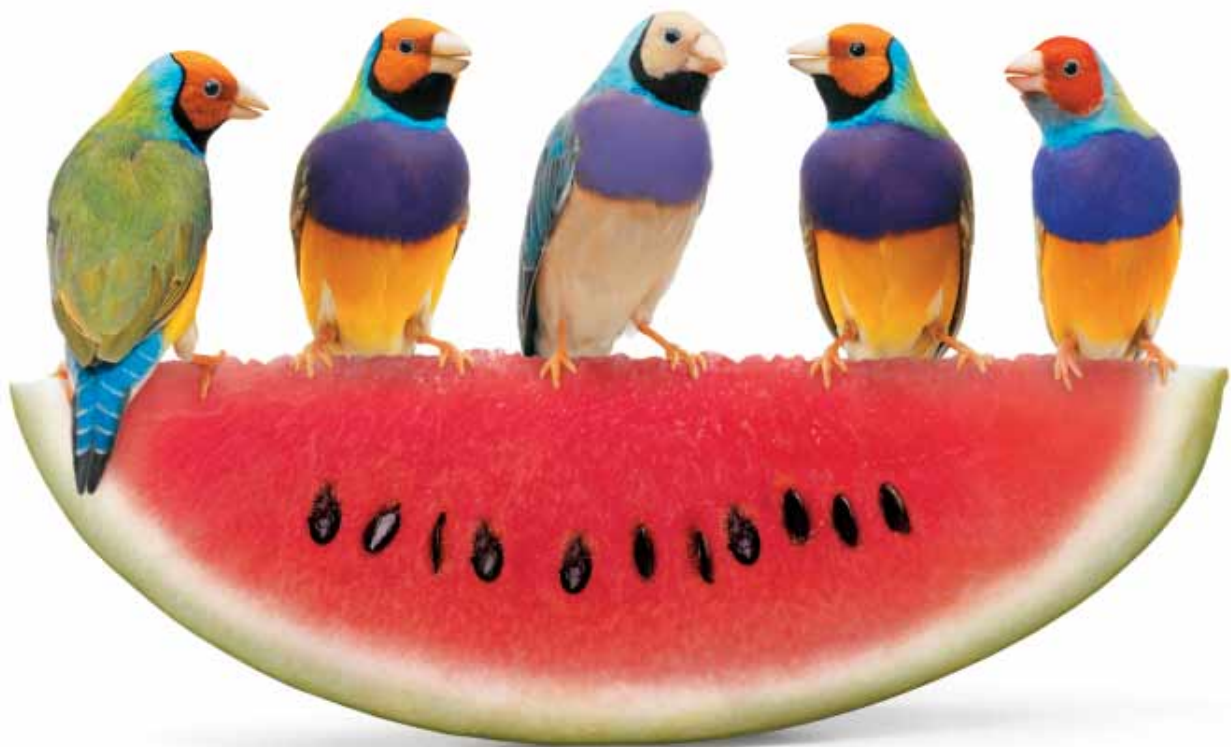


# staying ahead

2005 corporate social responsibility report



 **TELUS**<sup>®</sup>

# staying ahead

## Profile

TELUS Corporation is the largest telecommunications company in Western Canada and the second largest in the country. We provide a wide range of wireline and wireless telecommunications products and services, including data, Internet protocol (IP), voice, video and entertainment services.

The company is staying ahead through a consistent strategy focused on national wireless, data and IP growth.

In 2005, we generated \$8.1 billion in revenues, and were a top-quartile global leader among major telecom companies in growth of revenue, operating earnings, earnings per share and cash flow.

We are staying ahead for consumers and business.

- Our two state-of-the-art national digital wireless networks cover 30.6 million people across Canada and provide wireless services to 4.5 million subscribers
- Our new wireless high-speed data network, launched in 2005 in major centres across Canada, enables wireless data transfers at least six times faster than previous TELUS services
- Our strong incumbent market position in Western Canada and Eastern Quebec, including 4.7 million network access lines and 1.0 million Internet subscribers, provides a wireline platform for innovative TELUS Future Friendly® Home services such as TELUS TV®
- Our national wireline IP-based network offers advanced IP-based applications to business customers across Canada.

## Strategic intent

To unleash the power of the Internet to deliver the best solutions to Canadians at home, in the workplace and on the move.

## Social responsibility

We are committed to becoming Canada's premier corporate citizen by making a difference in the communities where we live, work and serve.

Questions and comments about our corporate social responsibility report can be sent to [sustainability@telus.com](mailto:sustainability@telus.com).

## forward-looking statements summary

This report contains statements about expected future events and financial and operating results of TELUS that are forward-looking. By their very nature, forward-looking statements require the company to make assumptions and are subject to risks and uncertainties. There is significant risk that the forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results and events to differ materially from that expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions (including assumptions for 2006 targets), qualifications and risk factors referred to in the Management's discussion and analysis starting on page 15 of the TELUS 2005 annual report – financial review.

All financial information is reported in Canadian dollars unless otherwise specified.

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Selected quantitative information in TELUS' 2005 corporate social responsibility report has been independently audited by PricewaterhouseCoopers LLP (see page 53). Audited information is marked with the symbol **A**.

# TELUS Community Boards

At TELUS, we have a fundamental belief that in order to do well in business, we must “do good” in the communities in which we live, work and serve. While we have fully embraced the challenge of becoming Canada’s premier corporate citizen as a national goal, we also realize that it must be owned and executed locally, in partnership with the community.

In 2005, we continued our journey to become Canada’s premier corporate citizen by taking a bold step to actively involve the community in our community investment efforts. To meet this new strategic focus, TELUS developed a community board strategy, with a goal to work collaboratively with the community to identify and address key issues.

This new strategy saw the incorporation of seven TELUS Community Boards across Canada with a mandate to guide our community investment efforts. Led by a diverse cross-section of key community leaders, the TELUS Community Boards allocated approximately \$3.5 million to local charities in 2005, supporting 197 initiatives.

These ground-breaking boards are helping communities in Vancouver, Edmonton, Calgary, Toronto, Ottawa, Montreal and Rimouski to meet their local needs. The TELUS Community Boards have funded a diverse portfolio of educational programs that are a direct reflection of the needs in their specific communities. From the funding of sports programs for youth to the funding of leading-edge technology programs for children, the TELUS Community Boards have helped make the future friendlier for Canadians.

We are looking to the TELUS Community Boards to provide insight, local knowledge and inspiration to help us:

- Determine if we are successfully creating the benefits we mutually envision
- Point out opportunities we may have overlooked
- Identify where best to deploy our executives who are willing to lend their time to serve the region’s community and business organizations.

#### TELUS Community Board chairs

Vancouver	Nini Baird
Edmonton	Dr. Bob Westbury
Calgary	Harold and Marilyn Milavsky
Toronto	Rita Burak
Ottawa	Janet Yale
Montreal	Bernard Lamarre
Rimouski	Hugues St-Pierre



# TELUS Community Board chairs

The TELUS Community Boards, established in 2005, provide valuable insight and local knowledge to ensure TELUS' annual charitable investments deliver the greater possible benefit to the people who need it most.



