second committee while continuing to act as Chair.

In 2021, we will continue the implementation of our committee chair succession process, with Lisa de Wilde replacing John Manley as the Chair of the Corporate Governance Committee after the May annual general meeting. John will remain a member of the committee, acting as a resource and helping to ensure a smooth transition with an emphasis on continuity and consistency. This change gives Lisa, a long-standing member of the Corporate Governance Committee, an opportunity to serve as chair of a committee.

For more information about our standing committees, see the committee reports starting on page 57. Each committee's mandate, which includes brief position descriptions for the chair of each Board committee, is also part of the *TELUS Board Policy Manual* available at [telus.com/governance](https://www.telus.com/governance).

**Our committee succession planning principles aim to balance giving directors exposure to different committees with maintaining expertise and institutional knowledge on each committee.**

## Independence

The Board determines independence using a set of criteria that go beyond applicable securities rules and the Board has chosen to voluntarily comply with all elements of the independence test set out by the NYSE, including those that are not binding on TELUS. Accordingly, the independence criteria applied by the Board comply with the applicable Canadian and U.S. governance rules and the NYSE governance rules. The Board's adoption of these criteria is reflected in the *TELUS Board Policy Manual*, which also requires a majority of the Board's members to be independent. Furthermore, all committee members must be independent. Members of both the Audit and the Compensation Committees must also satisfy the more stringent independence tests set out under the applicable Canadian and U.S. governance rules and the NYSE governance rules. With respect to the Board Chair, the *TELUS Board Policy Manual* provides that the Chair must be independent, but if that is not desirable in the circumstances, the Board must appoint an independent Lead Director.

The Board evaluates the independence of each director by applying these expanded independence criteria to the relationship between each director and the Company based on information updated annually through a comprehensive questionnaire.

As one of Canada's largest telecommunications companies and the incumbent local exchange carrier in certain provinces,

the Company provides services to its directors and their families and to many organizations with which the directors are associated. The Board has determined that the provision of services *per se* does not create a material relationship between a director and the Company. Rather, in determining if there is a material relationship, the Board examines a variety of factors, including the scope of the services provided, the monetary and strategic value of those services to each party, the degree of dependence on such relationship by either party and how easily a service may be replaced. The Board considers similar factors in assessing the materiality of any relationship between the Company and any customer, supplier or lender with whom a director is associated.

Applying the above tests and process, the Board is satisfied that, except for Darren Entwistle, there is no material relationship existing between any of the proposed directors, including the Chair, and the Company, either directly or as a partner, shareholder or officer of an organization, that has a material relationship with the Company.

As a regular feature at each Board and committee meeting, there is an in-camera session of the independent directors. The Chair or the committee chair, as the case may be, presides over these in-camera sessions. The following table indicates the number of regularly scheduled meetings, in-camera sessions and total meetings held by our Board and each committee in 2020.

Board/Committee	Regularly scheduled meetings	In-camera sessions	Total number of meetings
Board	6	6	6
Audit Committee	4	4	4
Corporate Governance Committee	4	4	4
Human Resources and Compensation Committee	4	4	4
Pension Committee	4	4	4

### Position descriptions – Chair and CEO

The Board has developed a description of the roles and responsibilities of the Chair and the CEO, to delineate clearly the Board's expectations of the Chair and the CEO. That description is included in the *TELUS Board Policy Manual* available at [telus.com/governance](https://www.telus.com/governance).

The Chair's primary responsibility is to lead the Board in its supervision of the business and affairs of the Company and its oversight of management. The Chair's duties include facilitating the effective operation and management of the Board; providing leadership to the Board to ensure it can function independently of management as and when required; fostering the Board's understanding of the boundaries between Board and management responsibilities; chairing in-camera meetings of the independent directors at all Board meetings; assisting the Corporate Governance Committee with the recruitment of new directors and the evaluation of the Board, its committees and its members; and facilitating the Board's efforts to promote engagement with, and feedback from, shareholders.

The CEO reports to the Board and bears the primary responsibility for managing the business and affairs of the

**The Chair of the Board is an independent director.**

Company. The CEO's duties include leading the execution of the Company's strategy; keeping the Board current on major developments; recommending the Company's strategic direction to the Board; developing and monitoring annual business and operational plans and budgets; fostering a customer's first culture that promotes ethical practices and supports individual and collective integrity; facilitating interaction between the Board and other key members of management; creating, maintaining and reviewing leadership development and succession plans for the ELT; supporting the Corporate Governance Committee in respect of recruiting new directors to the Board; supporting the Compensation Committee in respect of CEO succession planning; and developing and leading the execution of strategies with respect to relations with investors, shareholders, governments, communities and other stakeholders. In addition, the CEO is responsible for delivering on the Company's corporate priorities, which are approved annually by the Board.

**The CEO is responsible for managing the business and affairs of TELUS and for leading the execution of the Company's strategy.**

### Expectations of our Board – Attendance, caps on outside service and interlocks

Our Board expects each director to devote the time, energy and effort necessary for them to be effective. They should develop and expand their knowledge and understanding of our products, services and industry, participate in educational and development programs, and become effective ambassadors of the Company.

In accordance with the *TELUS Board Policy Manual*, each director is expected to attend all Board and committee meetings. The Corporate Governance Committee takes a director's attendance into consideration during the nomination process if a director attends less than 75 per cent of Board and committee meetings held in a year (unless due to exceptional circumstances). The following table provides a breakdown of each independent director's attendance.

