



**BOARD POLICY MANUAL**

**FEBRUARY 11, 2004**

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## TABLE OF CONTENTS

Introduction	
Terms of Reference for the Board.....	Appendix A
Terms of Reference for a Director.....	Appendix B
Terms of Reference for the Chair and CEO.....	Appendix C
Terms of Reference for Committees of the Board.....	Appendix D
Terms of Reference for the Audit Committee.....	Appendix E
Terms of Reference for the Corporate Governance Committee.....	Appendix F
Terms of Reference for the Human Resources and Compensation Committee.....	Appendix G
Terms of Reference for the Pension Committee.....	Appendix H
Director Compensation and Share Ownership Criteria.....	Appendix I
Director Criteria and Search Process.....	Appendix J
Chair and CEO Review Process.....	Appendix K
Board and Director Evaluation Process.....	Appendix L
Majority Voting Policy.....	Appendix M

The Board of Directors (the “Board”) of TELUS Corporation (the “Company”) is responsible for the effective management of the Company. It has statutory obligations to act in the best interests of the Company and it has fiduciary responsibilities to the shareholders.

The Board is committed to ensuring it can function independently of management and it is accountable to the shareholders of the Company. The Board strives to effectively manage the business and affairs of the Company and be an early adopter of best practices in corporate governance in order to enhance shareholder value.

The Board Policy Manual contains terms of reference for each committee and it is meant as a guideline for the Board.

Its purpose is to:

- set out expectations of the Board, individual directors and committees of the Board which go beyond legal requirements;
- establish an effective corporate governance system that reflects appropriate best practices in corporate governance;
- assist the Board in discharging its responsibilities in the most effective manner possible; and
- reinforce and further the independence of the Board from management.

The Board Policy Manual consists of the following:

#### Table of Contents

Introduction

Appendix A Terms of Reference for the Board

Appendix B Terms of Reference for the Directors

Appendix C Terms of Reference for the Chair and CEO

Appendix D Terms of Reference for Committees of the Board

Appendix E Terms of Reference for the Audit Committee

Appendix F Terms of Reference for the Corporate Governance Committee

Appendix G Terms of Reference for the Human Resources and Compensation Committee

Appendix H Terms of Reference for the Pension Committee

Appendix I Director Compensation and Share Ownership Criteria

Appendix J Director Criteria and Search Process

Appendix K Chair and CEO Review Process

Appendix L  
Appendix M

Board and Director Evaluation Process  
Majority Voting Policy

The following definitions will be used in these Terms of Reference:

Board	Board of directors of TELUS Corporation
CEO	President and Chief Executive Officer of TELUS Corporation
Chair	Chair of the Board of directors of TELUS Corporation
Company	TELUS Corporation
Independent Director	An “independent” director is one who has been determined by the Board to satisfy all the tests for an “independent director” under applicable laws, rules and regulations binding on the Company from time to time, including the applicable rules of stock exchanges on which the Company’s shares are listed, such as the requirements for independence under National Instrument 52-110 <i>Audit Committees</i> and National Instrument 58-101 <i>Disclosure of Corporate Governance Practices</i> of the Canadian Securities Administrators, Section 303A of the New York Stock Exchange Listed Company Manual applicable to foreign private issuers, and Rule 10A-3 – <i>Listing Standards Relating to Audit Committees</i> promulgated under the U.S. Securities Exchange Act of 1934 to implement section 3 of the U.S. Sarbanes-Oxley Act of 2002. In addition, the Company has voluntarily adopted those provisions in Rule 303A of the New York Stock Exchange Listed Company Manual that are not mandatory on foreign private issuers.

**1. INTRODUCTION**

The Board is responsible for the stewardship of the Company and overseeing the management of the Company's business and affairs. The Board may discharge its responsibilities by delegating certain duties to committees of the Board and to management. The specific duties delegated to each committee of the Board are outlined in the terms of reference for those committees.

**2. NO DELEGATION**

2.1 The Board may not delegate the following matters to any committee:

- a) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
- b) the filling of a vacancy on the Board or any Board committee;
- c) the allotment and issuance of securities;
- d) the declaration and payment of dividends;
- e) the purchase, redemption or any other form of acquisition of shares issued by the Company;
- f) the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of the Company from the Company or from any other person, or procuring or agreeing to procure purchasers for any such shares;
- g) the approval of management proxy circulars;
- h) the approval of any take-over bid circular or directors' circular;
- i) the approval of the financial statements and management's discussion and analysis of the Company;
- j) the appointment or removal of the CEO;
- k) the power of the directors set forth in the Company's charter documents with respect to ownership and voting restrictions;
- l) the establishment of any Board committee and its mandate;
- m) the adoption, amendment or repeal of the charter documents of the Company; and
- n) any other matter which is required under applicable corporate or securities laws to be decided by the Board as a whole.

**3. BOARD OF DIRECTORS**

**3.1 Composition**

- a) The number of directors to be elected at a meeting of the shareholders will be a minimum of 10 and a maximum of 16 directors, including the Chair, a majority of whom are Independent Directors.

- b) Subject to election by the shareholders and the requirements of the applicable laws, the Company's charter documents and the rules of any stock exchanges on which the shares of the Company are listed, the CEO will be a member of the Board. Upon ceasing to be CEO, he or she will be expected to volunteer to resign from the Board and, in any event, will not be eligible for re-election to the Board upon ceasing to be CEO.
- c) The CEO will be the only management director on the Board, provided, however, that the directors may fill a casual vacancy on the Board with another member of management, to hold such position until the next annual general meeting of the Company.
- d) The Chair of the Board must be an Independent Director.

### **3.2 Meetings**

- a) The Board will meet at least once each quarter and, including such quarterly meetings, a minimum of six times a year. Some of the Board's meetings should be held in locations other than Vancouver.
- b) The Chair and CEO, with the assistance of the Corporate Secretary, will be responsible for the agenda for each Board meeting.
- c) The Board encourages management to attend Board meetings, where appropriate, to provide additional insight to matters being considered by the Board.
- d) The Board should have an in-camera session without management present, including any management directors, as a regular feature of each regularly scheduled Board meeting.
- e) Once a year at a regularly scheduled Board meeting, the Board should hold an in-camera session without non-Independent directors in attendance.
- f) The quorum necessary for the transaction of business of the directors will be a majority of the directors.
- g) To the extent possible, Board materials will be made available in electronic format.

### **3.3 Election or Appointment of Directors**

The Board, following recommendation by the Corporate Governance Committee, will:

- a) approve the management slate of nominees proposed for election at annual general meetings of the Company;
- b) approve candidates to fill any casual vacancy occurring on the Board; and
- c) fix the number of directors as permitted by the Company's charter documents.