**Nina Baird C.M.**  
**Vancouver**

Board member, British Columbia Film and Leon and Thea Koerner Foundation



**Dr. Bob Westbury**  
**Edmonton**

Executive chairman, Alberta Centre for Child, Family and Community Research



**Harold Milavsky**  
**Calgary**

Chairman, Quantico Capital Corp., Citadel Diversified Management, Enmax Energy and PrimeWest Energy



**Marilyn Milavsky**  
**Calgary**

Board member, Calgary Opera, and member of the International Women's Federation



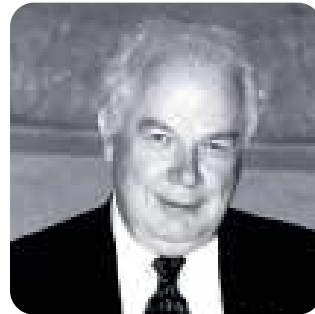
**Rita Burak**  
**Toronto**

Chair, Hydro One Inc., and president, The Network Executive Team



**Janet Yale**  
**Ottawa**

Executive vice president, Corporate Affairs, TELUS



**Bernard Lamarre**  
**Montreal**

Chair, Bellechasse Health Group Inc.



**Hugues St-Pierre**  
**Rimouski**

Former president and CEO, TELUS Québec

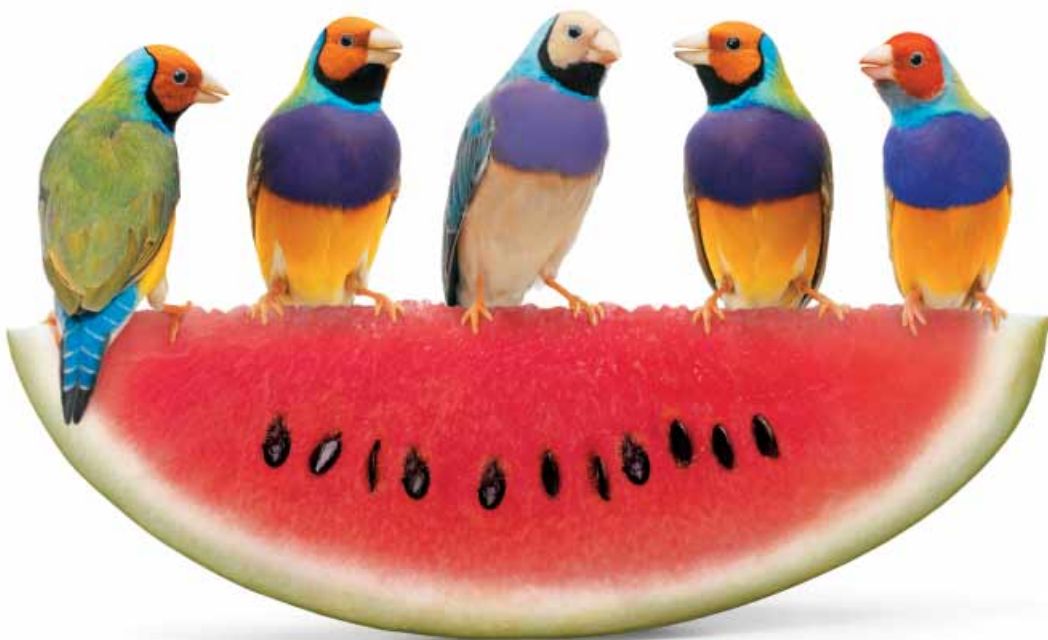


## our commitment



Darren Entwistle  
Member of the TELUS Team

At TELUS, we recognize that leading the way in corporate social responsibility is as important as our financial performance. We have made a commitment to our customers, shareholders and all stakeholders to stay ahead of our competitors in all aspects of our business – economically, environmentally and socially.



## our commitment

Corporate social responsibility remains an integral part of what we do – it defines our business practices and culture as we strive to achieve long-term sustainable growth.

TELUS remains committed to a triple bottom line approach to business, balancing economic growth with an unwavering devotion to our environmental and social goals. This is a promise TELUS and our team members make to our stakeholders, and it is ingrained in the leadership throughout our organization.

TELUS, our team members and our retirees are committed to our goal of being Canada's premier corporate citizen and to making a positive difference in the communities we serve across Canada. The establishment in 2005 of TELUS Community Boards in seven Canadian cities to better assist us in making meaningful investments in social welfare is a prime example.

As we strive to stay ahead and to advance our leadership position in the global telecommunications industry, we vow to continue managing our business responsibly and with integrity while focusing on sustainable development.

### A look at our progress

For TELUS, 2005 was an extraordinary year of challenges and triumphs, and ultimately a year when everything came together. Following a four-month labour disruption, we reached a key milestone with the ratification of a new five-year collective agreement by our bargaining unit team members.

Another significant milestone was the merging of our wireline and wireless organizations – TELUS Communications and TELUS Mobility – into a single operating structure. This development promises tremendous rewards for our company, team members and shareholders as we move forward as one team, under one brand, defined by a common strategy.

In last year's corporate social responsibility report, we set sustainability targets in five areas: economic growth, environmental conservation, community welfare, workplace well-being and governance, integrity and transparency. Notwithstanding the challenges experienced in the year, we made significant progress as outlined below.

### Economic growth

**Target:** Realize TELUS' 2005 consolidated financial targets as detailed in the 2004 annual report.

TELUS achieved and mostly exceeded its 2005 financial targets despite the impact of the labour disruption. We generated \$8.1 billion in revenue and \$700 million of net income. TELUS was a top-quartile global leader among major telecom companies in growth of revenue, operating earnings (EBITDA: earnings before interest, taxes, depreciation and amortization), earnings per share and cash flow (measured as EBITDA less capital expenditures). Specifically, we generated growth of seven per cent in revenue and operating earnings, 24 per cent in earnings per share and 12 per cent for cash flow.

Maintaining a balance between shareholder and debt holder interests remained a priority for TELUS in 2005. In this regard, we continued to fulfill our commitment toward debt reduction, including retiring \$1.6 billion in debt in December 2005, six months ahead of the maturation schedule. This resulted in a net debt to EBITDA ratio of 1.7 times and served to strengthen our balance sheet and credit position. Notably, TELUS received upgrades from all four major credit rating agencies during 2005.

TELUS continued its program of returning capital to shareholders, firstly through two share repurchase programs. We repurchased 20.8 million shares for \$892 million in 2005, and announced a second repurchase program for up to 24 million shares, or seven per cent of outstanding shares, by December 2006. Secondly, TELUS announced a substantial 37.5 per cent increase to the quarterly dividend, effective January 1, 2006, making the total quarterly dividend 27.5 cents per share. It should be noted that TELUS shareholders benefited from a second year of impressive share price appreciation; the common shares appreciated 32 per cent in 2005 (40 per cent in 2004).

### Environmental conservation

**Target:** Complete an external audit of TELUS' environmental management system (EMS), demonstrating a high degree of conformance with the ISO 14000 EMS standard.

