TELUS 2016 – United Nations Global Compact (UNGC) Communication on Progress

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 align our report with its principles. We became a signatory of the UNGC in 2010 and continued our support throughout 2015.

We committed to spearheading the Canadian Chapter of the UNGC in late 2012, and the Chapter was officially launched in 2013. As a patron member of the Global Compact Network Canada (GCNC), TELUS continues to demonstrate our commitment to the Principles of the UNGC. The Global Compact Network Canada (GCNC) offers the Canadian business and non-business sectors a unique opportunity to learn and exchange best practices in corporate responsibility within the network and among global peers. In doing so, we build the capacity of the Canadian corporate sector, empowering companies to embrace the UNGC's principles within their national and global operations.

Specifically in 2015, TELUS presented during several webinars hosted by the GCNC, on topics such as sustainability reporting, Sustainable Development Goals, climate change and COP 21.

Human rights

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 Code of Ethics and Conduct, and reflected in our respectful workplace, employment equity and diversity practices. The code ties together all policies regulating business behaviour and provides guidelines for the standards of ethical conduct expected of all employees, including officers and members of the TELUS Board of Directors. The Code, which is updated and published annually, formalizes our commitment to safeguard internationally proclaimed human rights. Further details about TELUS' expectations are provided for employees in our Respectful Workplace policy.

Each year, TELUS requires our employees and contractors to complete an online training course that outlines key aspects of the Ethics, Respectful Workplace, Security and Privacy policies. Entitled Integrity 2015, the course was completed by 100 per cent of employees by January 16, 2016 and 94 per cent of contractors by December 31, 2015. TELUS has also implemented specific training based upon our Respectful Workplace policy.

In addition to complying with the Code of Ethics and Conduct and Respectful Workplace policy, our international operations follow local legislation that protects human rights in all jurisdictions where we operate.

TELUS has several processes in place to further monitor our human rights practices:

- Collective agreements that set out the steps of grievance and arbitration processes available to employees
- An internal complaints procedure about respectful workplace practices that are investigated and addressed by the Respectful Workplace Office, and

reported quarterly to the Human Resources and Compensation Committee of TELUS' Board of Directors
- The TELUS EthicsLine, which provides an opportunity for anyone to anonymously and confidentially ask questions, request support or make a good faith report about a real or perceived violation of the Code of Ethics and Conduct, government law or regulation, questionable business practices or accounting/auditing matters.

TELUS' Supplier Code of Conduct sets out social and environmental practices that our 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
- Make certain 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 nurturing a positive, professional and safe working environment and is a cornerstone of our leadership 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 any issues identified through our processes.

Each year, key points from TELUS' Respectful Workplace policy are covered in our mandatory Integrity training course. In addition, all newly hired employees are provided training on the policy. Our overriding goals are to:

- Help employees understand the law and what is considered acceptable behaviour at work
- Be sure employees are aware of the protections and processes available to them should an inappropriate workplace issue arise.

TELUS analyzes complaints filed by employees with the Canadian Human Rights Commission to determine if there are any internal practices that are causing concern and require attention. In our international locations, we comply with regulatory laws and requirements for each jurisdiction.

We last updated our Supplier Code of Conduct in 2014, and expect our suppliers to evaluate the origin or source of their materials throughout their supply chains to reasonably assure that they have not been obtained in any illegal or unethical manner. In particular, our suppliers must have a policy to reasonably assure that the tantalum, tin, tungsten and gold, or other rare earth minerals in their products, do not directly or indirectly finance or benefit armed groups that are perpetrators of human rights abuses in the Democratic Republic of the Congo or an adjoining country. Suppliers are expected to exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to TELUS upon request. In 2016, we will undertake another review of our code.

Conflict Minerals

In 2012, the Securities and Exchange Commission (SEC) finalized reporting requirements to disclose the use of designated minerals and metals mined in the Democratic Republic of Congo and adjacent countries. Cassiterite (a source of tin), wolframite (a source of tungsten), columbite-tantalite (or coltan, a source of tantalum) and gold are often referred to collectively as conflict minerals. Such minerals may be used in electronic and communications equipment that we use or

sell. As a signatory of the **UN Global Compact**, we are committed to preventing human rights abuses that could result from our operations.