**3.4 Compensation and Share Ownership Requirement**

Appendix I – Director Compensation and Share Ownership Criteria lists the current levels of directors’ compensation and the shareholdings required of directors of the Company.

**3.5 Committees of the Board**

The Board will have the following committees and, after considering the recommendation of the Corporate Governance Committee, approve and/or modify their terms of reference:

- a) Audit Committee – Appendix E
- b) Corporate Governance Committee – Appendix F
- c) Human Resources and Compensation Committee – Appendix G
- d) Pension Committee – Appendix H

The Board may establish a new standing or ad hoc committee, after considering the recommendation of the Corporate Governance Committee. Not less than a majority of the members of any new standing or ad hoc committee will be Independent Directors.

Each committee will report to the Board on its meetings and each member of the Board will have access to minutes of committee meetings, regardless of whether the director is a member of such committee. See Appendix D – Terms of Reference for Committees of the Board of Directors.

**4. SELECTION OF MANAGEMENT**

- 4.1. In accordance with the Company’s charter documents, the Board will appoint and replace the CEO of the Company and, after considering the recommendation of the Human Resources and Compensation Committee, approve the CEO’s compensation.
- 4.2. Upon considering the advice of the CEO and the recommendation of the Human Resources and Compensation Committee, the Board will approve the appointment of all members of the Executive Leadership Team.
- 4.3. The Board is responsible for satisfying itself as to the integrity of the CEO and other senior management of the Company.
- 4.4. The Board is responsible for overseeing succession planning.

**5. STRATEGY DETERMINATION**

The Board will:

- 5.1. annually consider and approve the Company’s objectives and goals, its strategic plan to achieve those objectives and goals and approve any material changes thereto;
- 5.2. monitor and assess the resources required to implement the Company’s strategic plan;

- 5.3. monitor and assess developments which may affect the Company's strategic plan;
- 5.4. evaluate and, as required, enhance the effectiveness of the strategic planning process; and
- 5.5. monitor and, as required, enhance the execution of the strategic plan by management and monitor corporate performance against the Company's objectives and goals.

**6. MATERIAL TRANSACTIONS**

- 6.1 Subject to delegation by the Board to management and to committees of the Board, the Board will review and approve all material transactions and investments.

**7. PUBLIC REPORTING**

The Board is responsible for:

- 7.1 ensuring that the financial performance of the Company is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- 7.2 ensuring that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
- 7.3 ensuring that appropriate policies and procedures are in place to ensure the timely disclosure of any other developments that have a significant and material impact on the Company;
- 7.4 reporting annually to shareholders on its stewardship for the preceding year; and
- 7.5 providing for measures that accommodate feedback from shareholders.

**8. MONITORING RISKS AND INTERNAL CONTROLS**

The Board is responsible for:

- 8.1 identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks; and
- 8.2 ensuring the integrity of the Company's internal control and management information systems.

**9. PROCEDURES AND POLICIES**

The Board will monitor compliance with all significant policies and procedures by which the Company is operated.

**10. LEGAL REQUIREMENTS**

- 10.1 The Board will monitor and ensure compliance with all applicable laws and regulations.

## **APPENDIX A – TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS**

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10.2 The Board will strive to ensure that all corporate documents and records have been properly prepared, approved and maintained.

### **11. EVALUATION**

The Board will evaluate annually the effectiveness of the Board as a whole, individual directors, committees and the Chair. See Appendix L - Board and Director Evaluation Process.

**1. GOALS AND OBJECTIVES**

As a member of the Board, each director will:

- 1.1 manage or supervise the management of the business and affairs of the Company;
- 1.2 act honestly and in good faith and in the best interests of the Company;
- 1.3 exercise the care, diligence and skill of a reasonably prudent person;
- 1.4 fulfill the legal requirements and obligations of a director; and
- 1.5 represent the interests of all shareholders in the governance of the Company and ensure that the best interests of the Company are paramount.

**2. DUTIES AND RESPONSIBILITIES**

**2.1 Board Activity**

Each director will:

- a) exercise good judgment and act with integrity;
- b) use his or her abilities, experience and influence fully and constructively;
- c) act lawfully and demonstrate high ethical standards;
- d) be an available resource to management and the Board;
- e) devote time to be of effective service to the Board;
- f) respect confidentiality;
- g) advise the Chair in advance when planning to introduce significant or previously unknown information or material at a Board meeting;
- h) understand the difference between governing and managing, and not encroach on management's area of responsibility;
- i) be aware of potential conflict areas – real or perceived – and disclose and abstain from voting when required;
- j) when appropriate, communicate with the Chair or CEO between meetings;
- k) demonstrate a willingness and availability for one on one consultation with the Chair or CEO;
- l) evaluate the Company's performance;
- m) advise the Chair of the Board or Chair of the Corporate Governance Committee at the earliest possible date if he or she will not be able or willing to serve as a director;
- n) be collegial and respectful towards other directors; and
- o) not engage in or undertake lobbying activities as defined under applicable legislation on behalf of the Company without the prior express approval of the Chair of the Board and on written notice to the Corporate Secretary.

**2.2 Preparation and Attendance**

Each director will:

- a) prepare for Board and committee meetings for those committees of which he or she is a member by reading reports and background materials prepared for each meeting and acquiring adequate information necessary for decision making; and
- b) maintain an excellent Board and committee meeting attendance record. Directors will strive for 100% attendance. Directors are further expected to make reasonable efforts to attend face-to-face meetings in person.

**2.3 Communication**

Each director will:

- a) participate fully and frankly in the deliberations and discussions of the Board; and
- b) encourage free and open discussion of the affairs of the Company by the directors.

**2.4 Independence**

Each director will:

- a) speak and act independently of management; and
- b) be permitted to engage an outside advisor, at the expense of the Company, to provide advice with respect to a corporate decision or action.

**2.5 Committee Work**

Each director:

- a) is expected to participate on committees when asked and become knowledgeable about the purpose and objectives of the committee; and
- b) is expected to understand how committees function, and the role of management and staff supporting the committees.

**2.6 Business, Company and Industry Knowledge**

Each director will:

- a) become and remain knowledgeable of the Company's products, services, and industry;
- b) develop and maintain a thorough understanding of the unique role of the Company within the community;
- c) develop and maintain an understanding of the regulatory, legislative, business, social and political environments within which the Company operates;
- d) participate in and receive on-going training and education when asked;

## **APPENDIX B – TERMS OF REFERENCE FOR THE DIRECTORS**

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- e) become acquainted with the members of the Executive Leadership Team and other key management of the Company;
- f) remain knowledgeable about the Company's facilities and visit them when appropriate; and
- g) be an effective ambassador and representative of the Company.