TELUS engaged PricewaterhouseCoopers, a leading international auditing firm, to complete this audit in the fall of 2005. Unfortunately the labour disruption interrupted plans for the audit as most environmental staff members were redeployed to other areas of the business to maintain customer service levels. The need for an EMS review remains a priority; the last audit was completed in 1998 and our corporate goal is to complete an EMS audit every five years. As such, the audit has been rescheduled for 2006.

## 2006 sustainability targets

<b>Economic growth</b>	Realize TELUS' 2006 consolidated financial targets (revenue, operating earnings, earnings per share, capital expenditures and free cash flow) as detailed on page 8 of the 2005 annual report – business review.
<b>Environmental conservation</b>	Complete an external audit of TELUS' environmental management system (EMS), demonstrating a high degree of conformance with the ISO 14000 EMS standard.
<b>Community welfare</b>	Through the TELUS Community Boards, donate \$3.5 million to community initiatives in line with our pillars of health and wellness, sport and education, and arts and culture.  Launch Governance Essentials, a program for not-for-profit directors in Vancouver, Calgary, Edmonton, Toronto, Ottawa and Montreal, as a critical component of our leadership strategy in corporate philanthropy.
<b>Workplace well-being</b>	Through targeted initiatives such as spirited teamwork – stronger together, increase the engagement of the TELUS team as measured by the Pulsecheck survey.
<b>Governance, integrity and transparency</b>	Test 100 per cent of key controls in 2006 and be prepared to certify under the rigorous U.S. Sarbanes-Oxley Act certification (section 404) required in 2006.

For three consecutive years, Corporate Knights, an organization specializing in corporate social responsibility, has recognized TELUS as an environmental leader. Specifically, in 2005 we ranked seventh in the top 50 of Canada's Best Corporate Citizens. In 2003 and 2004 we were named Canada's Best Environmental Corporate Citizen.

### Community welfare

**Target:** Increase both the funds raised and participation rate of team members by 10 per cent in the 2005 Employee Charitable Giving Campaign.

TELUS encourages a corporate culture of giving through the annual Employee Charitable Giving Campaign, where we match team member pledges to charitable organizations dollar for dollar. The 2005 campaign was not implemented due to the extended labour disruption. Recognizing the importance of the campaign to both team members and Canadian charitable organizations, TELUS donated 100 per cent of the funding – \$2 million – in lieu of the 2005 campaign.

Since 1995, we have remained committed to being an Imagine Caring Company, annually donating more than one per cent of our pre-tax profits to charitable organizations.

### Workplace well-being

**Target:** Resolve outstanding collective bargaining.

TELUS is particularly pleased to have realized this target in November 2005. The ratification of a negotiated and progressive

agreement between TELUS and the Telecommunications Workers Union marked the beginning of a new constructive era for TELUS and all team members.

The agreement provides 14,000 unionized team members with best-in-class compensation, growth opportunities and employment protection, whilst allowing TELUS the productivity and flexibility needed in today's competitive telecommunications industry.

### Governance, integrity and transparency

**Target:** Enhance TELUS' corporate governance leadership by being substantially ready in 2005 for the next level of U.S. Sarbanes-Oxley Act certification required in 2006.

I am pleased to report that we also met this target. Seventy-five per cent of key controls were tested in 2005 as a dry run in preparation for full certification. We will test 100 per cent of key controls in 2006 and be prepared to certify under the rigorous U.S. Sarbanes-Oxley Act certification (section 404) required in 2006 on financial reporting internal controls.

In addition, we received external recognition for various aspects of our corporate governance practices from the Canadian Institute of Chartered Accountants, *IR Magazine* and *Canadian Business* magazine. These complemented our 2005 ranking from Corporate Knights, which also acknowledged our corporate governance leadership.

## our commitment

### Meeting the challenges – 2006 targets

As we embark upon the exciting path ahead as a successful company focused on staying ahead of our competitors, there are challenges that require our unrelenting attention.

1 The entrance of non-traditional competitors such as cable-television companies into the telecom arena through voice over Internet protocol (VoIP) is an excellent example of the increasingly competitive and changing telecommunications industry. Whilst it is a significant challenge, it is also a tremendous opportunity. We have begun a team member trial of our own innovative VoIP service. In addition, we are gearing up for the expansion of our digital television service, TELUS TV, in Alberta and into the B.C. market later this year. In preparation, we are building a \$15 million satellite centre in B.C. to transmit television signals.

2 Responding to appeals for financial support in our communities continues to be a priority. Our focus is clear – funding from TELUS needs to benefit the community in the most effective manner possible. In 2005, TELUS made significant progress with the establishment of the TELUS Community Boards, which directly involve key community stakeholders in the decision-making process in allocating \$3.5 million annually of TELUS funds to the charitable sector. In 2006, we intend to expand the national network to include a number of smaller communities in British Columbia and Alberta.

3 Conserving the environment in relation to the implementation of TELUS' business initiatives is another ongoing challenge and responsibility. Our commitment to environmental stewardship leads us to strive for continuous improvement in the way we manage environmental impacts. In 2006, we will improve our reporting of energy consumption and use this as a means to identify new conservation initiatives. We will continue to seek feedback on our environmental performance from all stakeholders, and engage team members in ongoing and new environmental programs.

### Staying ahead

The future is very promising for TELUS and its stakeholders. We have an excellent financial foundation, a talented and united team and a growing portfolio of innovative wireline and wireless solutions. This positive outlook brings renewed strength to our commitment to corporate social responsibility.

Recognizing that our success is measured by our accomplishments, we have set six corporate social responsibility targets for 2006. You have the commitment of the entire TELUS team to meet these objectives in a financially, socially and environmentally responsible manner as we strive to stay ahead of the competition for the benefit of all our stakeholders.

Sincerely,



Darren Entwistle  
President and Chief Executive Officer  
March 15, 2006



# staying ahead through our business and management practices

At TELUS, we strive to ensure our individual and collective practices stay ahead of expectations. Our business and management practices must always be above reproach. Our goal is to demonstrate the highest levels of ethics and integrity in our interactions with all stakeholders. This is a priority across the organization and an ongoing commitment of all team members.



## business and management practices

### Strategy, corporate governance and business ethics

TELUS' strategy focuses on becoming a strong national player in data, IP and wireless. Our strategic intent is to unleash the power of the Internet to deliver the best solutions to Canadians at home, in the workplace and on the move.

Guiding our efforts are six strategic imperatives that serve as a foundation for our decisions and actions:

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

Each year we also set corporate priorities to address timely opportunities and challenges. TELUS team members use these priorities to determine how their own contributions will help them deliver on the corporate strategy and our strategic imperatives. For more information on our progress to date on our strategic imperatives and key priorities for 2006, view our 2005 annual report online at [telus.com/annualreport](http://telus.com/annualreport).