Name	Board	Audit Committee	Human Resources and Compensation Committee	Corporate Governance Committee	Pension Committee	Total
Dick Auchinleck <sup>1</sup>	6/6					100%
Ray Chan	6/6		4/4		4/4	100%
Stockwell Day <sup>2</sup>	3/3			2/2	2/2	100%
Lisa de Wilde	6/6			4/4	4/4	100%
Tom Flynn <sup>3</sup>	3/3					100%
Mary Jo Haddad <sup>4</sup>	6/6		4/4	1/1		100%
Kathy Kinloch	6/6		4/4	4/4		100%
Christine Magee	6/6	4/4				100%
John Manley <sup>5</sup>	6/6		2/2	4/4	2/2	100%
David Mowat	6/6	4/4				100%
Marc Parent <sup>6</sup>	6/6	2/2	4/4		2/2	100%
Denise Pickett	6/6	4/4				100%

1 Dick is not a member of any committee but regularly attends committee meetings.

2 Stockwell resigned from the Board on June 3, 2020.

3 Tom was first elected to the Board on May 7, 2020.

4 Mary Jo joined the Corporate Governance Committee on July 30, 2020.

5 John left the Pension Committee and joined the Compensation Committee on May 7, 2020.

6 Marc left the Audit Committee and joined the Pension Committee on May 7, 2020.

Directors who are employed as CEOs or in other senior executive positions on a full-time basis with a public company should not serve on the boards of more than two public companies in addition to the Company's Board. Directors who (i) have full-time employment with non-public companies, (ii) have full-time employment with public companies but not as CEO or in a senior executive position, or (iii) do not have full-time employment, should not serve on the boards of more than four public companies in addition to the Company's Board. TELUS' CEO should not serve on the boards of more than two other public companies and should not serve on the board of any other public company where the CEO of that other company serves on the TELUS Board.

The Board has also limited the number of directors who can serve on the same board or committee of a publicly traded

company to two, unless otherwise agreed to by the Board. In 2016, the Board clarified the issues that the Corporate Governance Committee should consider when making its recommendation to permit more than two directors to serve on the same board or committee. Specifically, it will take into account all relevant considerations, including, in particular, the total number of Board interlocks at that time and the strategic requirements of TELUS. In 2020, the Board passed a policy limiting the ability of any director of TELUS Corporation to serve on the board of TELUS International or any of its subsidiaries without the approval of the Corporate Governance Committee, upon the recommendation of the CEO. The following table shows which TELUS director nominees served together on other public company boards as at March 10, 2021.

Company	TELUS director	Committees
CAE Inc.	John Manley	None
	Marc Parent	None

### **Board succession planning – Size and composition of the Board, nomination of directors and term limits**

The Corporate Governance Committee is responsible for Board and committee succession planning and for making annual recommendations to the Board regarding the size and composition of the Board and its committees. It also proposes new nominees for election as directors.

When considering the Board's size and composition, the Corporate Governance Committee and the Board have two primary objectives:

- To form an effectively functioning Board that presents a diversity of views and business experience
- To select a size that is sufficiently small for the Board to operate effectively, but large enough to ensure there is enough capacity to fully meet the demands of the Board and its four committees and to facilitate transition when new members are elected or appointed.

The Board believes that a board of directors consisting of between 12 and 16 members promotes effectiveness and efficiency.

The Corporate Governance Committee regularly reviews the profile of the Board, including the age and tenure of individual directors, and the representation of diversity, geography and various areas of expertise. The objective is to have a sufficient range of skills, expertise and experience to ensure the Board can carry out its responsibilities effectively while facilitating transition following the election or appointment of new directors. The Board also strives to achieve a balance between the need to have a depth of institutional experience and knowledge available from its members and the need for renewal and new perspectives. Succession planning for the Board, in line with these objectives, has been a key focus of the Corporate Governance Committee and the Board in recent years. For the May 7, 2021 annual meeting, two new candidates, Hazel Claxton and Sean Willy, are being nominated for election to the Board.

We believe Hazel and Sean will strengthen and complement the current skills and capabilities of the Board by bringing expertise in corporate social responsibility, human resources management and executive compensation, finance and accounting, governance, international experience and senior executive leadership. Achieving balance between institutional experience and renewal through effective and smooth succession planning is particularly important in light of the significant and continuing changes that the business of the Company experiences, the average age and tenure of current Board members, and the recent changes in Board membership.

The Board does not have a mandatory age limit, but it does have a term limit policy that requires directors who join the Board after January 1, 2013 to tender their resignation to the Corporate Governance Committee after 15 years of service. The Corporate Governance Committee has the discretion to recommend that the Board extend a director's term for such period as the Corporate Governance Committee deems appropriate, if it is in the best interests of TELUS to do so. The term limit policy does not replace the rigorous annual performance assessment process that takes place under the leadership of the Corporate Governance Committee (see page 48 for further details). In conjunction with the Board evaluation and as part of the succession planning process, directors are also canvassed on their intention to retire from the Board in order to identify impending vacancies as far in advance as possible.

The Board succession planning process also involves maintaining a skills matrix, which helps the Corporate Governance Committee and the Board identify any gaps in the skills and competencies considered most relevant for the Company. Each director is asked to indicate the skills and competencies that each director, including themselves, has demonstrated. The following table lists the top four competencies of our nominees, together with their self-identified gender, residence, tenure, age, diversity and official languages spoken.

	Gender	Residence <sup>1</sup>	Years on Board			Age	Language Diversity				Top four competencies <sup>2</sup>														
			0 to 5	6 to 10	11+		59 and under	60 to 69	70+	English	French	Visible minority	Indigenous Peoples	Senior executive / strategic leadership	Governance	Finance and accounting	Human resources management / executive compensation	Risk management	Industry knowledge and experience	Retail / customer experience	Corporate social responsibility	International experience	Corporate development	Information technology and information management knowledge and/or experience	Government / regulatory affairs
Dick Auchinleck	M	BC			X		X	X			X	X										X	X		
Ray Chan	M	BC		X			X	X	X		X	X	X		X										
Hazel Claxton	F	ON	X				X	X	X		X	X	X		X										
Lisa de Wilde	F	ON		X			X	X	X		X	X					X								X
Darren Entwistle	M	BC			X	X			X	X			X					X	X					X	
Tom Flynn	M	ON	X			X			X			X		X			X						X		
Mary Jo Haddad	F	ON		X			X		X			X	X							X					
Kathy Kinloch	F	BC	X				X	X			X	X			X		X								
Christine Magee	F	ON	X				X	X			X	X	X					X							
John Manley	M	ON		X			X	X	X		X	X						X							X
David Mowat	M	BC	X				X	X			X		X				X			X					
Marc Parent	M	QC	X				X	X	X		X	X	X												
Denise Pickett	F	ON	X			X		X			X						X		X		X				
Sean Willy	M	SK	X			X		X			X	X								X	X				