**1. RESPONSIBILITIES OF THE CHAIR OF THE BOARD**

**1.1 Introduction**

The Chair plays a critical role on the Board, leading the Board in its management and supervision of the business and affairs of the Company and its oversight of management. In performing this role, the Chair must work with management, manage the Board, and promote effective relations with shareholders, other stakeholders and the public.

**1.2 The Chair’s relationship with management**

The positions of the Chair and CEO will be separate. The Chair will:

- a) communicate to senior management the concerns of the Board, shareholders and other stakeholders;
- b) act as a resource and sounding board for the CEO;
- c) communicate to the Board management strategy, plans and performance; and
- d) facilitate the Board’s interaction with key management as appropriate.

**1.3 Managing the Board**

The Chair will:

- a) facilitate the effective operation and management of, and provide strong leadership to, the Board;
- b) chair Board meetings and ensure they are conducted in an efficient and effective manner;
- c) assist the Corporate Governance Committee in its review of the composition of the Board and the committees prior to each annual general meeting;
- d) assist the Corporate Governance Committee in its annual review of the scope, duties and responsibilities of the committees and any amendments thereto, as well as the establishment or disbanding of committees and changes to their composition, including the chairs thereof; and
- e) assist the Corporate Governance Committee with its annual evaluation of the performance of individual directors, the committee chairs, the Board as a whole and the committees.

**1.4 Relations with Shareholders**

The Chair will:

- a) chair meetings of shareholders; and
- b) facilitate the Board’s efforts to create and maintain measures that accommodate feedback from shareholders.

**2. RESPONSIBILITIES OF THE CEO**

The CEO will:

- a) provide leadership and manage the business and affairs of the Company;
- b) report to the Board;
- c) keep the Board current in a timely fashion on major developments and provide the Board with sufficient information on a timely basis to enable the Board to discuss potential issues, make decisions and fulfill its mandate;
- d) recommend to the Board strategic directions for the Company's business and, when approved, implement the corresponding strategic, business and operational plans;
- e) direct and monitor the activities of the Company to achieve the Company's objectives and goals and to safeguard and optimize the best interests of the Company;
- f) develop and implement operational policies to guide the Company within the limits prescribed by applicable laws and regulations and the framework of the strategy approved by the Board;
- g) develop and recommend to the Board the overall corporate organization, structure and staffing;
- h) create, maintain and review with the Human Resources and Compensation Committee an annual plan for the development and succession of executive management;
- i) oversee the relationship between the Company and the public;
- j) facilitate interaction between the Board and other key members of management of the Company as appropriate; and
- k) participate in the Company's charitable, educational and cultural activities as agreed with the Board.

**1. INTRODUCTION**

Committees of the Board analyze, in depth, policies and strategies developed by management, which are consistent with the Committees' terms of reference. Committees examine proposals and, subject to limitations under applicable laws, make decisions or make recommendations to the full Board. Committees will not take action or make decisions on behalf of the Board unless specifically mandated to do so.

**2. MEMBERSHIP**

2.1 All members of committees of the Board will be directors of the Company. The number of Independent Directors required for each committee is as follows:

- a) all members of the Audit Committee will be Independent Directors;
- b) all members of the Corporate Governance Committee will be Independent Directors;
- c) all members of the Human Resources and Compensation Committee will be Independent Directors;
- d) not less than a majority of the members of the Pension Committee will be Independent Directors.

2.2 The Board, upon the recommendation of the Corporate Governance Committee, will appoint members of each committee from the directors, by a majority vote. The members of the committees will hold such positions at the pleasure of the Board.

2.3 The Board, upon the recommendation of the Corporate Governance Committee, will appoint the chair of each committee from each committee's members by a majority vote. The chair of the committee will hold such position at the pleasure of the Board.

2.4 The Chair of the Board may be a member of any committee and chair any ad hoc committee, but may not chair any standing committee.

2.5 Directors who are also members of the Company's management may not be members of any committee.

**3. MEETINGS**

3.1 Each of the committees specified above will meet at least once each quarter and otherwise as necessary. Any ad hoc committees appointed by the Board will meet as often as is required to appropriately carry out their mandate. Meetings may be conducted with members present, in person, by telephone or other telecommunications device that permits persons participating to speak and hear each other.

3.2 A quorum is established with a majority of committee members present in person or by telephone or by other telecommunications device that permits all persons participating in the meeting to speak and hear one another. A quorum once

## **APPENDIX D – TERMS OF REFERENCE FOR COMMITTEES OF THE BOARD OF DIRECTORS**

- established is maintained even if members of the committee leave the meeting prior to conclusion.
- 3.3 All directors of the Company may attend meetings of each committee, provided, however, that no director is entitled to vote at such meetings and is not counted as part of the quorum for such committee if he or she is not a member of the committee.
  - 3.4 Committees should hold an in-camera session without management present, including any management directors, as a regular feature of each regularly scheduled Committee meeting.
  - 3.5 The Corporate Secretary or his or her nominee will act as Secretary to each committee.
  - 3.6 The chair of a committee presides at meetings and is responsible to ensure the work of the committee is well organized and proceeds in a timely fashion. The chair of the committee will arrange for an alternate chair if the chair is planning to be absent.
  - 3.7 The minutes of all committee meetings will be approved by members of that committee and executed by the committee chair and the meeting secretary.
  - 3.8 Each committee will report to the Board on its meetings and each member of the Board will have access to minutes of committee meetings, regardless of whether the director is a member of such committee.

### **4. AGENDAS**

The chair of each committee, in consultation with the committee, the CEO or his management delegate to the committee and the Corporate Secretary, will determine the agenda, frequency, and length of the meetings, provided, however, that the committees will meet at least once every quarter as set out in section 3.1.

### **5. REPORTING**

Each committee has the duty to report to the Board all matters which it considers to be important for Board consideration as soon as practicable following the committee meeting.

### **6. OUTSIDE ADVISORS**

Each committee may engage outside advisors, at the expense of the Company, to provide advice with respect to a corporate decision or action.

The Board has established an Audit Committee (the “Committee”) to assist the Board in fulfilling its oversight responsibilities regarding the integrity of the Company’s accounting and financial reporting, the Company’s internal controls and disclosure controls, the Company’s legal and regulatory compliance, the Company’s ethics policy and timeliness of filings with regulatory authorities, the independence and performance of the Company’s external and internal auditors, the management of the Company’s risks, the Company’s credit worthiness, treasury plans and financial policy and the Company’s whistleblower and complaint procedures.