These SEC reporting requirements for conflict minerals, mandated by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, came into effect for our 2013 annual reporting cycle. Through the establishment of an internal Conflict Minerals Working Group, we have performed our due diligence and have met the reporting requirements. We remain committed to responsible sourcing and in 2014 we updated our Supplier Code of Conduct to include requirements with respect to responsible sourcing of materials, in particular the need for our suppliers to also have policies on conflict minerals. We will review our Supplier Code of Conduct again in 2016.

Labour standards

UNGC Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Bargaining Unit

Our collective agreements contain mutually agreed upon adjustment processes that include:

- Redeployment to another position based on seniority/qualifications
- Wage protection/retraining opportunities
- Paid relocations
- Early retirement or voluntary severance options for employees affected by organizational change
- Advance notice periods for employees and the union in cases of management initiated workplace changes. The notice periods are different in each

collective agreement and vary based on the nature of the operational issue, and in some cases an employee's seniority.
- Notice for operational changes varies from a minimum of three weeks to a maximum of 12 months.

We maintain respectful and professional relationships with the bargaining agents that represent our employees across Canada and thus the right to exercise freedom of association and collective bargaining is not at risk or an issue for TELUS.

TELUS upholds our employees' right to freedom of association at the workplace, and maintains a constructive dialogue with all labour unions and work councils active in our operations.

TELUS employees across Canada are represented by four different unions:

- Telecommunications Workers Union (TWU), United Steelworkers Local 1944
- Syndicat québecois des employés de TELUS (SQET)
- Syndicat des agents de maîtrise de TELUS (SAMT)
- B.C. Government and Services Employees' Union (BCGEU).

The agreement with the TWU, which expired on December 31, 2015, covers approximately 10,559 employees across Canada and uniquely, is the only nationwide collective agreement in the wireless and wireline telecommunications industry. Contract negotiations to renew the collective agreement between TELUS and the TWU began in December 2015 and remain in progress with agreed to meeting dates scheduled into the second quarter of 2016. The current collective agreement continues in full force and effect until a new agreement is reached.

Additionally, we have approximately 1,471 employees represented by the SQET and the SAMT in the province of Quebec under three separate collective agreements (one with the SQET and two with the SAMT). The SQET contract, covering approximately 822 trades, clerical and operator services employees, became effective January 1, 2015, and expires on December 31, 2017. The main agreement

with the SAMT covers 649 management and professional employees and it expires on March 31, 2017.

Our subsidiary, TELUS Sourcing Solutions Inc. has approximately 69 employees covered by a collective agreement with the BCGEU which was set to expire on April 30, 2016. TSSI and the BCGEU successfully renewed their collective agreement in the spring of 2016. The new contract is effective May 1, 2016 and expires on April 30, 2019. The number of employees covered by each of the collective agreements above were as at December 31, 2015.

Union recognition through consultation

TELUS strongly believes in building professional and respectful relationships with the bargaining agents representing our employees. Communication with the unions is recognized as an important element in nurturing these relationships. To this end, we have negotiated provisions in our collective agreements with the TWU and the SQET that establish formal structured consultation committees and processes. In addition to the regular day-to-day information sharing with unions, in 2015, there were numerous joint consultation sessions at the senior leadership and executive level to discuss matters of mutual interest. Additionally, TELUS provides advance notice to our unions and affected employees regarding operational changes such as contracting out, technological change and mergers, acquisitions and divestitures. Notice requirements of such changes are contained in each of the collective agreements.

Board of Directors Diversity Representation

TELUS also recognizes that diversity and inclusiveness contributes to the social and economic well-being of our country and is working to encourage greater diversity on corporate boards across Canada through our leadership as a founding partner with the Canadian Board Diversity Council and the Council’s Diversity 50 initiative.