### Corporate governance

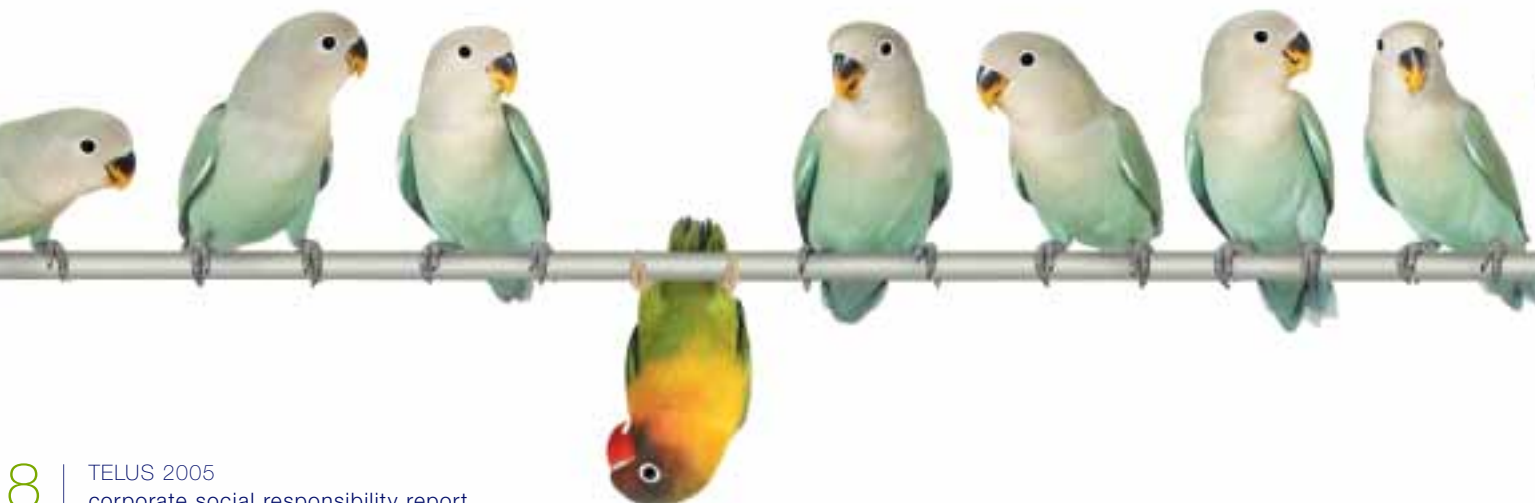
Companies today must demonstrate high standards of ethics both in operations and in managing the business. Our Board

of Directors approves the TELUS ethics policy, and is responsible for monitoring its compliance. Additionally, the Board oversees strategic planning, communicating with investors and regulators, monitoring risks and internal controls, and monitoring compliance with all significant policies and procedures. The Board is also responsible for appointing the chief executive officer (CEO) and approving the appointment of all members of the executive leadership team. Profiles of TELUS' Board of Directors and senior executive team members are available at [telus.com/bios](http://telus.com/bios).

We continue to proactively undertake best practices in corporate governance including guaranteeing a confidential "whistleblower" system to those who wish to draw attention to potential abuses. A full statement of our corporate governance practices can be viewed at [telus.com/governance](http://telus.com/governance).

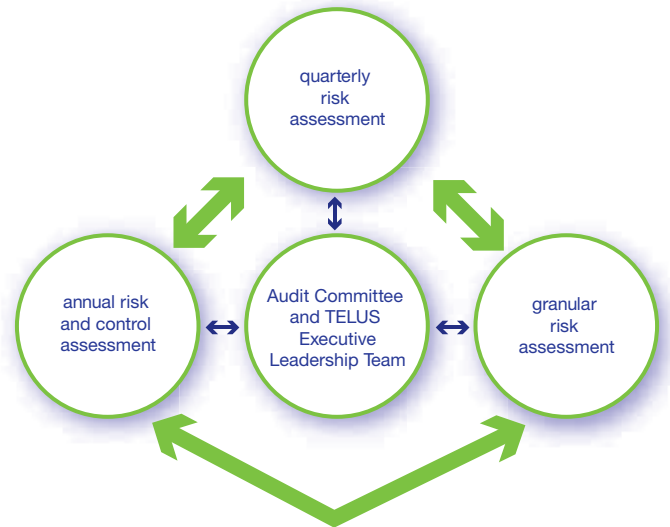
In 2005, TELUS was recognized for excellence in corporate governance and disclosure. Included in this recognition were the following awards:

- In December 2005, the Canadian Institute of Chartered Accountants (CICA) presented TELUS with the Award of Excellence for Best Corporate Governance Disclosure across all industry sectors. The TELUS 2004 annual report was also the recipient of the Award of Excellence for Corporate Reporting in the communications and media sector. This is the 11th consecutive year TELUS has been recognized for excellence in corporate reporting.
- In August 2005, *Canadian Business* magazine's Top 25 Boards in Canada survey ranked TELUS as tied for the third best board in Canada, scoring 97 out of 100 possible points.
- The 2004 annual report was also ranked second globally out of 1,100 international companies in the 2005 Annual Report on Annual Reports by Corporate Essentials.



## how TELUS defines business risk

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



### TELUS' risk and control assessment process

TELUS utilizes a three-level enterprise risk and control assessment process that includes the expertise and insight of team members from all areas of the business.

Level one is the annual risk and control assessment, which includes one-on-one interviews with key senior managers, an extensive risk and control assessment survey based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) enterprise risk management and internal control frameworks, a review of issues from recent internal and external audits, the prioritization of key risks, and the engagement of executive owners charged with risk mitigation. Results of the annual risk and control assessment drive the development of TELUS' internal audit program and are presented to senior management and the Audit Committee of the Board of Directors and used as input for the company's strategic planning.

In level two, TELUS conducts a quarterly risk assessment review with key internal stakeholders to capture dynamically changing business risks, monitor the mitigation of key risks and provide ongoing assurance to the Audit Committee.

In level three, TELUS conducts granular risk assessments for specific audit engagements and various risk management initiatives (e.g. environmental management system, safety audits, business continuity planning assessments, physical property risk evaluations, network and IT vulnerability assessments, proactive fraud and ethics risk assessments, etc.). The results of the annual, quarterly and more detailed engagement

level risk assessments are evaluated, prioritized and updated throughout the year.

Our risk assessment results are summarized in the publicly disclosed Risks and uncertainties section of the annual report at [telus.com/annualreport](http://telus.com/annualreport). As well, information on financial liabilities is listed in the Consolidated financial statements and notes section of our 2005 annual report at [telus.com/annualreport](http://telus.com/annualreport).

### Business ethics and integrity, policies and codes of conduct

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 directors and officers. The policies have been communicated to team members and can be viewed online (except for the security policies and signing authority policy) at [telus.com/governance](http://telus.com/governance).

**Privacy code** – The privacy code governs how we collect, use and disclose customer and team member personal information. Our privacy code was updated on January 1, 2001. For more information, click on "privacy" at the bottom of any [telus.com](http://telus.com) web page.

**Corporate disclosure and confidentiality of information policy** – The Board of Directors approved this policy in 2003 as part of our ongoing commitment to full and fair financial disclosure. The policy helps team members understand the guidelines, processes and legal requirements regarding the disclosure of material corporate information.

## business and management practices

### Canada Awards for Excellence Gold



In October 2005, TELUS received a Gold Trophy for quality at the Canada Awards for Excellence, presented by the National Quality Institute (NQI). The Gold Trophy is awarded to organizations demonstrating excellence in leadership, planning, customer and people focus, process management,

supplier and partner focus, overall business and financial performance. TELUS was one of only four Canadian companies to receive the Gold Trophy in 2005.