1 BC = British Columbia; SK = Saskatchewan; ON = Ontario; QC = Quebec

2 Definition of skills and competencies:

- **Senior executive/strategic leadership** – Experience as a senior executive of a public company or other major organization; experience driving strategic direction and leading growth
- **Governance** – Experience with, or understanding of, leading governance/corporate social responsibility practices with a public company or other major organization; experience leading a culture of accountability and transparency
- **Finance and accounting** – Experience with, or understanding of, financial accounting and reporting, corporate finance and familiarity with internal financial/accounting controls, and IFRS
- **Human resources management/executive compensation** – Experience with, or understanding of, executive compensation and benefits, talent management/retention, leadership development, diversity and inclusion, and succession planning
- **Risk management** – Experience with, or understanding of, internal risk controls, risk assessments and reporting
- **Industry knowledge and experience** – Experience with, or understanding of, telecommunications, content, health information industries, agriculture industries and/or security industries, including strategic context, market competitors and business issues facing those industries
- **Retail/customer experience** – Experience with, or understanding of, the mass consumer industry, customer experience and insights (whether directly or indirectly through retail channels)
- **Corporate social responsibility** – Experience with, or understanding of, corporate social responsibility initiatives, including environmental, social and governance (ESG), diversity and inclusion, and community affairs as business imperatives
- **International experience** – Experience with, or understanding of, cultivation and sustainability of international business relationships, including oversight of multinational operations
- **Corporate development** – Experience with, or understanding of, corporate development opportunities, including mergers and acquisitions
- **Information technology and information management knowledge and/or experience** – Experience with, or understanding of, relevant current and emerging technologies and related innovation (e.g., artificial intelligence, digital solutions/transformation), including telecom and agriculture technology, technology start-ups, governance of information management (e.g., cybersecurity), local and global regulatory requirements, and the Board's role in overseeing information technology
- **Government/regulatory affairs** – Experience with, or understanding of, provincial, federal and global government and public policy and regulatory environments across geographic footprints.

### Recruiting new directors

The Corporate Governance Committee maintains an evergreen list of potential candidates, which is based on its prioritized list of skills and attributes. This evergreen list must also include a diverse group of candidates, including a representation of balanced gender diversity. The directors, the CEO and senior management, as well as external professional search organizations, regularly identify additional candidates for consideration by the Corporate Governance Committee. Since 2016, the Committee has engaged an external recruitment specialist agency to assist with the recruitment process. Search protocols require that the pool of identified candidates meet the approved skills and diversity criteria.

When recruiting new directors, the Corporate Governance Committee considers candidates on merit, taking into account the vision and business strategy of the Company; the skills and competencies of the current directors and the existence of any gaps; and the attributes, knowledge and experience new directors should have in order to best advance the Company's business plan and strategies. Consistent with the Board diversity policy, the Corporate Governance Committee also takes into account multiple aspects of diversity, such as gender, geography, age and visible minority/Indigenous status, with a view to ensuring that the Board benefits from the broader exchange of perspectives made possible by diversity of thought, background, skills and experience.

The Committee reviews the list of candidates at each regularly scheduled meeting to identify top candidates and then the Chair of the Corporate Governance Committee conducts an initial meeting with such candidates. As the next step, candidates deemed to be most suited for the Board meet with the Chair of the Board, the CEO and, if appropriate, other members of the Board and the ELT.

In 2020, the Corporate Governance Committee, with the support of the external recruitment specialist agency, engaged in an active search of potential directors while applying the aforementioned principles and criteria. These efforts resulted in the recruitment and nomination of Hazel Claxton and Sean Willy for the May 7, 2021 annual meeting.

### Approval

The Corporate Governance Committee reports to the Board throughout the process. It then puts forward its recommendation for new directors to the Board for approval. The financial literacy and independence of the candidates are also assessed before Board approval.

### Board evaluation

To support Board succession planning and Board renewal, the Corporate Governance Committee, together with the Chair, carries out an assessment of the Board and the directors as provided for in the *TELUS Board Policy Manual*. In addition to succession planning, the evaluation process assists the Board in:

- Assessing its overall performance and measuring the contributions made by the Board as a whole, by each committee and each director
- Evaluating the mechanisms in place for the Board and each committee to operate effectively and make decisions in the best interests of the Company
- Improving the overall performance of the Board by assisting individual directors to build on their strengths
- Identifying gaps in skills and educational opportunities for the Board and individual directors in the coming year.

The Corporate Governance Committee reviews the adequacy of the evaluation process annually, with input from the Chair, and recommends any changes to the Board for approval. In 2020, the Corporate Governance Committee engaged Deloitte to conduct an independent review of the Board evaluation process, as well as to conduct an independent review of overall effectiveness and performance of the Board, the committees, each committee chair, the Board Chair and a peer assessment. Additionally, Deloitte assessed the director skills matrix and solicited feedback from the directors. As in previous years, this independent assessment also involved a survey of members of senior management who frequently interact with directors to evaluate the overall effectiveness of the Board and its committees and chairs, the extent to which the Board and management support one another and how that support may be enhanced.

In addition, Deloitte conducted its own interviews with each of the directors to solicit their feedback on their individual responses. Dick, in his capacity as Chair, interviews each director separately on an annual basis to focus on feedback from the surveys and each individual director's development plans.

Overall, the independent assessment by Deloitte revealed that the Board and all the committees are performing effectively with very high ratings from both the directors and senior management, which demonstrated strong alignment between the Board and management. The results from the peer assessment were also strong, with very high average ratings for each individual director. The Board and committee surveys revealed priority items that each should focus on. As well, the review of the director skills matrix resulted in changes to the matrix and adoption of new categories as discussed on pages 6 and 47.

Deloitte presented the results of all these surveys to the Corporate Governance Committee and the Board in November 2020. The results of this evaluation will guide the Board and the committees in developing an action plan to prioritize action items identified during the evaluation.

For more information on our process, see Appendix L of the *TELUS Board Policy Manual* available at [telus.com/governance](https://www.telus.com/governance).