TELUS is further promoting the advancement of women on Canadian boards by supporting the Catalyst Accord's pledge for Canadian corporations to increase the overall proportion of Financial Post 500 board seats held by women to 25 per cent by 2017. Moreover, the TELUS Board of Directors adopted a target of having diverse members represent between 30 and 40 per cent of our independent directors by May 2017 and recently adopted an additional target to have 30 per cent women on our Board by the end of 2019. This is consistent with TELUS CEO Darren Entwistle becoming a founding member of the 30 per cent Club Canada, which is also working toward having 30 per cent women on boards by the end of 2019. In February 2016, the Board reframed its diversity objectives and expressed them in terms of a minimum percentage of both men and women, reflecting the principle that a board that consists entirely of women is no more diverse than a board that consists entirely of men. The Board also accelerated the target date for achieving a minimum of each gender representing 30 per cent of the independent directors from 2019 to 2018.

TELUS' diversity objective now states that diverse members will represent not less than 30 per cent of the Board's independent members by May 2017, with a minimum of each gender representing 25 per cent of such members by May 2017, increasing to not less than 30 per cent of such members by 2018. As of March 2016, diverse members (five director nominees) represent 45 per cent of the independent directors of the Board, and female members (three director nominees) represent 27 per cent of our independent directors up for nomination at our 2016 annual meeting.

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

The following codes and policies guide our workplace practices and provide assurance TELUS does not use or support forced labour at any of our operations:

The TELUS Code of Ethics and Conduct states that employees have the right to a safe and violence-free workplace, and violence in the workplace is considered a criminal issue

A Violence Prevention in the Workplace Investigation and Reporting policy

Our 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. In fact, the TELUS Supplier Code of Conduct does not allow the use of child labour anywhere in our supply chain.

TELUS routinely monitors developments with respect to the International Labour Organization (ILO) conventions 138 and 182 with respect to child labour, particularly in countries in which we do business.

UNGC Principle 6: The elimination of discrimination in respect of employment and occupation.

The TELUS Code of Ethics and Conduct states that every employee has the right to a workplace that is free from discrimination and harassment. We place 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 employees must complete annual online Integrity training as a condition of employment as noted above under Principle 1.

TELUS recognizes an inclusive environment that values diversity of thought, background, skills and experience facilitates a broader exchange of perspectives. TELUS' Diversity and Inclusiveness Council has developed and implemented initiatives including providing diversity training to TELUS employees and assisting with the establishment of employee resource groups. These resource groups include:

- **Alliance**: our resource group for active and retired military personnel and the families who support them
- **Connections**: our women's network
- **Abilities Network**: for employees and family members with varying abilities
- **Eagles**: our First Nations network
- **Mosaic**: for multicultural employees
- **Spectrum**: a network for our lesbian, gay, bisexual, transgender and allies

Results from our annual employee survey in 2015 indicate that 95% of TELUS employees agree or strongly agree that TELUS respects team members of different ages, race, colour, gender, sexual orientation, religions, ethnic origin, language, marital status, family status, and varied abilities.

To learn more about diversity and inclusiveness at TELUS, review our 2014 TELUS Diversity and Inclusiveness Report.

Environment

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 our Company who have specific areas of expertise such as risk management, network operations, real estate operations, supply operations, procurement and our environmental consultants. The Corporate Governance Committee of TELUS' Board of Directors receives quarterly reports about TELUS' ongoing environmental risk management activities.

TELUS' Environmental policy explains our commitment to environmental responsibility. In 2015, TELUS took a major step to make certain our environmental management and compliance met the highest recognized standards. Following a Canada-wide audit of our operations, we were awarded our ISO 14001:2004

certification by SGS Canada, an ISO registrar. This ISO standard is recognized globally as the highest level of environmental management certification. This is a goal we have been working toward since 2010. Achieving this standard, however, is only the beginning. Maintaining this ISO standard requires continual improvements to our environmental management processes, and TELUS is committed to identifying even more ways to better our performance.

In 2016, we will initiate a formal risk assessment of our fuel storage (required for our back-up power systems), seeking alternatives for storage, as well as enhancements for our current secondary containment and leak detection systems. We also intend to review our vegetation management program, with the goal of preventing the spread of invasive plants on our leased and owned properties, while at the same time minimizing the use of herbicides.