**Security policies** – Our corporate security policies were updated in 2004 and made available to team members through our internal Corporate Security website. Managers must ensure their team members are aware of and comply with those policies applicable to their work. In 2005, TELUS introduced an e-learning training course to heighten team members' awareness of our security policies.

**Insider trading policy** – In 2004, we developed a comprehensive insider trading policy that guides the actions of team members in buying and selling TELUS shares and in the disclosure of material information about TELUS. This policy is communicated to team members through our e.Ethics course.

**Signing authority policy** – This policy is an essential component of our management control framework, as delegated by our Board of Directors. Integral to the policy are signing authority matrices, which detail authority levels for various types of transactions.

**A TELUS EthicsLine** – Through the TELUS EthicsLine (1-866-515-6333 or [ethicsline@telus.com](mailto:ethicsline@telus.com)), team members and external stakeholders can raise anonymous and confidential questions or complaints related to accounting, internal controls or ethical issues. In 2005, the Ethics Office fielded 325 calls. Of these, it was determined that 155 (48 per cent) did not relate to the ethics policy, and were subsequently referred to more appropriate areas such as Customer or Client Care and Human Resources. Of the remaining 170 calls, 96 were inquiries from team members seeking advice on ethical situations and 74 were complaints from external and internal stakeholders. Each complaint was researched, resolved appropriately and reported

to the Audit Committee of the Board of Directors. For 2005, the Ethics Office concluded there had been 26 (compared to 23 in 2004) breaches of the ethics policy. None of these involved fraud by team members who had a significant role in internal controls over financial reporting.

**Web-based ethics course** – To promote company-wide awareness of the ethics policy, we ask all team members to complete a web-based ethics course annually. This course, launched in 2002, is updated and enhanced each year. Due to the four-month labour disruption at TELUS in 2005, we did not introduce the 2005 course. The course will again be mandatory for all team members in 2006. One hundred per cent<sup>1</sup> of team members completed the 2004 course, compared with 95 per cent in 2003 and 93 per cent in 2002.

#### Triple bottom line decisions

TELUS management incorporates economic, environmental and social concerns into its decisions on an ongoing basis. Although we have yet to adopt a formal process for incorporating social and environmental concerns into our evaluation of strategic goals and initiatives, these factors play an important role in our day-to-day actions. For instance, one of our popular ads in late 2005 featured Hazina, a hippopotamus from the Greater Vancouver Zoo in Langley, B.C. We hired a trainer to work with Hazina and help her during the process and we completed the photo shoot in her own environment. The more than \$10,000 TELUS paid to the zoo for the privilege of using Hazina in the ad campaign went directly to improving her living conditions.

<sup>1</sup> The percentage for 2004 does not include TELUS wireless operations. Results from our wireless operations will be included in 2006 results.

## Public policy and economic development

As the largest telecommunications company in Western Canada, and the second largest in Canada, we work with all levels of government, industry partners and other stakeholders to enhance effective public policy on telecommunications and, increasingly, on broadcasting issues. We are committed to fully briefing government stakeholders on issues of mutual interest and putting our views forward on matters affecting our industry.

We work to create economic development opportunities and strive for regulation that enables fair competition. In addition, we interact regularly with government through a range of industry and business associations including the Information Technology Association of Canada, Canadian Wireless Telecommunications Association (CWTA), the Canadian Association of Internet Providers (CAIP), Conference Board of Canada, Public Policy Forum, Canadian Chamber of Commerce, local Chambers of Commerce and Boards of Trade, B.C. Business Council and Alberta Economic Development Authority.

As wireless technology rapidly advances, TELUS advises government and various regulatory agencies on a broad range of legislative and policy issues from infrastructure and spectrum development to health and safety matters. Through ongoing dialogue with stakeholders including Industry Canada, the Radio Advisory Board of Canada and the CWTA, we contribute to the development of a marketplace policy framework that is fair and competitive for wireless customers and carriers alike.

### Public policy

We collaborate with diverse national and international stakeholders who are committed to ongoing technical, legislative, self-regulating and educational actions to address industry-wide issues. These issues include illegal and damaging content on the Internet, child abuse, copyright infringement and spam.

**Child safety** – We continued in 2005 as an active member of the multi-stakeholder Canadian Coalition Against Internet Child Exploitation, which announced its many-faceted national strategy in May 2005.

We also maintained our membership in the national steering committee of the National Child Exploitation Coordination Centre, and continued as a guardian sponsor (the highest level of corporate support) of Cybertip!ca, Canada's national online child exploitation tip-line. For more information, visit [www.cybertip.ca](http://www.cybertip.ca). Additionally in 2005, we continued to participate in the Ontario Attorney General's Online Child Exploitation Working Group, to help facilitate a safe online environment for children.

**Media and information literacy for youth** – TELUS participated as a gold-level sponsor and board member of the Media Awareness Network (MNet), Canada's leading media and web literacy organization. See [media-awareness.ca](http://media-awareness.ca) for more information.

**Copyright** – Together with other major Canadian Internet service providers (ISPs), we met frequently with rights stakeholders and departmental officials managing the federal government's digital copyright reform process. We also spoke at various venues in support of the ISP liability provisions within the new proposed copyright legislation tabled in the House of Commons in June 2005. This proposed legislation did not proceed because of the call for a federal election in December 2005.



## business and management practices

**Spam** – In 2005, spam (unsolicited commercial e-mail) continued to be a major concern for both personal and business Internet users. TELUS participated in various working groups with the Government of Canada's Task Force on Spam. On May 17, 2005, the task force presented its final report entitled *Stopping Spam: Creating a Stronger, Safer Internet*, to the Minister of Industry.

To limit and control spam, TELUS continued to provide free spam control to our Internet subscribers. For more information about the Anti-Spam Task Force, visit [e-com.ic.gc.ca/epic/internet/inecic-ceac.nsf/en/home](http://e-com.ic.gc.ca/epic/internet/inecic-ceac.nsf/en/home).

**Wireless number portability** – In collaboration with federal government agencies and Canada's wireless carriers via the CWTA, TELUS announced a comprehensive implementation plan for wireless number portability (WNP) across the country in 2005. Pending resolution of technical and regulatory issues, the industry is moving to implement WNP nationally by March 2007, which will allow customers of all major wireless carriers to keep the same phone numbers when changing service providers.

Consistent with the Government of Canada's definition of WNP, customers will also be able to keep the same phone number when transferring their landline phone service to wireless service and vice versa.

The plan ensures virtually all Canadians will have access to number portability at the same time, and compares favourably with earlier WNP implementations worldwide.

**Investing in Quebec** – Supporting our commitment to economic development in Quebec, in 2003 TELUS announced a \$500 million investment over four years in Quebec, related to government job creation programs for up to 800 jobs in Montreal and Rimouski. To date, 700 jobs have been created, and we expect to exceed our objective.