### Diversity and inclusion

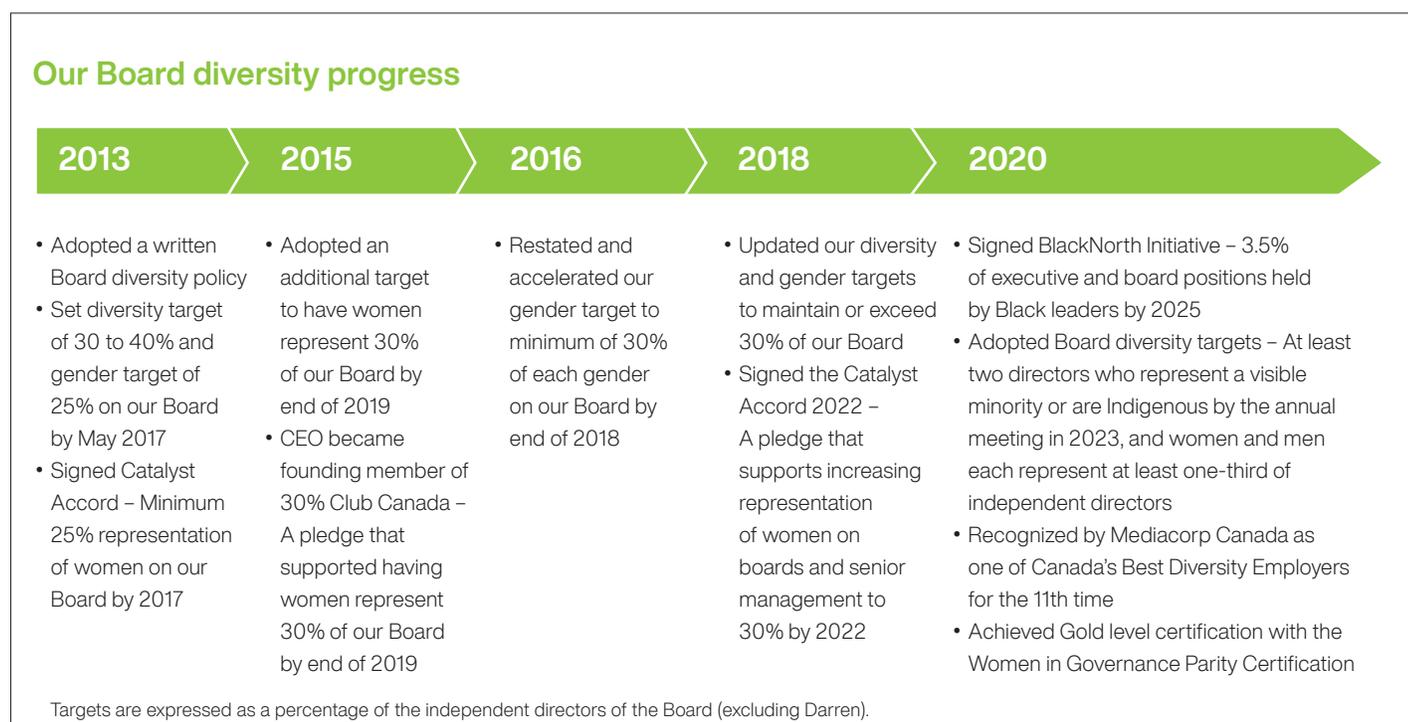
TELUS' commitment to diversity and inclusion (D&I) is a defining feature of our culture. Our team members have made it clear that this commitment is part of what makes them proud to be a part of the TELUS family. Our vision is to be a global leader in D&I, growing our diverse talented team and inclusive culture and strengthening our ability to connect for good.

### Board diversity

In 2013, the Board first adopted a written diversity policy to improve the representation of diversity on the TELUS Board.

We periodically updated the policy over the ensuing years, with our most recent update in November 2020. The Corporate Governance Committee, which is responsible for assessing Board composition, identifying suitable candidates and recommending director nominees to the Board, considers candidates on merit based on a balance of skills, background, experience and knowledge, and in these processes, the Committee will consider multiple aspects of diversity. See page 22 for additional details on the current Board diversity policy.

In furtherance of the commitment to diversity, on an annual basis, the Board will assess the diversity of the Board, and the Corporate Governance Committee will recommend to the Board for adoption measurable objectives for achieving Board diversity and inclusion in accordance with the diversity policy. Our Board diversity policy is included in our *TELUS Board Policy Manual*, which can be downloaded at [telus.com/governance](https://www.telus.com/governance). Our progress towards diversity is reflected in this timeline:



We extended our commitment to gender diversity by signing the Catalyst Accord 2022, which further pledges to increase the average percentage of women on boards and in senior leadership positions in Canada to 30 per cent or greater by 2022. This pledge underpins our strong support of increasing

diversity at all levels, including the representation of women in senior leadership roles. In 2020, TELUS signed the BlackNorth Initiative and pledged to have 3.5 per cent of executive and board positions held by Black leaders by 2025.

Currently, women represent 20 per cent of senior leadership positions (vice-president or higher at TELUS) and three women have an executive officer position at TELUS – Sandy McIntosh, Zainul Mawji and Andrea Wood – representing 25 per cent of our executive officers (12 individuals composed of the Chair, the CEO and all appointed officers of the Company).

### Our diverse and inclusive culture

We are committed to fostering a culture that removes barriers, focuses on inclusion, and ensures fair and inclusive processes for the attraction, retention and advancement of diverse talent. In June 2020, we reached out to team members to share TELUS' stance against racism and all forms of systemic bias, and reaffirm our commitment to continue standing united in our pursuit of equity, fairness, social justice and systemic change. Since then, and in keeping with TELUS' approach to fair process, we invited all team members to engage in honest and meaningful dialogue on how to best combat racial inequity, and to use these conversations to apply a wider lens and advance inclusion for our team members and our communities.

We have developed a clear and measurable plan of action to increase and promote D&I inside and outside of TELUS. By focusing on both behavioural and process changes, as well as adherence to existing best-in-class D&I practices, we will advance an equitable workplace culture. We have implemented several initiatives in connection with this strategy to help inform and evolve our leaders and people practices. Some of these are discussed below.

