

**May 16, 2013**

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. We became a signatory of the UN Global Compact (UNGC) in 2010 and continued our support throughout 2012.

**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, which is updated and published annually, formalizes our commitment to safeguard internationally proclaimed human rights. Further details are provided for team members in our Respectful Workplace policy.

In addition to complying with these two policies, our operations follow local legislation that protects human rights in all jurisdictions where we operate.

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 2012, the course was completed by all team members and over 92 per cent of contractors. TELUS has also implemented specific training based upon its Respectful Workplace policy.

Furthermore, TELUS ensures appropriate management control processes are in place to monitor company practices.

- Collective agreements set out the steps of grievance and arbitration processes available to team members
- 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 an opportunity 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.

In 2012, TELUS also instituted a Supplier Code of Conduct (SCOC) that sets out social and environmental practices that TELUS business partners must adhere to. The code aligns to the 10 principles of the UNGC.

We expect our suppliers to:

- Comply with applicable laws and regulations wherever they operate
- Follow recognized standards of behaviour
- Advance social and environmental responsibilities
- Operate consistently with TELUS' commitment to being a leading corporate citizen
- Ensure their affiliates, suppliers, employees and contractors perform obligations to TELUS that are in line with the ethical standards set out in this code.

**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 these issues.

Each year, key points from TELUS' Respectful Workplace policy are covered in the mandatory Integrity training course. 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 at work, as well as the protections and processes available to them should an inappropriate workplace issue arise.

TELUS analyzes 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 may require attention.

**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 maintains a constructive dialogue with all labour unions and work councils active in our operations.

TELUS team members across Canada are represented by four different unions: the Telecommunications Workers Union (TWU), the Syndicat Québécois des employés de TELUS (SQET), the Syndicat des agents de maîtrise de TELUS (SAMT) and the B.C. Government and Services Employees' Union (BCGEU)

TELUS and the SAMT successfully renegotiated a new collective agreement in 2012, covering approximately 620 professional and supervisory team members in Quebec. The new agreement, which was ratified by approximately 92 per cent of the team members voting, successfully balances the needs of TELUS, our team members and our customers. The agreement came into effect on December 9, 2012 and expires on December 31, 2017, thus providing stability and predictability to both TELUS and its team members in Quebec.

TELUS and the Telecommunications Workers Union (TWU) are signatories to a collective agreement which was ratified by frontline team members in June 2011. The collective bargaining agreement, which covers approximately 11,000 team members across Canada, expires on December 31, 2015. Highlights of the 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 Syndicat Québécois des Employés de TELUS (SQET) contract, covering approximately 910 trades, clerical and operator services team members in TELUS' operations in Quebec, expires on December 31, 2014.

TELUS Sourcing Solutions Inc. has one contract in British Columbia with the B.C. Government and Service Employees' Union (BCGEU), covering approximately 60 team members, which expired April 30, 2013.

**UNGC Principle 4: The elimination of all forms of forced and compulsory labour.**

TELUS does not use or 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. The TELUS 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 or support child labour at any of our operations. The TELUS Supplier Code of Conduct 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.**

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 as well as 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 TELUS environmental programs, including our environmental management system. The Environmental policy explains TELUS' commitment to environmental responsibility. 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 by 2014. In 2012, we continued to implement our plan and created a new halocarbon management standard and initiated work on a fuel management standard.

**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 in 2012 we were named to the Dow Jones Sustainability North American Leaders Index and the Carbon Disclosure Canada 200 Leader Index. The Environment section of this report details all initiatives that promote greater environmental responsibility.

**Principle 9: Encourage the development and diffusion of environmentally friendly technologies.**

TELUS has a host of environmentally friendly technology offerings both internally and externally. Internal technologies not only serve our sustainability efforts and help meet our own goals, they benefit society as a whole in that they reduce resource use and greenhouse gas (GHG) emissions. In 2012, we invested in innovative energy reduction projects such as:

- 100 initiatives resulting in an annualized 42.7 GWh worth of energy waste reductions. By doing so, we avoided almost 17,000 tonnes of GHG, which is the equivalent to removing 3,500 cars off the road and the electricity of 2,500 homes
- A strategic venture investment in Vigilent, a Silicon Valley company that sells energy-saving solutions for buildings and data centres
- Built and opened the Rimouski Data Centre and started building the Kamloops Data Centre. Both are among the most technologically advanced and energy efficient facilities of their kind, bringing sustainable Internet data use to our customers
- TELUS' video and telephone conferencing technologies provide customers and team members with an environmentally friendly alternative to travel.

**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, kick-backs and extortion, either directly or indirectly through an agent or third party. Our 2012 policy update included a note that local customs do not provide an exception to this requirement.