**Privacy** – TELUS provides thought leadership as we work with business and government stakeholders on issues dealing with customer and team member personal information. As a result of our practical experience with Canada's federal privacy legislation, we provided input to the B.C. and Alberta provincial governments as they developed their provincial privacy legislation. We are also providing input to Industry Canada for the 2006 federal review of the *Personal Information Protection and Electronic Documents Act (PIPEDA)*.

TELUS is a founding member of the Canadian Council of Chief Privacy Officers, a group of Canadian business leaders who formulate and exchange ideas for best practices in managing customer and employee privacy in Canada. As well, TELUS initiated the B.C. Privacy Networking Forum, a group of privacy professionals in B.C. who work to further the goals of the provincial privacy legislation. This group also discusses and adopts best practices in the management of customer and employee personal information.

**Responsible driving** – At TELUS, safety is a top priority. In September 2005, as part of our ongoing commitment to safe driving, TELUS worked with the CWTA to introduce Focus on Driving, an initiative to educate consumers and employees in the telecommunications industry about the importance of avoiding distractions while driving.

The program was developed to remind drivers that any number of distractions, from eating at the wheel or chatting with passengers to using wireless devices, can divert their attention from the road, endangering their safety and the safety of others.

We encourage all drivers to review the Responsible Driving Guidelines on the Focus on Driving website at [focusondriving.ca](http://focusondriving.ca). In addition, through various internal communication channels, TELUS team members remain informed about driving guidelines and are encouraged to spread the word about the Focus on Driving program in their interactions with customers, families and communities.

**Health and safety** – As wireless technology rapidly advances, TELUS remains dedicated to examining health and safety issues related to wireless technologies. Working with fellow carriers through the CWTA, the industry maintains ongoing contact with government agencies including the Canadian Radio-television and Telecommunications Commission (CRTC), Health Canada and Industry Canada, and with key U.S. and international groups such as the World Health Organization.

**Mission critical communications** – TELUS demonstrates a commitment to public safety by equipping emergency response organizations with mission critical communications tools that have proven essential in numerous rescue and recovery situations. Working in close partnership with public and emergency response organizations across the country, TELUS has developed a specialized suite of dependable mission critical wireless solutions that can be quickly mobilized and dispatched wherever emergency personnel are situated.

## one of Canada's best corporate privacy policies



In May 2005, TELUS was ranked second in corporate privacy policies by Nymity Inc., a leading Canadian privacy educator and consultant. TELUS is pleased to be recognized for its industry-leading work in the area of managing and protecting our customers' and team members' personal

information. According to Nymity, the best privacy policies mitigate organizational liabilities, demonstrate corporate accountability, build consumer trust and comply with privacy laws.

In 2005, TELUS' emergency response team deployed a unique dual Cell on Wheels technology during mudslides in North Vancouver, B.C., quickly providing the RCMP with enhanced network phone coverage as well as reliable two-way radio communication throughout the region. Also in 2005, TELUS provided vital communication tools to the Vancouver Urban Search and Rescue team, which assisted in the rescue of hurricane victims in New Orleans and Baton Rouge.

**Production orders** – In January 2006, TELUS was charged with failing to comply with a July 25, 2005, production order to provide archived cell phone records to the Edmonton RCMP. This incident resulted from a miscommunication between TELUS and the RCMP. A trial is scheduled for late April.

TELUS is working to align and streamline the processes between wireline and wireless operations to improve response times to law enforcement agencies and reduce the risk of this happening again. TELUS has a track record of assisting Canadian law enforcement agencies in their investigations. In 2005 alone, we fulfilled 2,800 general warrants and production orders, and appeared as professional witnesses in more than 155 trials.

### Economic development

TELUS is committed, through collaboration and resource sharing with stakeholders, to support local and regional economic initiatives that help build strong communities now and for the future.

**TELUS Ventures® Fund** – The TELUS Ventures Fund supports growth businesses by investing in emerging technologies that are consistent with our strategy of optimizing the convergence of data, IP, voice and wireless. The fund has invested approximately \$67 million in 20 companies since 2001. For more information, visit [about.telus.com/ventures/](http://about.telus.com/ventures/).

**TELUS New Ventures BC** – TELUS is a major sponsor of New Ventures BC, one of North America's largest technology business plan competitions. These efforts help build a strong, healthy economy in Western Canada, and enable innovators to turn their ideas into profitable companies. For more information, visit [telusnewventuresbc.com](http://telusnewventuresbc.com).

**TELUS Innovation Fund for Film, TV and New Media** – In November 2004, the TELUS Foundation donated \$3 million to the Canadian Film Centre. This contribution is being invested in Canadian talent and projects. For more information, visit [cdnfilmcentre.com/training/program.html](http://cdnfilmcentre.com/training/program.html).

**Ramp Up in B.C.** – In 2004, TELUS initiated the Ramp Up project to spark creativity and support community efforts to revitalize B.C.'s regional economies. TELUS retained international consultant Frank Knott of Vital Economy Inc. to initiate regional discussions, conduct research, analyze opportunities, and produce a summary report. In early 2005, TELUS released the final Ramp Up report to communities, providing an economic blueprint of the growth opportunities that exist across B.C. The report also equips communities with leading-edge research they can use to realize their region's unique goals and opportunities.

## business and management practices

TELUS is investing more than \$110 million to provide high-speed Internet access to 119 B.C. communities and expand broadband services

“By providing broadband Internet access across the province, we are opening up a whole new realm of social and economic opportunities to British Columbians.”

Gordon Campbell, Premier of British Columbia



### Aboriginal relations

In working with stakeholders to meet their unique needs, we build trust and develop relationships that positively shape the quality of life in the communities we serve. This is particularly evident in our long-standing relationship with Aboriginal Peoples, as we seek mutually beneficial ways of working together.

**Progressive Aboriginal Relations (PAR) program** – TELUS is committed to helping Aboriginal Peoples benefit fully from opportunities for local partnerships, joint ventures and the two-way transfer of knowledge and expertise. TELUS joined the Progressive Aboriginal Relations (PAR) program in 2003, which provides a framework for assessing and enhancing our relationships with Aboriginal Peoples. PAR concentrates on employment, business development, individual capacity development, education and community relations. For more information, visit [aboriginalbiz.com/par.html](http://aboriginalbiz.com/par.html).

**B.C. Utilities Advisory Council for Treaty Negotiations** – TELUS works with Aboriginal Peoples and the B.C. government to identify solutions for land claims issues. As a founding member of this group, TELUS actively participates in the consultation and development of treaty language.

**Co-existence and protocol agreements** – We develop relationships with aboriginal administrations through creating co-existence and protocol agreements that recognize aboriginal rights and title to traditional territories. In 2005, TELUS and

the Upper Nicola Band entered into an agreement that established a protocol for consultation and mutual respect for their respective rights and interests.

### Technological growth for economic development

**Bridging the digital divide in B.C.** – In April 2005, TELUS and the province of B.C. jointly announced a “Connecting Communities Agreement” to benefit citizens in all corners of the province. Through the agreement, TELUS will provide broadband access points to 119 additional communities across the province. B.C. will become the first province to bridge the digital divide with the vast majority of the infrastructure costs borne by the private sector. As part of this partnership, TELUS is investing more than \$110 million in B.C. to connect communities to high-speed Internet and expand broadband services.