- Established in 2006, our D&I Team leads the D&I strategy across TELUS, partnering with the D&I Advisory Board to drive the alignment and integration of the D&I strategy across TELUS. Among the core mandates of the D&I Team are:
  - Ensuring alignment between our D&I strategy and our corporate priorities
  - Monitoring and measuring the results of D&I programs and best practices across TELUS.
- We are focused on increasing the representation of diverse talent at all levels across TELUS. This is supported in part through our strategic partnerships. This includes working with organizations like Magnet, immigrant employment councils in Edmonton, Toronto and Calgary, as well as engaging the governments of B.C. and Alberta to augment our Indigenous technician training and hiring program to help us advance our goals. TELUS has also signed the BlackNorth Initiative pledge, committing to seven goals to end anti-Black systemic racism and create opportunities for all underrepresented groups.

We strive to attract, interview and hire candidates with different abilities, experiences and perspectives to ensure TELUS remains an employer of choice for all.

- To support the next generation of women and diverse leaders in technology, TELUS has created the Diversity in Technology Scholarship. The scholarship is designed to support women and visible minority students in their last year of studies in technology. The scholarship includes a \$5,000 award, the opportunity to attend TELUS special events and a consultation with a member of our recruitment team. Since the advent of the scholarship in 2018, TELUS has awarded a total of 19 scholarships.
- In 2019, we achieved parity of gender representation in our Leadership Now program with women representing 52 per cent of participants. The program is designed to prepare participants for the step into leadership.
- Starting in 2018, we have focused on the quality and quantity of women candidates for technology positions through strategic outreach and neutralizing language in job postings. By revising the language in our career postings in an effort to attract and encourage more women to apply for TELUS roles, we have seen a significant increase in the percentage of women applying for the roles.
- Since 2014, team members in the position of vice-president and above have received training on conscious and unconscious biases, which enhances their talent development approach and appreciation of the importance of diversity in delivering successful outcomes for our shareholders, customers, team members and communities. In 2020, 95 per cent of our leadership team attended round table sessions that addressed systemic racism and unconscious bias and their role as leaders in this important work.

We provided thought leadership by sharing diversity knowledge and expertise with TELUS leaders. Our five team member resource groups (TRG) were established for women, Indigenous team members, team members with varying abilities, new immigrants and lesbian, gay, bisexual, transgender and queer (LGBTQ) team members, to help bring awareness and thought leadership to our cultural evolution and our multicultural business initiatives. Since the first group was launched in 2006, our TRGs have grown to more than 7,000 members. Together, they play an important role in advancing inclusion within our organization and throughout the communities around the world where we live, work and serve.

These groups offer mentoring, networking, peer support, volunteering and coaching opportunities to members. They also enable us to better understand the needs and preferences of our diverse customers and help TELUS to become one of the most recommended companies by customers in the world.

Rather than adhering to specific objectives at the executive level, we believe that these initiatives and efforts are more effective at contributing collectively to building and maintaining a pipeline of diverse candidates and ensuring that the representation of women, visible minorities, Indigenous Peoples and people with disabilities are key considerations when making leadership and executive officer appointments.

## Orientation and continuing education

### Orientation

The Corporate Governance Committee reviews, approves and reports to the Board on the directors' orientation program. New directors attend a full-day orientation session upon joining the Board, conducted by various members of senior management. The orientation session provides an overview of TELUS' strategy; business imperatives, plans and risks; financial condition and financing strategy; financial statement preparation process and internal controls; internal audit, ethics and enterprise risk assessment process; regulatory matters; telecommunications industry; treasury plans and pensions; taxation and legal entity structure; Board and committee governance, including mandates, roles and policies; corporate policies; and compliance and governance philosophy and practices. Orientation sessions also include in-depth sessions on different business units, such as consumer and small business solutions, broadband networks, TELUS Health, TELUS International, technology strategy, and business transformation and operations. New directors are also paired with a director who has several years of experience on TELUS' Board to act as a mentor and assist with their orientation and understanding of the functioning of the Board.

In addition, the Board's practice is to appoint new directors to the Audit Committee for at least their first year on the Board. Given the scope of that committee's mandate relative to those of the other committees, Audit Committee members receive a particularly comprehensive view of the Company's operations in their entirety. This offers new directors the quickest path to understanding the Company's operations, risks and strategy.

Management also offers orientation and training, as necessary, to new members on Board committees in the form of a customized orientation session. The session typically includes

an overview of the committee's mandate and work plan for the year, as well as current initiatives, key issues, regulatory trends and best practices relevant to the committee.

### Continuing education

The Board believes that continuing education is important for the development of the Board as a whole and for each individual director. The Corporate Governance Committee reviews, approves and reports to the Board on plans for the ongoing development and education of existing Board members. As part of this ongoing education, management gives regular presentations and provides topical literature from external experts to the Board and its committees. The Company has also set up an online portal through which directors can access research and educational materials on a wide variety of topics, including audit, pension, governance, human resources, technology, strategy, health, cybersecurity, and regulatory and government affairs. Directors are provided with contacts in management for each educational topic so they may request additional information or arrange for further consultation regarding the materials. In addition, written materials that may be of interest to the Board, which are published in newspapers, journals, magazines and periodicals, or released by law firms and accounting firms, are routinely sent to directors between quarterly meetings, or as supplemental materials in preparation for Board and committee meetings. Directors identify topics for continuing education through discussions at Board and committee meetings, and in the annual evaluation questionnaires.

TELUS and our directors are all members of the Institute of Corporate Directors (ICD) and the Company pays for the cost of this membership. A number of our directors have attended courses and programs offered by the ICD and this membership also provides them with access to its publications and events to enhance their knowledge of directors' responsibilities and current governance trends. Directors are also encouraged to attend external education programs at TELUS' expense by availing themselves of an annual tuition credit.

In 2020, management conducted or organized the education sessions noted in the following table. Management also provided information to directors on available courses. With the impact of the COVID-19 pandemic, we pivoted to virtual meetings after the February Board meetings. In lieu of holding our annual strategic advance sessions in late July, we have offered topical sessions as part of each Board meeting since then. As well, beginning in March 2020, the Board received regular email updates from the CEO on the impact of the pandemic and the Company's response, which was a key focus for 2020.

In addition to the aforementioned email updates, the Board received regular updates at each quarterly Board meeting on the impact of the COVID-19 pandemic on various aspects of our business, in addition to the regular updates the directors receive

at each quarterly Board meeting on changes in the competitive landscape, customer requirements, technology, industry developments, government relations and regulatory matters.