**1. MEMBERSHIP**

- 1.1 The Committee will have a minimum of three members, including the chair of the Committee. The Board, upon the recommendation of the Corporate Governance Committee, will appoint and remove the members of the Committee by a majority vote. The members will sit on the Committee at the pleasure of the Board.
- 1.2 The Board, upon the recommendation of the Corporate Governance Committee, will appoint the chair of the Committee from the Committee’s members by a majority vote. The chair of the Committee will hold such position at the pleasure of the Board.
- 1.3 All members of the Committee will be Independent Directors.
- 1.4 All members of the Committee will be financially literate, as defined in accordance with applicable securities laws and standards of the stock exchanges on which the Company’s securities are listed.
- 1.5 At least one member of the Committee will be an audit committee financial expert, as defined in accordance with applicable securities laws, and at least one member of the Committee will have accounting or related financial management expertise, as defined in accordance with applicable securities laws.

**2. MEETINGS**

- 2.1 The Committee will meet at least once each quarter and otherwise as necessary. Any member of the Committee may call meetings of the Committee.
- 2.2 All directors of the Company, including management directors, may attend meetings of the Committee provided, however, that no director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if he or she is not a member of the Committee.
- 2.3 Notwithstanding section 2.2 above, the Committee will, as a regular feature of each regularly scheduled meeting, hold an in-camera session with the external auditors and separately with the internal auditors, without management or management directors present. The Committee may, however, hold other in-camera sessions with such members of management present as the Committee deems appropriate.
- 2.4 The Corporate Secretary or his or her nominee will act as Secretary to the Committee.

- 2.5 The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee's meetings, regardless of whether the director is a member of the Committee.
- 2.6 The external auditors of the Company will receive notice of every meeting of the Committee and may request a meeting of the Committee be called by notifying the chair of the Committee of such request.

### **3. QUORUM**

The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee. A quorum once established is maintained even if members of the Committee leave the meeting prior to conclusion.

### **4. DUTIES**

The Board hereby delegates to the Committee the following duties to be performed by the Committee on behalf of and for the Board:

#### **4.1 Financial Reporting**

Prior to public disclosure, the Committee will review and recommend to the Board, and where applicable, to the boards of the Company's subsidiaries which are reporting issuers, for approval:

- a) the annual audited consolidated financial statements and interim unaudited consolidated financial statements of the Company and those of its subsidiaries that are reporting issuers, as defined in accordance with applicable securities laws;
- b) the interim and annual management's discussion and analysis of financial condition and results of operations (MD&A) of the Company and those of its subsidiaries that are reporting issuers, as defined in accordance with applicable securities laws;
- d) earnings press releases and earnings guidance, if any;
- e) Management's Statement on Financial Reporting; and
- f) all other material financial public disclosure documents of the Company and those of its subsidiaries that are reporting issuers, including prospectuses, press releases with financial results and the Annual Information Form.

#### **4.2 External Auditors**

The external auditors will report directly to the Committee and the Committee will:

- a) appoint the external auditors, subject to the approval of the shareholders, and determine the compensation of the external auditors;
- b) oversee the work of the external auditors and review and approve the annual audit plan of the external auditors, including the scope of the audit

to be performed and the degree of co-ordination between the plans of the external and internal auditors. The Committee will discuss with the internal auditors, the external auditors and management, the adequacy and effectiveness of the disclosure controls and internal controls of the Company and elicit recommendations for the improvement of such controls or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis will be given to the adequacy of internal controls to prevent or detect any payments, transactions or procedures that might be deemed illegal or otherwise improper;

- c) meet regularly with the external auditors without management present and ask the external auditors to report any significant disagreements with management regarding financial reporting, the resolution of such disagreements and any restrictions imposed by management on the scope and extent of the audit examinations conducted by the external auditors;
- d) pre-approve all audit, audit-related and non-audit services to be provided to the Company or any of its subsidiaries, by the external auditors (and its affiliates), in accordance with applicable securities laws;
- e) annually review the qualifications, expertise and resources and the overall performance of the external audit team and, if necessary, recommend to the Board the termination of the external auditors or the rotation of the audit partner in charge;
- f) at least annually, obtain and review a report by the external auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality control review, or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues; and all relationships between the external auditors and the Company;
- g) annually assess and confirm the independence of the external auditors and require the external auditors to deliver an annual report to the Committee regarding its independence, such report to include disclosure regarding all engagements (and fees related thereto) by the Company and relationships which may impact the objectivity and independence of the external auditors;
- h) require the external auditors to deliver an annual acknowledgement in writing to the Committee that the shareholders, as represented by the Board and the Committee, are its primary client;
- i) review post-audit or management letters, containing recommendations of the external auditors and management's response;
- j) review reports of the external auditors; and

- k) pre-approve the hiring of employees and former employees of current and former auditors in accordance with applicable securities laws and TELUS policies.

Notwithstanding section 4.2(d) above, the Committee may delegate the pre-approval of audit, audit-related and non-audit services to any one member of the Committee, provided, however, a report is made to the Committee on any pre-approval of such services at the Committee's first scheduled meeting following the pre-approval.

### **4.3 Internal Auditors**

The internal auditors will report functionally to the Committee and administratively to the Chief Financial Officer and the Committee will:

- a) review and approve management's appointment, termination or replacement of the Chief Internal Auditor;
- b) oversee the work of the internal auditors including reviewing and approving the annual internal audit plan and updates thereto;
- c) review the report of the internal auditors on the status of significant internal audit findings, recommendations and management's responses and review any other reports of the internal auditors; and
- d) review the scope of responsibilities and effectiveness of the internal audit team, its reporting relationships, activities, organizational structure and resources, its independence from management, its credentials and its working relationship with the external auditors.

The internal auditors will report quarterly to the Committee on the results of internal audit activities and will also have direct access to the chair of the Committee when the internal auditors determine it is necessary.

### **4.4 Whistleblower, Ethics and Internal Controls Complaint Procedures**

The Committee will ensure that the Company has in place adequate procedures for:

- a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters; and
- b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The CEO or CFO will report to the Committee, and the Committee will review such reports, on any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls. Where the CEO, CFO and/or the Chief Internal Auditor are named in a complaint, the Director of Ethics and Internal Controls will speak directly with the Chair of the Committee.

The Chief Internal Auditor will report to the Committee, and the Committee will consider such reports, on the results of the investigation of whistleblower, ethics and internal controls complaints.