**Expansion of wireless networks** – TELUS provides digital wireless coverage to 94 per cent of Canada’s population. In 2005, TELUS invested approximately \$405 million in capital expenditures to expand and enhance our national wireless network, and we plan to invest \$450 million in 2006.

**Telehealth** – TELUS is one of Canada’s leading authorities on and providers of telehealth technology. Telehealth addresses care provider and specialist shortages in a patient’s residential area by bringing remote resources to the community through communications and information technologies. Video-enabled,

virtual consultations between health-care professionals and patients are one way of improving access to health care in rural settings. All of the necessary information and various images, including still x-rays and test data, as well as live echo-cardiograms, can be reviewed and discussed in real time by consultation participants, regardless of their physical location. Our telehealth solutions have enabled the leading three Telehealth networks in Ontario – NORTH Network, VideoCare and CareConnect – to bring quality health care closer to home for the convenience of people across Ontario. TELUS helps these networks connect urban and remote sites in all the regions of Ontario, facilitating more than 2,000 clinical consultations per month.

**Value-add solutions for health care** – Working in partnership with B.C.'s health authorities, TELUS has built a Health Private Network Gateway (PNG) that securely interconnects all six B.C. health authorities. As a result, the B.C. health authorities have one of the fastest and most advanced networks used collaboratively in health care in the world today. The power of the PNG lies in its ability to get medical information seamlessly where it is needed, when it is needed. The PNG provides the technology foundation in B.C. to facilitate information sharing amongst health-care providers so they can deliver better care more efficiently.

**Connecting health professionals** – In 2005, for the second year in a row, TELUS partnered with the Health Care Leaders' Association of B.C. and the Western Healthcare Improvement Network to provide health professionals around B.C. with virtual access to an important North American health-care conference – the Institute for Healthcare Improvement's National Forum. By connecting 25 sites across B.C. through

TELUS video and audio conferencing technology, TELUS significantly increased attendance and reduced the participation costs for health professionals in B.C.'s health authorities. The partnership enabled participation at an estimated cost of \$50 per delegate, versus approximately \$5,000 per delegate.

**Connecting University of Victoria (UVic) medical students** – Through a new \$1 million video conferencing system, medical students at UVic remotely attend lectures at the University of British Columbia (UBC) and the University of Northern British Columbia (UNBC). The video conferencing system connects 14 rooms and labs in the Medical Sciences building at UVic with rooms at UBC and UNBC. This is part of the B.C. government's \$134 million B.C. Life Sciences Project.

**Education** – We believe it is important to support schools in accessing new technology and are currently working with various schools on innovative programs.

TELUS partnered with IBM in the Kelowna school district's new "Technology Un-plugged" program to create a secure, wireless infrastructure for students on campus. This program transformed the learning environment for more than 400 students in phase one of the program.

TELUS worked with the Burnaby school district to design and build its new Centre for Dialogue, which will connect students in Burnaby to the United Nations and other global forums. We also continued supporting two programs – the WORDS program, a literacy contest for young writers, and the video conferencing program. In 2005 TELUS provided the connectivity for a new program linking the National Arts Centre in Ottawa to the Burnaby School District to create a televised, nation-wide concert.



## staying ahead with stakeholder relations



At TELUS, we believe that we will achieve best results when we work co-operatively with our stakeholders to share ideas, perspectives and solutions. We continually ask for input from stakeholders, listen and then act. By working together to develop solutions, we not only benefit from the knowledge and expertise of others, we also build a solid basis for long-term relationships that help our communities socially, economically and environmentally.

Our stakeholders include customers, governments, shareholders, team members, suppliers, industry advocacy groups and community partners. More information about our work with various stakeholder groups can be found in the public policy, economic, community, workplace and environment sections of this report.

**Listening to customers** – Achieving customer service excellence unites our team. In listening and responding to the needs of customers, we are seeking to better deliver what our customers need and expect. Our efforts in this area continue as a corporate priority in 2006.

**Customer value measurement surveys** – One of the ways TELUS measures customer service is through customer value measurement (CVM) surveys. CVM helps us quantify, in our customers' terms, how we are doing, and helps us focus on the service priorities identified by our customers. This customer feedback will continue to be a key input into our strategies and priority setting in 2006 and beyond.

**National data collection e-tool (e.C3)** – In 2005, e.C3 continued to be the key feedback and complaint tracking tool for many TELUS business units and departments, including Consumer Solutions, Regulatory, TELUS Mobility Top Level Care and Small Business Solutions. This tool tracks the status of complaints and identifies top priority service fulfillment issues. The input from this process is essential in helping TELUS drive product, process and team performance changes to ensure a superior customer service experience.

**Monitoring our progress for continuous improvement** – We invite customers wishing to comment on our service to contact TELUS directly, or write to the Canadian Radio-television and Telecommunications Commission (CRTC), an independent agency of the Government of Canada responsible for the regulation of telecommunications companies. In 2005, the number of customer complaints to the CRTC increased only marginally

from 2004, with 6,968 complaints in 2005 versus 6,887 in 2004. Keeping this number consistent is a noteworthy accomplishment given the challenges of managing through the labour disruption.

**Access improvements** – TELUS measures its service levels through two CRTC indicators – access to our business office and access to our repair office. These indicators measure our ability to answer 80 per cent of our calls within 20 seconds. Despite our best efforts and the commitment of TELUS team members to serve our customers, the labour disruption did have a temporary impact on service levels. The access to repair office target was achieved eight out of 12 months, and the access to business office target was achieved 11 out of 12 months.

**Public consultations** – As TELUS continues to further expand its networks and enhance wireless communications across the country, we dedicate significant time and attention to consulting members of communities where wireless installations or cell tower sites are planned. Last year, numerous public meetings were held across Canada where base station antennas are currently in development. In addition to receiving public input, TELUS remains in continuous contact with Industry Canada and various regulatory agencies on issues of wireless transmission safety. All TELUS wireless installations are certified to conform to Safety Code 6, a national industry standard developed by Health Canada governing the safe operation of wireless equipment.

**Direct customer feedback** – Several thousand wireless customers were surveyed in 2005 and asked to evaluate their service experience and identify areas for improvement. TELUS continued its “mystery shopping” program in 2005 with spontaneous visits to TELUS corporate stores and independent channel partners to experience retail shopping the same way customers do. The mystery shopping program generates key information that becomes an important element of new programs to enhance the customer experience.

## stakeholder relations

### Building strong communication with our team members –

Effective communications and two-way dialogue within the TELUS team are essential to our growth strategy. We strive for communication that is comprehensive, clear and interactive. Our corporate communication channels, which include a regular letter from our chief executive officer, e-mail bulletins, a web portal and a bi-weekly video news program, have feedback mechanisms that enable and encourage team members to submit comments, suggestions and questions.

Additionally, our senior leadership team conducts regular communication sessions with team members. These forums are a blend of formal presentation and candid discussion of issues. They provide invaluable insight for improving customer service and making TELUS a workplace of choice.