Date	Subject	Attendees <sup>1</sup>	Presented by
February 11 May 6 July 28 November 4	Updates on corporate governance, including emerging best practices and trends, developments and proposed amendments to Canadian and U.S. securities rules and regulations; developments related to diversity and climate change disclosure; the impact of the COVID-19 pandemic on directors' fiduciary duty and oversight; benefit company provisions under the <i>Business Corporations Act</i> (British Columbia); and corporate policy recommendations related to racial equity and justice	Corporate Governance Committee	<ul style="list-style-type: none"> <li>Chief Legal and Governance Officer</li> <li>Senior Legal Counsel</li> </ul>
February 11 May 6 July 29 November 4	Updates on topics related to audit committee governance, as well as trends in the impact of COVID-19, regulatory standards for auditor reporting, disruptive technology, investor relations, privacy, taxation changes, other accounting standards developments, and industry updates and challenges	Audit Committee	<ul style="list-style-type: none"> <li>EVP and CFO</li> <li>Vice-President (VP), Risk Management and Chief Internal Auditor</li> <li>VP, Taxation</li> <li>Chief Data and Trust Officer</li> </ul>
February 11 November 4	Updates on topical issues relating to current trends, developments or best practices in the areas of pension governance; pension investing for the long term; and review of economic outlook by an external economist	Pension Committee	<ul style="list-style-type: none"> <li>VP, Investment Management</li> <li>External consultants</li> </ul>
February 11-12 May 7 July 30 November 6	Strategic context updates, which include the competitive environment, regulatory updates, technological and industry developments, and peer performance	Entire Board	<ul style="list-style-type: none"> <li>CEO</li> </ul>
May 7 July 28 November 4	Updates on compensation trends, including emerging best practices for executive compensation disclosure and regulatory developments, particularly as they relate to the implications of COVID-19 on executive compensation	Compensation Committee	<ul style="list-style-type: none"> <li>External compensation consultant</li> </ul>
November 4	Gender pay equity	Compensation Committee	<ul style="list-style-type: none"> <li>EVP, People and Culture and Chief Human Resources Officer</li> </ul>
May 7 July 30 November 6	Update on cybersecurity	Audit Committee	<ul style="list-style-type: none"> <li>VP and Chief Security Officer</li> </ul>
February 11 May 6 July 29 November 4	Updates on TELUS International, TELUS Agriculture and TELUS Health	Audit Committee	<ul style="list-style-type: none"> <li>EVP, Group President and Chief Corporate Officer</li> <li>CFO</li> </ul>
February 12 July 30	Update on cybersecurity Strategic session – Digitization and future mode of operation	Entire Board	<ul style="list-style-type: none"> <li>VP and Chief Security Officer</li> <li>EVP and Chief Commercial Officer</li> </ul>
September 18	Update on COVID implications	Entire Board	<ul style="list-style-type: none"> <li>President and CEO</li> </ul>
November 4	Strategic session – Update on competitive environment	Entire Board	<ul style="list-style-type: none"> <li>President, Home and Small Business Solutions</li> <li>President, Mobility Solutions</li> </ul>
November 4	Governance implications of the TELUS International IPO	Entire Board	<ul style="list-style-type: none"> <li>External legal counsel</li> </ul>

<sup>1</sup> Reference to attendance by the entire Board or by a specific committee means attendance by such members of the Board or committee who were in attendance as of the dates indicated above.

## Ethical business conduct

TELUS has a code of ethics and conduct that applies to all TELUS team members (including directors, officers and employees), which outlines the responsibilities, guidelines and ethical standards that all TELUS team members are expected to observe, including guidance and the disclosure requirements for actual or potential conflicts of interest. The code is available at [telus.com/governance](https://telus.com/governance). The Compensation Committee and the Audit Committee are required to review the code of ethics and conduct jointly on a biennial basis, or as otherwise may be required or advisable, and recommend changes to the Board for approval, as appropriate. Waivers of the code of ethics and conduct are generally not granted. However, any waiver that is granted to an ELT member or director under the policy must be pre-approved by the Board or its delegate, which must be a Board committee, and, if appropriate, disclosed subject to restrictions under the TELUS policy on corporate disclosure and confidentiality of information. For all other employees, a waiver of the code of ethics and conduct must receive prior approval from the Chief Legal and Governance Officer, together with the VP, Risk Management and Chief Internal Auditor, and must be promptly reported to the Audit Committee. There have been no waivers of TELUS' code of ethics and conduct requested or granted since the inception of the Ethics Office and code.

TELUS EthicsLine provides the public and our team members with a channel for submitting anonymous and confidential inquiries or complaints on ethical issues, internal controls or accounting issues. The independence and accessibility of TELUS' EthicsLine is facilitated by our third-party intake provider, EthicsPoint, which runs the hotline and forwards calls or reports received to the Ethics Office, with any complaints relating to accounting and internal accounting controls forwarded to the Chief Legal and Governance Officer. EthicsPoint also forwards respectful workplace issues to the Company's respectful workplace contact. TELUS team members and external callers from around the world can make an inquiry or complaint online or by phone 24 hours a day, seven days a week in a variety of languages. To measure our performance in this regard, we have established an integrity index, which incorporates results from our online learning course, internal team member surveys, external surveys of our customers and reported breaches of our policies. For more information on our integrity index, visit [telus.com/sustainability](https://telus.com/sustainability).

Our Ethics Office offers team members assistance in ethical decision-making by providing guidance concerning our code of ethics and conduct. The Ethics Office also conducts investigations, establishes appropriate policies and guidelines on TELUS' expected standards of business conduct, and takes action on complaints or inquiries to our EthicsLine.

The Ethics Office oversees ethics training, including TELUS Integrity, a mandatory course for all TELUS team members and TELUS International team members, as well as for contractors with access to our information systems. The course combines ethics, respectful workplace, corporate security, privacy and other compliance-related modules. The Ethics Office requires each Board member, as well as each TELUS team member, to acknowledge annually that he or she has reviewed the code of ethics and conduct and understands the code's expectations.

The VP, Risk Management and Chief Internal Auditor provides quarterly reports to the Compensation Committee and the Audit Committee on activities and results related to the code of ethics and conduct. This includes the results of any investigation of whistleblower, ethics and internal controls complaints, as well as confirmed breaches, received by the Ethics Office or by the Chief Legal and Governance Officer (as the case may be). Other quarterly reports also include additional metrics comprising the integrity index, such as results from online training courses, internal engagement surveys and internal risk assessment surveys.