TELUS established a Climate Change Strategy in 2010 with a goal of reducing absolute energy consumption by 10 per cent and realizing a 25 per cent reduction in greenhouse gas (GHG) emissions by 2020 based on 2010 levels. We monitor and report our progress annually and these goals form a component of the Sustainability Index in our Corporate Scorecard, the results of which impact the variable component of our employees compensation.

UNGC Principle 8: Undertake initiatives to promote greater environmental responsibility.

The strength of our environmental and sustainability culture at TELUS is the result of over 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 sustainability program. Our disclosure now aligns to the Global Reporting Initiative G4 guidelines and in 2015, we were named to the Dow Jones Sustainability North American Index (DJSI) for the fifteenth consecutive year. The **Environmental Management section** of this report details initiatives that promote greater

environmental responsibility, including training, auditing and ongoing assessment of our environmental performance and compliance.

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

TELUS develops and implements technology solutions that support the principle of moving ideas instead of people. Our TELUS Technology Labs enable testing, trialing and proof of concept of emerging technologies and services. Associated with the labs, TELUS Innovation Centres across Canada showcase our current and potential future networks and services. When we implement environmentally friendly technologies internally, we not only support our own sustainability goals, we provide benefits to society as a whole by reducing resource use and GHG emissions. In 2015, we implemented approximately 70 energy efficiency initiatives, resulting in the elimination of 49.9 GWh of annualized energy waste and $5.2 million in savings. Externally, we offer videoconference and teleconference technologies for our customers and partners, which reduces the need for travel, providing a reduced carbon footprint.

Key energy efficiency program highlights include:

- $59.9 million cumulative operational costs avoided from program inception
- 16.5 GWh of improved efficiency of power and cooling systems in buildings
- 30 GWh eliminated through legacy equipment turndowns and server/storage decommissioning
- 3.4 GWh of reduced energy consumption from real estate consolidation, energy efficiency programs and our Work Styles program implementation

In addition, we installed three new solar energy sites in 2015:

- Banff Central Office, AB: generating 13,000 kWh per year
- Lendrum Building, Edmonton, AB: generating 44,000kWh per year

- TELUS Garden, Vancouver, BC: generating 65,000 kWh per year.

Additionally, our Work Styles program, Green Building initiatives and many of our TELUS Health solutions support this principle.

Anti-corruption

UNGC Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Bribery and corruption is one of the primary obstacles to economic development. It undermines the rule of law, weakens trust in public institutions and challenges democratic principles. Bribery and corruption can exist in any society, rich or poor, creating a need for continued vigilance by regulators, law enforcement agencies and industry leaders.

Risks from bribery and other forms of corruption are a concern for companies both in Canada and abroad. Companies may be confronted with demands for bribes, challenged by competitors acting corruptly or faced with employees violating their codes of conduct. TELUS mitigates these risks by implementing and enforcing a robust Anti-Bribery and Corruption Compliance Program that is supported by clear policies, processes and controls.

Since 2012, we have addressed anti-bribery and corruption risks through a risk-based framework that includes:

- **Senior management involvement and support**: senior leaders across TELUS are responsible and accountable for making sure 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 unacceptable.

- **Corporate compliance policies and procedures**: a specific Anti-Bribery and Corruption Policy was rolled out to the TELUS team after being approved by the TELUS Board of Directors. Our Anti-Bribery and Corruption Compliance Policy provides further clarity and guidance for employees and third parties engaged by TELUS, and supplements other guidance in the TELUS Code of Ethics and Conduct, the Supplier Code of Conduct, and our Code of Conduct for Business Sales Activities.
- **Training and education**: our annual Integrity training highlights our zero-tolerance approach to bribery and corruption. Further training continues to be provided through our Business Sales Code of Conduct and Anti-Bribery and Corruption programs.
- **Incentives and consistent disciplinary procedures**: annual performance objectives were created for employees responsible for implementing and monitoring the compliance program. Failure to act in accordance with the Anti-Bribery and Corruption Policy may subject employees to disciplinary action, which may include dismissal.