The four-month labour disruption was a challenging time for all members of the TELUS team, and we made an extra effort during this time to ensure timely and comprehensive communications. Recognizing that team members on the picket

line would not have access to our internal communication channels, we developed an external website and team member telephone hotline to help them keep informed about company developments.

**Investor relations** – Each year the TELUS Investor Relations team organizes a number of events to communicate with investors. In 2005, TELUS held five interactive conference calls and an annual shareholder meeting. Members of TELUS' executive leadership team also participated in 14 external conference presentations and met with 228 investors in Canada, the United States and Europe.

TELUS Investor Relations conducts an annual perception study, through a third party, to obtain feedback on our investor relations and communication activities. The survey audience is our institutional shareholders, debt holders and telecommunications analysts. Survey respondents have the option of remaining anonymous. Survey results are analyzed with a focus on improving processes.

## continuous improvement

TELUS solicits feedback from a number of different stakeholders. We use this feedback to drive continuous improvement in our corporate governance and, specifically, the tracking and reporting of our risks. TELUS has worked

since 2001 with Stratos Inc., a Canadian-based sustainability consultancy, to review

our corporate social responsibility report and benchmark

it against other Canadian

reports. This relationship has helped TELUS to improve both

the type and quality of reported

data. For information about Stratos,

visit [stratos-sts.com](http://stratos-sts.com).



# auditors' report

## To: The Board of Directors and Management of TELUS Corporation

We audited selected quantitative performance information presented in TELUS' Corporate Social Responsibility Report (the Report) for the years ended December 31, 2005 and December 31, 2004. The audited information is marked with the symbol **A**. Preparation of the Report is the responsibility of TELUS management. Our responsibility is to express an opinion as to whether the selected information is fairly stated.

### Scope and criteria

We examined TELUS' quantitative performance information relating to community investments; charitable donations; environment; health and safety; workplace diversity; employee relations; and other areas as marked with the symbol **A**. We did not examine the narrative sections of the Report except insofar as they incorporated the selected quantitative performance information. Our audit criteria were based on the 2002 version of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, relevant regulations, TELUS management definitions, and accepted industry standards.

The economic performance information presented on pages 20 to 24 was extracted from TELUS' audited financial statements for the year ending December 31, 2005. This information was excluded from the scope of our audit.

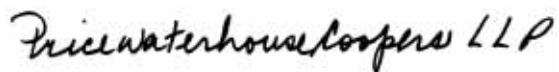
### Methodology

We conducted our audit in accordance with the International Standard on Assurance Engagements (ISAE) 3000, developed by the International Federation of Accountants. This Standard requires that we plan and perform an audit in order to obtain reasonable, but not absolute, assurance that the information we examined was free from material error. We believe our work provides a reasonable basis for our opinion.

Our audit procedures included examining, on a test basis, evidence supporting the selected information in the Report, examination of internally and externally generated documents and records, and such other procedures as we considered necessary in the circumstances.

### Opinion

In our opinion, the selected information set out in this Report marked with the symbol **A** is fairly stated in all material respects in accordance with the relevant criteria for the years ended December 31, 2005 and December 31, 2004.



PricewaterhouseCoopers LLP  
Vancouver, British Columbia, Canada  
March 9, 2006

# comments from the auditors

## Description of our assurance process

TELUS management asked us to audit certain quantitative performance assertions presented in the company's 2005 corporate social responsibility report and to issue a report on our conclusions. Our work was carried out at TELUS' offices in Vancouver and Calgary. The audit team comprised professionals with background and experience in corporate sustainability management and assurance.

During our audit we obtained, examined, and evaluated evidence using a variety of procedures, including:

- Interviews with TELUS management and staff and relevant third parties;
- Obtaining an understanding of the relevant data management systems and processes and assessing their reliability;
- Examination of internally and externally generated documents and records, including correspondence with external parties;
- Testing and re-calculation of performance data on a sample basis where appropriate; and
- Assessing the information for consistency with our knowledge of TELUS' overall operations.



# Global Reporting Initiative (GRI) Guidelines

This report has been prepared using Stratos Inc.'s methodology from its benchmarking report *Building Confidence, Corporate Sustainability Reporting in Canada*, as well as the Global Reporting Initiative (GRI) Guidelines. Stratos' criteria are of particular relevance to the Canadian context. The index below lists where in the report the reader can find information related to each GRI criterion, or directs the reader to TELUS' annual report – business review and financial review. Taken together, these reports form TELUS' reporting package of financial, social and environmental performance.

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# Global Reporting Initiative (GRI) Guidelines

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## Footnotes

- 1 Stratos is a sustainability consultancy. Visit [stratos-sts.com](http://stratos-sts.com).
- 2 Redundant with [telus.com/annualreport](http://telus.com/annualreport).
- 3 NA = not available.
- 4 NR = not relevant.
- 5 Not discussed, internal policy – tracked internally.
- 6 Appears throughout report.

# a friendly future by respecting our past



Standing, from left to right  
Bob Alexander, Neil Stewart, Don Calder,  
Roy Osing, Ken Crump, Lynn Patterson,  
Jim McInnis, Bob Stevens, Harold Ens,  
Bill McCourt, Gayle Stewart and Iain Harris  
Sitting, from left to right  
Gordon McFarlane, Leo Dooling,  
Jack Carlile, Darren Entwistle, Terry Heenan  
and Brian Canfield (TELUS Chairman  
of the Board)

TELUS stays ahead by respecting where we came from. We count amongst our most significant stakeholders the team members who helped make TELUS what it is today and what it will be in the future.

Our retired board directors, executives and team members gave us a legacy of growth, innovation and social responsibility. Today they continue to contribute through insightful consultation, by being passionate ambassadors for the company, and volunteering in our communities.

Representing this important stakeholder group are former executives of BC TEL, one of TELUS' predecessor companies.

I remain thankful for their huge contribution to building the TELUS we know today; the legacy they bestow upon us we will nurture and grow for future generations.

Sincerely,

A handwritten signature in blue ink that reads "Darren".

Darren Entwistle

# telus.com



TELUS Corporation, 555 Robson Street, Vancouver, British Columbia, Canada V6B 3K9

TELUS is committed to working in an environmentally responsible manner. In this report, the paper used for the cover has 50 per cent recycled fibre and includes 15 per cent post-consumer waste. The paper used for the text pages includes 20 per cent post-consumer waste. All paper in this report is acid-free and chlorine-free, and all ink is vegetable-based. Please recycle this report.

This report is also available online at [telus.com/socialresponsibility](http://telus.com/socialresponsibility).  
By accessing this information from our website, you will receive the information in a more environmentally friendly manner.

Questions and comments about our corporate social responsibility report can be sent to [sustainability@telus.com](mailto:sustainability@telus.com).

 (where facilities exist)

Printed in Canada.

#### EthicsLine hotline

As part of our ethics policy, this hotline allows TELUS team members and others to anonymously and confidentially raise accounting, internal controls and ethical inquiries or complaints.

phone 1-866-515-6333

e-mail [ethicsline@telus.com](mailto:ethicsline@telus.com)

Le Bilan social de TELUS est également disponible en français à l'adresse [telus.com](http://telus.com).