Under the British Columbia *Business Corporations Act* and the Articles, any director or executive officer who holds any office or possesses any property, right or interest that could result in the creation of a duty or interest that materially conflicts with the individual's duty or interest as a director or executive officer of the Company, must promptly disclose the nature and extent of that conflict. A director who has a disclosable interest in a transaction or contract into which the Company has entered or proposes to enter may not vote on any directors' resolution to approve that contract or transaction.

## Insider trading

TELUS has a comprehensive insider trading policy that formalizes guidelines to control transactions involving its securities by all TELUS team members and to ensure TELUS team members are aware of and comply with their legal obligations and TELUS' policy with respect to insider trading and tipping. This policy applies to each director, officer and employee of TELUS and guides the actions of TELUS team members in the buying and selling of TELUS shares and the disclosure of material information about TELUS. A copy of our insider trading policy is available at [telus.com/governance](https://telus.com/governance).

In consideration of the initial public offering by our subsidiary TELUS International, our insider trading policy was updated in February 2021 to reflect that TELUS International had become a reporting issuer, and as such, TELUS team members may now have material, undisclosed information about TELUS or TELUS International. Our insider trading policy applies to all TELUS team members, including TELUS International team members;

however, TELUS International has adopted a separate insider trading policy that applies to its team members only, but which is consistent with our policy. Please see page 16 for additional information about TELUS International's IPO and page 56 for additional information about the post-IPO governance framework between TELUS and TELUS International.

### Anti-bribery and corruption

In Canada, many of our businesses are regulated, and we therefore engage in a number of proceedings and government relations efforts at the federal, provincial and municipal levels. We also have a large number of significant service relationships with Canadian public-sector entities, typically resulting from open procurement processes. We do not provide any significant services to foreign public entities, except for certain wholesale and network supply agreements with wholly or partially state-owned carriers and vendors. Most of the wholesale agreements follow an industry standard form and all our suppliers must comply with our controls related to selection and conduct.

We have service centre operations in North America, Central America, Europe and Asia, and our dealings with public officials in the jurisdictions in which they are located are limited to regulatory reporting or licensing and permitting processes that allow for limited public discretion. These operations do not involve the provision of services to foreign public entities. We are also subject to a number of complex domestic and foreign tax laws and regulations that require us to continuously monitor, clarify and contest with public officials in respect of the application of these laws and regulations.

We have addressed anti-bribery and corruption risks through a risk-based framework that includes:

- **Senior management involvement and support:** Senior leaders across TELUS were identified as responsible and accountable for ensuring that the anti-bribery and corruption compliance program is effectively implemented and consistently monitored. Senior executives set the tone to create a culture where bribery is not tolerated. TELUS also has a designated Chief Data and Trust Officer, whose role is to work across the enterprise to ensure that appropriate processes and controls are in place to facilitate legal compliance, and to report on compliance to the Audit Committee of the Board.
- **Corporate compliance policies and procedures:** In 2014, a specific anti-bribery and corruption policy was rolled out to the TELUS team. In 2018, the policy was updated to reflect best practices and approved by the Board and the TELUS International (Cda) Inc. board of directors. The policy applies

to all team members, including the Board, as well as all third parties engaged by TELUS. It outlines the expectations for all team members and third parties in relation to anti-bribery and corruption matters in Canada and abroad, and applies to all areas of TELUS' business, including commercial activities in both the public and private sectors. The anti-bribery and corruption policy is available at [telus.com/governance](https://www.telus.com/governance). Other relevant policies include a comprehensive code of ethics and conduct for our employees (as mentioned above), a supplier code of conduct, a business sales code of conduct, and expense and procurement policies.

- **Training and education:** Our annual TELUS Integrity training highlights our zero-tolerance approach to bribery and corruption. This training is mandatory and is delivered to all team members and contractors. Further targeted training continues to be provided through our business sales code of conduct and anti-bribery and corruption programs. The courses cover the processes and controls intended to mitigate such risks and include topics and scenarios that promote a deeper understanding of the material covered.
- **Incentives and consistent disciplinary procedures:** Employees are made aware that failure to comply with the anti-bribery and corruption policy may subject them to disciplinary action, which may include dismissal. TELUS' Chief Data and Trust Officer, and the team members who are responsible for the implementation and monitoring of the compliance program, have annual performance objectives that are tracked on a quarterly basis, to ensure accountability, execution and oversight of the anti-bribery and corruption policy.

### Shareholder engagement and say on pay

Our Board believes that regular communication is an important part of creating an open and constructive dialogue with our shareholders. To facilitate such engagement, in 2015, the Board amended its say-on-pay and shareholder engagement policy, restating it as two separate policies. The say-on-pay policy sets out the Board's objectives and practices with respect to say on pay and compensation disclosure pertaining to executive compensation. The shareholder engagement policy outlines how the Board may communicate with shareholders, how shareholders may communicate with the Board and which topics are appropriate for the Board to address. It also provides an overview of how management interacts with shareholders. A copy of our shareholder engagement policy is available at [telus.com/governance](https://www.telus.com/governance).

We communicate with our shareholders and other stakeholders through various channels, including our annual and quarterly reports, quarterly earnings conference calls, information circular, annual information form, sustainability report,

news releases, website and presentations at industry and investor conferences. Some of our long-standing shareholder engagement practices are outlined in the following table:

Event	Who we engage with	Who engages	What we talk about
<b>Annual general meeting (in person<sup>1</sup> and webcast)</b>	Shareholders (retail and institutional)	<ul style="list-style-type: none"> <li>Chair of the Board and Board of Directors</li> <li>CEO</li> <li>Senior management as applicable</li> </ul>	Business of the meeting (financial statements, director elections, advisory vote on executive compensation and other proposals for shareholder vote)
<b>Quarterly earnings conference calls (with simultaneous webcast)</b>	Financial analysts and institutional shareholders	<ul style="list-style-type: none"> <li>CEO</li> <li>EVP and CFO</li> <li>Senior management</li> </ul>	Most recently released financial and operating results for the quarter. Our February earnings conference call is also a guidance release where we report on our financial outlook for the coming year and provide an overview of business operations and strategies. Additionally, the conference calls include an open question and answer session. They are also available to retail shareholders on a listen-only basis via phone or webcast. The webcast, slides (if used), transcripts (if available) and audio replays are posted at <a href="https://www.telus.com/investors">telus.com/investors</a>
<b>News releases</b>	Shareholders (retail and institutional), financial analysts and media	<ul style="list-style-type: none"> <li>Senior management</li> </ul>	Quarterly results and any major corporate developments that occur throughout the year
<b>Industry conferences and executive tours (in Canada, the United States and Europe)</b>	Financial analysts and institutional shareholders	<ul style="list-style-type: none"> <li>CEO</li> <li>EVP and CFO</li> <li>Senior management</li> </ul>	Information that is publicly available, including business, strategy and operations
<b>Regular meetings, calls and discussions</b>	Shareholders (retail and institutional), brokers, financial analysts and media	<ul style="list-style-type: none"> <li>EVP and CFO</li> <li>Senior management</li> <li>Investor Relations</li> </ul>	Responding to any inquiries received through the 1-800 investor line, <a href="mailto:ir@telus.com">ir@telus.com</a> and <a href="mailto:ceo@telus.com">ceo@telus.com</a> mailboxes, consistent with TELUS' disclosure obligations
<b>Ad hoc meetings</b>	Shareholders (retail and institutional) and shareholder advocacy groups (e.g. the Canadian Coalition for Good Governance)	<ul style="list-style-type: none"> <li>Chair of the Board and/or Chair of Corporate Governance or Compensation Committee (as applicable)</li> <li>Senior management</li> </ul>	Governance, sustainability, executive compensation and any other topics within the Board's mandate

<sup>1</sup> Due to the COVID-19 pandemic, the May 2020 meeting was, and the May 2021 meeting will be, conducted virtually.

Our Board email inbox ([board@telus.com](mailto:board@telus.com)) provides shareholders and other stakeholders with a channel for communicating directly with the Board on appropriate topics between annual meetings. Alternatively, shareholders and other stakeholders can also communicate with the Board by mail, marking the envelope as confidential, to (c/o TELUS' Chief Legal and Governance Officer) 7th Floor, 510 West Georgia Street, Vancouver, British Columbia V6B 0M3. The Board strives to respond to all appropriate correspondence in a timely manner. On a quarterly basis, the Corporate Governance Committee

considers all communications sent to the Board inbox and reviews and considers responses in relation to corporate governance matters.

Throughout the year, we also respond to any shareholder concerns and letters we receive.

We encourage shareholders to contact the Board, and specifically members of the Compensation or Corporate Governance Committees, to discuss any concerns about our approach to executive compensation and corporate governance practices.

### TELUS International IPO – New governance framework

TELUS recognized that TELUS International's new status as a publicly traded company following the IPO would necessitate changes in the governance framework between TELUS and TELUS International. Although TELUS would continue to hold a controlling equity interest in TELUS International, it would be necessary to establish formal arrangements between the two companies to recognize TELUS International's new public company responsibilities, the need for coordination with TELUS' own obligations as a reporting company and help maintain consistency in the culture and values of TELUS International within the TELUS group. Accordingly, TELUS and TELUS International entered into certain agreements and arrangements governing their post-IPO governance and operational relationship, which are summarized below. More complete details about such governance framework, and copies of relevant material agreements, are disclosed in TELUS International's public documents that are available on [sedar.com](http://sedar.com) and [sec.gov](http://sec.gov).

### Shareholders' agreement

A shareholders' agreement between TELUS, Baring and TELUS International governs the relationship between the parties, and provides TELUS with certain rights and protections, including:

- **Board composition and appointment rights:** TELUS will have the right to nominate a majority of the directors on the TELUS International board of directors other than the TELUS International CEO. For so long as TELUS continues to beneficially own at least 50 per cent of the combined voting power of the shares of TELUS International, TELUS may designate the chair of the board. TELUS also has the right, subject to certain conditions, to designate one nominee to each of the standing committees of the board, and to designate the chairs of the human resources and governance and nominating committees.
- **Special TELUS shareholder rights:** For so long as TELUS continues to beneficially own at least 50 per cent of the combined voting power of the shares of TELUS International, TELUS approval will be required for certain matters including, among others, approving: the selection (and removal) of the CEO; the increase or decrease of the size of the board; the issuance of shares; amendments to articles; consolidations or mergers with non-affiliated entities; change of control transactions; disposing of all or substantially all of the assets; and commencing liquidation, dissolution or voluntary bankruptcy or insolvency proceedings.

- **TELUS right of first offer:** Baring agrees not to, directly or indirectly, sell, transfer or otherwise dispose of any TELUS International shares without first discussing in good faith any such sale transaction with TELUS and providing TELUS with a right of first offer to purchase such shares in connection with a sale transaction for gross proceeds in excess of US\$10.0 million.

### Collaboration and financial reporting agreement

A collaboration and financial reporting agreement was entered into to provide for the collaboration and coordination of TELUS International and TELUS in a range of financial reporting areas. TELUS International will be required to maintain business policies, practices and standards that are consistent with and at least as stringent as the corresponding TELUS policies, standards and procedures, adapted as necessary to conform to TELUS International's business and the laws and regulations applicable to its business.

### Registration rights agreement

A registration rights agreement between TELUS, Baring and TELUS International provides TELUS or Baring with certain demand and piggyback registration rights, subject to certain conditions, that will require TELUS International to use commercially reasonable efforts to effect the registration under applicable federal, state and provincial securities laws, in either Canada or the United States, of TELUS International subordinate voting shares held by TELUS or Baring.

### Operational agreements

TELUS International and TELUS entered into certain intercompany agreements that provide a framework for the parties' post-IPO operational relationship, including:

- Master services agreement
- Transition and shared services agreement
- Master reseller agreement
- Network infrastructure services agreement
- Trademark license agreement.

### Credit agreement

TELUS is a lender under TELUS International's senior secured credit agreement.

### Governance policies, practices and standards

TELUS International has or will adopt governance policies, practices and standards aligned with TELUS' policies, standards and procedures, with necessary changes. TELUS International's board and standing committee mandates and policies shall align with TELUS' standards.