#### **4.5 Accounting and Financial Management**

The Committee will review:

- a) with management and the external auditors, the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that could materially affect the financial results and whether they should be disclosed in the MD&A;
- b) emerging accounting issues and their potential impact on the Company's financial reporting;
- c) significant judgments, assumptions and estimates made by management in preparing financial statements;
- d) the evaluation by either the internal or external auditors of management's internal control systems, and management's responses to any identified weaknesses;
- e) the evaluation by management of the adequacy and effectiveness in the design and operation of the Company's disclosure controls and internal controls for financial reporting;
- f) audits designed to report on management's representations on the effectiveness and efficiency of selected projects, processes, programs or departments;
- g) management's approach for safeguarding corporate assets and information systems, the adequacy of staffing of key financial functions and their plans for improvements; and
- h) internal interim and post implementation reviews of major capital projects.

#### **4.6 Credit Worthiness, Treasury Plans and Financial Policy**

The Committee will review with management:

- a) the Company's financial policies and compliance with such policies;
- b) the credit worthiness of the Company;
- c) the liquidity of the Company; and
- d) important treasury matters including financing plans.

#### **4.7 Legal/Regulatory Matters and Ethics**

The Committee will review:

- a) with management, the external auditors and legal counsel, any litigation, claim or other contingency, including any tax assessment, that could have

a material effect upon the financial position or operating results of the Company;

- b) annually, management's relationships and compliance with regulators, and the accuracy and timeliness of filings with regulatory authorities;
- c) annually, the ethics policy, management's approach to business ethics and corporate conduct and the program used by management to monitor compliance with the policy; and
- d) quarterly reports from the Chief Compliance Officer on legal and regulatory compliance activities.

#### **4.8 Risk Management**

The Committee will:

- a) consider reports on the annual enterprise business risk assessment and updates thereto;
- b) consider reports on the business continuity disaster recovery plan(s) for the Company;
- c) consider reports on the insurance coverage of the Company;
- d) consider reports on financial risk management including derivative exposure and policies;
- e) monitor, on behalf of the Board, the Company's compliance with environmental legislation and the adequacy of the Company's environmental budget expenditures;
- f) monitor, on behalf of the Board, the Company's health and safety policies and receive and review regular reports concerning the Company's health and safety programs, policies and results from the Chief Internal Auditor and the Chief Compliance Officer;
- g) review and recommend to the Board for approval environmental policies and procedure guidelines and any amendments or changes thereto;
- h) report to the Board, and require management to report to the Committee, on environmental matters each quarter; and
- i) review other risk management matters as from time to time the Committee may consider suitable or the Board may specifically direct.

#### **4.9 Other**

The Committee will review:

- a) the expenses of the Chair of the Board and CEO and will assess the Company's policies and procedures with respect to the Executive Leadership Team members' expense accounts and perquisites, including their use of corporate assets;

- b) the proposed disclosure concerning the Committee to be included in the Company's Annual Information Form to verify, among other things, that it is in compliance with applicable securities law requirements;
- c) significant related party transactions and actual and potential conflicts of interest relating thereto to verify their propriety and that disclosure is appropriate;
- d) the disclosure policy of the Company; and
- e) and evaluate, at least once annually, the adequacy of these Terms of Reference and the Committee's performance, and report its evaluation and any recommendations for change to the Corporate Governance Committee.

The Committee will also have such other duties and responsibilities as are delegated to it and review such other matters as, from time to time, are referred to it by the Board.

**5. AUTHORITY**

The Committee, in fulfilling its mandate, will have the authority to:

- a) engage and set compensation for independent counsel and other advisors;
- b) communicate directly with the Chief Financial Officer, internal and external auditors, Chief Compliance Officer and Chief General Counsel;
- c) delegate tasks to Committee members or subcommittees of the Committee; and
- d) access appropriate funding as determined by the Committee to carry out its duties.

## **APPENDIX F – TERMS OF REFERENCE FOR THE CORPORATE GOVERNANCE COMMITTEE**

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The Board has established the Corporate Governance Committee (the “Committee”) to assist the Board in fulfilling its oversight responsibilities regarding the effectiveness of the Company’s corporate governance system. The Committee is also responsible for establishing a process for identifying, recruiting, appointing and providing ongoing development for directors. In addition, it is the responsibility of the Committee to (i) identify individuals qualified to become board members, consistent with criteria approved by the Board, and to select, or to recommend that the Board select, the director nominees for the next annual meeting of shareholders; (ii) develop and recommend to the Board a set of corporate governance principles applicable to the Company; and (iii) oversee the evaluation of the Board.

### **1. MEMBERSHIP**

- 1.1 The Committee will have a minimum of three members, including the chair of the Committee. The Board, upon the recommendation of the Committee, will appoint and remove the members of the Committee by a majority vote. The members will sit on the Committee at the pleasure of the Board.
- 1.2 The Board, upon the recommendation of the Committee, will appoint the chair of the Committee from the Committee’s members by a majority vote. The chair of the Committee will hold such position at the pleasure of the Board.
- 1.3 All members of the Committee will be Independent Directors.

### **2. MEETINGS**

- 2.1 The Committee will meet at least once each quarter and otherwise as necessary. Any member of the Committee may call meetings of the Committee.
- 2.2 All directors of the Company, including management directors, may attend meetings of the Committee provided, however, that no director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if he or she is not a member of the Committee.
- 2.3 The Committee should hold an in-camera session without management present, including management directors, as a regular feature of each regularly scheduled Committee meeting.
- 2.4 The Corporate Secretary or his or her nominee will act as Secretary to the Committee.
- 2.5 The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee’s meetings, regardless of whether the director is a member of the Committee.

### **3. QUORUM**

The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee. A quorum once established is maintained even if members of the Committee leave the meeting prior to conclusion.

#### **4. DUTIES**

The Board hereby delegates to the Committee the following duties to be performed by the Committee on behalf of and for the Board:

##### **4.1 Corporate Governance**

The Committee is responsible for monitoring corporate governance developments, best practices for corporate governance and furthering the effectiveness of the Company's corporate governance practices.

##### **4.2 Board and Committees**

The Committee will review and recommend to the Board for approval:

- a) prior to each annual general meeting, and in consultation with the Chair and the CEO, the composition of the Board and the committees and any necessary changes;
- b) annually, in consultation with the Chair and the CEO, the nominees for election as directors of the Company at its annual general meetings and, as required, candidates to fill any casual vacancy occurring in the Board or committees;
- c) as required, candidates for appointment of the Chair and the CEO;
- d) annually, together with the Chair and, where appropriate, the chairs of other committees, the mandate, scope, duties and responsibilities of those committees and any amendments thereto, as well as the establishment or disbanding of Board committees and changes to their composition, including the chairs thereof;
- e) annually, the adequacy of the Board Policy Manual and Terms of Reference for each committee and any amendments thereto; and
- f) at appropriate intervals, compensation and benefit levels for the directors of the Company and its major subsidiaries and affiliates, including the Chair.

##### **4.3 Director Selection, Education, Evaluation and Criteria**

The Committee will:

- a) recommend to the Board for approval a process for the selection of new directors and periodically review such process and recommend any changes thereto to the Board for approval;
- b) recommend to the Board for approval a process for the determination of the independence of the directors, and the financial expertise or accounting or related financial experience or financial literacy of the directors, as well as the actual determinations, as those terms are defined under applicable securities laws and periodically review such process and recommend any changes thereto to the Board for approval;

## **APPENDIX F – TERMS OF REFERENCE FOR THE CORPORATE GOVERNANCE COMMITTEE**

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- c) approve orientation processes for new directors and annual plans for the ongoing development of existing directors;
- d) in conjunction with the Chair, conduct an annual evaluation of the performance of individual directors, the Chair, the chairs of the committees, the Board as a whole and the committees, including its own performance;
- e) recommend to the Board for approval the criteria to be met by all directors of the Company in order to be eligible to serve as a director and periodically review and recommend any changes to the eligibility criteria to the Board for approval;
- f) establish and annually review, Board skills and conduct a gap analysis;
- g) establish and annually review, a succession plan for the Chair and the chair of each committee; and
- h) consider maintaining a list of potential candidates for directors who meet the established criteria.

### **4.4 Other**

The Committee will review:

- a) as required, and report to the Board on the necessity or advisability of appointing an independent committee to evaluate and confirm to the Board the fairness of any material transaction involving the Company and a significant shareholder;
- b) and approve, any reports required or recommended on corporate governance for inclusion in public disclosure documents of the Company (e.g. the disclosure on corporate governance practices required by Canadian securities regulators);
- c) and approve annually, directors' and officers' third party liability insurance coverage;
- d) at least every two years and recommend to the Board for approval, any changes to the delegation of authority framework between the Board and management;
- e) and approve annually, the Company's charitable and political contribution policies, budget and practices;
- f) and approve annually, the Company's policies with respect to public policy and external relations matters;
- g) and monitor legislation affecting the duties, responsibilities and potential liability of directors;
- h) and approve as needed, the policy regarding the engagement of outside advisors for individual directors or by committees; and

**APPENDIX F – TERMS OF REFERENCE FOR THE CORPORATE GOVERNANCE  
COMMITTEE**

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- i) and pre-approve the hiring or promotion of employees who has a relationship with any director of the Company that would render the director to be not “independent” under TELUS policies upon such hiring or promotion. The Committee may delegate the authority to grant such pre-approval to any one member of the Committee, provided that a report is made to the Committee on any pre-approval at the Committee’s first scheduled meeting following the pre-approval.

The Committee will also have such other duties and responsibilities as are delegated to it and review such other matters as, from time to time, are referred to it by the Board.

**5. OUTSIDE ADVISORS**

The Committee may engage and terminate outside advisors, at the expense of the Company, to provide advice with respect to a corporate decision or action.

**6. AUTHORITY**

The Committee, in fulfilling its mandate, will have the authority to:

- a) communicate directly with the Chief General Counsel, and any other member of management as the Committee deems appropriate;
- b) delegate tasks to Committee members or subcommittees of the Committee; and
- c) access appropriate funding as determined by the Committee to carry out its duties.

The Board of Directors has established the Human Resources and Compensation Committee of the Board (the “Committee”) to develop the Company’s philosophy and guidelines on executive compensation, oversee succession planning for Executive Management, determine CEO goals and objectives relevant to compensation, recommend for Board approval CEO compensation based on evaluation of CEO performance relative to CEO goals and objectives, review Executive Management performance and determine non-CEO executive compensation, and review and administer the Company’s equity-based incentive plans and the Company’s supplemental retirement plans for Executive Management.

The term “Executive Management” refers to all members of the Executive Leadership Team (ELT) including the President and Chief Executive Officer (CEO).

**1. MEMBERSHIP**

- 1.1 The Committee will have a minimum of three members, including the Chair of the Committee. The Board, upon the recommendation of the Corporate Governance Committee, will appoint and remove the members of the Committee by a majority vote. The members will sit on the Committee at the pleasure of the Board.
- 1.2 The Board, upon the recommendation of the Corporate Governance Committee, will appoint the chair of the Committee from the Committee members by a majority vote. The chair of the Committee will hold such position at the pleasure of the Board.
- 1.3 All members of the Committee will be Independent Directors.

**2. MEETINGS**

- 2.1 The Committee will meet at least once each quarter and otherwise as necessary. Any member of the Committee may call meetings of the Committee.
- 2.2 All directors of the Company, including management directors, may attend meetings of the Committee provided, however, that no director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if he or she is not a member of the Committee.
- 2.3 The Corporate Secretary or his or her nominee will act as Secretary to the Committee.
- 2.4 The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee’s meetings, regardless of whether the director is a member of the Committee.
- 2.5 The Committee should hold an in-camera session without management present, including management directors, as a regular feature of each regularly scheduled Committee meeting.
- 2.6 At the invitation of the Committee, the external human resources consultant to the Committee may attend meetings of the Committee, including in-camera sessions.

**APPENDIX G – TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND  
COMPENSATION COMMITTEE**

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2.7 Subject to any contrary direction by the Committee, the external human resources consultant to the Committee will receive notice of every meeting of the Committee.

**3. QUORUM**

The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee. A quorum once established is maintained even if members of the Committee leave the meeting prior to conclusion.

**4. DUTIES**

The Board hereby delegates to the Committee the following duties to be performed by the Committee on behalf of and for the Board:

4.1 The Committee:

- a) will develop and recommend to the Board for its approval, the Company's compensation philosophy and guidelines for Executive Management and any material changes thereto;
- b) at least once annually, will review the Company's compensation philosophy and guidelines for Executive Management and recommend any material changes to the Board for its approval. In its review, the Committee will assess the linkage of executive compensation philosophy and executive incentive plans to the Company's financial and non-financial performance, support of the Company's business strategy, and alignment with the Company's employee compensation philosophy;
- c) may propose, and will review any proposed establishment of and material changes to, incentive compensation plans and employee benefit plans for Executive Management and all equity-based incentive plans, including guidelines and policies relating to such plans, and present its recommendations to the Board for approval;
- d) will review and recommend to the Board for approval the proposed appointment of any person to Executive Management, and the proposed appointment of any member of Executive Management as a corporate officer of the Company;
- e) will lead the review on CEO performance and report the results to the Board;
- f) at least once annually, review and recommend to the Board for approval the CEO's compensation, based on the Committee's evaluation of CEO performance and its review of the form and adequacy of CEO compensation in accordance with subparagraphs 4.2(b) to (d) below, provided that the Committee's recommendation of annual variable pay will be subject to the approval of and establishment by the Board of

**APPENDIX G – TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND  
COMPENSATION COMMITTEE**

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annual guidelines with respect to variable pay compensation. In assessing the long-term incentive component of CEO compensation, the Committee should consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and awards given to the CEO in past years;

- g) will receive, with such frequency as the Committee deems appropriate, notification from the Committee's compensation consultant, on the non-Committee work performed by such consultant to the Company; and
  - h) will receive, with such frequency as the Committee deems appropriate, reports from the Respectful Workplace Office.
- 4.2 The Committee will review, and approve or determine, the following matters:
- a) at least once annually, succession plans for Executive Management, including specific development plans and career planning for potential successors, provided that the Board must approve the succession plan for the CEO;
  - b) at least once annually, the adequacy and form of compensation for Executive Management;
  - c) at least once annually, the corporate goals and objectives relevant to CEO compensation;
  - d) at least once annually, the CEO's performance in light of the corporate goals and objectives referred to in subparagraph (c) above;
  - e) at least once annually, the CEO's performance evaluations of individual members of Executive Management;
  - f) at least once annually, the compensation (including annual variable pay and other incentive awards) of individual members of Executive Management other than the CEO, after taking into consideration the evaluation and recommendations of the CEO, provided that any grant of securities will be approved by the Board where it is required and the Committee's determination of annual variable pay will be subject to the approval of and establishment by the Board of annual guidelines with respect to variable pay compensation;
  - g) at least once every two years, the levels and types of benefits, including perquisites and vehicles, that may be granted to Executive Management, subject to the terms of any applicable employee benefit plans and guidelines established by the Board;
  - h) at least once annually, the share ownership guidelines for Executive Management and the achievement of those guidelines by Executive Management;

## **APPENDIX G – TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND COMPENSATION COMMITTEE**

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- i) all agreements, including those dealing with retirement, termination of employment or other special circumstances, between the Company and any member of Executive Management;
  - j) at least once every two years, all material Executive Management policies and guidelines that are not otherwise addressed in these Terms of Reference or under the mandate of the Board or another Board committee, such as travel policy and executive security policy;
  - k) the annual work plan, budget and fees of the Committee's compensation consultant; and
  - l) at least once annually, conduct a performance assessment of the Committee's compensation consultant.
- 4.3 The Committee will:
- a) prepare and approve for publication reports on executive compensation for inclusion in the Company's information circulars and similar disclosure documents as required by law;
  - b) at least once annually, review and evaluate the adequacy of these Terms of Reference and the Committee's performance, and report its evaluation and any recommendations for change to the Corporate Governance Committee; and
  - c) report on its activities and deliberations to the Board as soon as practicable, and report to the Board at its next regular meeting all such actions which the Committee has taken since the previous report.
- 4.4 Following the approval of and establishment by the Board of any stock option or other equity-based incentive plans of the Company or its subsidiaries, and within any guidelines established by the Board and subject to any authority otherwise reserved or delegated by the Board with respect to such plans, the Committee will:
- a) review management's recommendations for and, subject to confirmation by the Board, approve the granting of stock options or other securities under such plans to eligible participants; and
  - b) administer such plans.
- 4.5 Within any guidelines established by the Board, the Committee will:
- a) administer the Supplemental Retirement Plans ("SRP") for Executive Management;
  - b) designate key employees as Executive Management for the purpose of the SRP;
  - c) at least once annually, review the benefits arising from and the liability for the SRP; and

**APPENDIX G – TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND  
COMPENSATION COMMITTEE**

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- d) suggest and review any amendments to the SRP which the Committee considers appropriate, and make recommendations to the Board for its consideration and approval.
- 4.6 Within any guidelines established by the Board with respect thereto, and any authority reserved by the Board, the Committee may consider and determine all matters concerning incentive awards, perquisites and other remuneration matters with respect to Executive Management, provided that any determination with respect to CEO remuneration will be subject to the approval of the Board.
- 4.7 The Committee will annually review the labour relations environment for the Company, and report to the Board with respect to any potential financial implications related thereto.
- 4.8 Save and except for those boards of directors that a member of Executive Management is asked by the Company to join as part of that member's employment duties, the Committee, with respect to boards of directors of unrelated corporations or entities, whether they are for profit or not-for-profit:
- a) may establish a limit on the number of such boards on which individual members of Executive Management may participate. Furthermore, where the Committee has permitted a member of Executive Management to participate on the board of directors of an unrelated corporation or entity, such member of Executive Management must obtain the further approval of the Committee prior to chairing such board or any committees of such board;
  - b) will receive notice of proposed membership by a member of Executive Management and, upon consultation with the CEO, have the right to approve or object to such membership; and
  - c) will unless determined otherwise by the Committee, confirm in writing, through the CEO, to such member of Executive Management that the Company will not indemnify the member nor be exposed to liability with respect to the member's participation on such board.
- 4.9 The Committee will also have such other powers and duties as are delegated to it from time to time by the Board.

**5. AUTHORITY**

- 5.1 The Committee, in fulfilling its mandate, will have the authority to:
- a) hire and terminate any external human resource consultant to the Committee, and set compensation and other retention terms for such consultant;
  - b) hire and terminate any other advisors including independent counsel, and set compensation and other retention terms for such advisors;

**APPENDIX G – TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND  
COMPENSATION COMMITTEE**

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- c) communicate directly with the Executive Vice-President, Human Resources, and any other member of management as the Committee deems appropriate;
- d) delegate tasks to Committee members or subcommittees of the Committee; and
- e) access appropriate funding as determined by the Committee to carry out its duties.

TELUS Corporation (the “Company”) is the sponsor and administrator of the Pension Plan for Management and Professional Employees of TELUS Corporation, the TELUS Defined Contribution Pension Plan, the TELUS Edmonton Pension Plan, the TELUS Corporation Pension Plan, the TELUS Québec Defined Benefit Pension Plan, any successor plans, related supplemental retirement arrangements as mandated by the Board, and any related trust funds (the “Pension Plans”). The Board is responsible for the management and administration of the Pension Plans.

The Board has established a Pension Committee (the “Committee”) to oversee the administration, financial reporting and investment activities of the Pension Plans. The Committee is responsible for reporting to the Board in respect of the actuarial soundness of the Pension Plans, the administrative aspects of the Pension Plans, investment policy, the performance of the investment portfolios and compliance with government legislation.

### **1. Membership**

- 1.1. The Committee will consist of a minimum of three members, including the Chair of the Committee. The Board, upon the recommendation of the Corporate Governance Committee, will appoint and remove the members of the Committee by a majority vote. The members will sit on the Committee at the pleasure of the Board.
- 1.2. The Board, upon the recommendation of the Corporate Governance Committee, will appoint the chair of the Committee from the Committee’s members by a majority vote. The chair of the Committee will hold such position at the pleasure of the Board.
- 1.3. A majority of the members of the Committee will be Independent Directors.

### **2. Meetings**

- 2.1. The Committee will meet at least once each quarter and otherwise as necessary. Any member of the Committee may call meetings of the Committee.
- 2.2. All directors of the Company, including management directors, may attend meetings of the Committee provided, however, that no director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if he or she is not a member of the Committee.
- 2.3. The Corporate Secretary or his or her nominee will act as Secretary to the Committee.
- 2.4. The Committee should hold an in-camera session without management present, including management directors, as a regular feature of each regularly scheduled Committee meeting.
- 2.5. The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee’s meetings, regardless of whether the director is a member of the Committee.

**3. Quorum**

The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee. A quorum once established is maintained even if members of the Committee leave the meeting prior to conclusion.

**4. Duties**

Subject to the Articles of the Company and the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board in respect of each Pension Plan. These delegated powers and duties are subject to exceptions and limitations in certain instances where the Pension Plan documents concerned provide that certain powers and duties are assigned to various parties other than the Board or the Company.

**4.1. Plan Design**

- a) Initiation, Change and Termination of Pension Plan – The Committee will review and recommend to the Board for approval all decisions to initiate, merge or terminate any Pension Plan, or otherwise fundamentally change the nature of the pension arrangement for any Pension Plan.
- b) Appointment of Trustee(s) – The Committee will review and recommend to the Board for approval the appointment of the trustee for each Pension Plan.
- c) Trust Agreement – The Committee will review and recommend to the Board for approval any trust agreement between the Company as the sponsor of a Pension Plan and the trustee.
- d) Plan Amendments - The Committee will approve all amendments to any Pension Plan that, in the opinion of the actuary of the Pension Plan in question, affect the cost of pension benefits. The Committee may, however, in its discretion and on such terms as it may consider appropriate from time to time, delegate to the Management Pension Committee the authority to approve amendments to any Pension Plan where such amendments do not give rise to any change in the cost of pension benefits beyond a maximum amount specified by the Committee, or where such amendments are required to maintain the registration of the Pension Plan under applicable laws.

**4.2. Pension Governance**

- a) Governance Structure – The Committee will review at least every five years the governance structure for the Pension Plans which sets out the major decision-making bodies and the mandate, scope, duties and responsibilities of those decision-making bodies and recommend any amendments thereto to the Board for approval.

- b) Terms of Reference of the Board – The Committee may review and recommend to the Corporate Governance Committee of the Board for its consideration and recommendation to the Board the Terms of Reference of the Board with respect to the management and administration of the Pension Plans.
- c) Terms of Reference of the Pension Committee – The Committee will review at least annually, and evaluate the adequacy of, Appendix H - Terms of Reference for the Pension Committee and the Committee's performance and report its evaluation and any recommendations for change to the Corporate Governance Committee of the Board.
- d) Terms of Reference of the Chief Financial Officer of the Company – The Committee will periodically review and approve the Terms of Reference of the Chief Financial Officer of the Company with respect to the management and administration of the Pension Plans.
- e) Terms of Reference of the Management Pension Committee - The Committee will periodically review and approve the Terms of Reference of the Management Pension Committee, and monitor compliance of the Management Pension Committee with its Terms of Reference.
- f) Terms of Reference of Pension Advisory Councils – The Committee will periodically review and approve the Terms of Reference of the pension advisory councils established by the Company and monitor compliance of the pension advisory councils with their Terms of Reference.
- g) Monitoring and Reporting Framework – The Committee will establish a monitoring and reporting framework which specifies the major reports and documents that the various decision-making bodies will receive in order to fulfill their responsibilities with respect to the management and administration of the Pension Plans.

#### **4.3. Valuation and Funding**

- a) Funding Policy – The Committee will review and recommend to the Board for its approval, at least every five years, a funding policy which sets out guidelines with respect to the valuation and funding of the liabilities of the defined benefit Pension Plans.
- b) Major Actuarial Assumptions - The Committee will review, at least annually, the major actuarial assumptions for the valuation and funding of the liabilities of the defined benefit Pension Plans, as approved by the Chief Financial Officer of the Company.

- c) Pension Contributions – The Committee will review, at least annually, the contributions to the pension funds of defined benefit Pension Plans, as approved by the Chief Financial Officer of the Company.

#### **4.4. Risk Management**

- a) Goals, Objectives and Asset Mix Policy for Defined Benefit Pension Plans – The Committee will establish, and periodically review, the goals, objectives and long-term asset mix policy for defined benefit Pension Plans, in terms of the proportion of the assets to be invested in various asset classes on average over the long term.
- b) Goals, Objectives and Investment Program for Defined Contribution Pension Plans – The Committee will establish, and periodically review, the goals, objectives and investment program for defined contribution Pension Plans, in terms of the number and types of investment options to be offered to the members of the plans.

#### **4.5. Investment Philosophy**

Statement of Investment Principles and Beliefs – The Committee will establish, and periodically review, a Statement of Investment Principles and Beliefs (the “SIP&B”) which sets out the fundamental assumptions and rationale underlying the development of investment policies and the management of the assets of the defined benefit and defined contribution pension plans.

#### **4.6. Investment Policies and Management**

Statement of Investment Policies & Procedures - The Committee will review, at least annually, the Statement of Investment Policies and Procedures (the “SIP&P”) for each Pension Plan approved by the Management Pension Committee for compliance with the investment principles and beliefs as set out in the SIP&B.

#### **4.7. Communication and Education**

Defined Contribution Pension Plan Member Communication and Education Policy – The Committee will review periodically the Member Communication and Education Policy approved by the Management Pension Committee.

#### **4.8. Operations and Implementation**

- a) Pension Expense Policy – The Committee will approve and periodically review a Pension Expense Policy which sets out guidelines for the payment of expenses incurred in the management and administration of the Pension Plans from the assets of the pension funds.

- b) Internal Controls Policy – The Committee will establish and periodically review an Internal Controls Policy on the appropriate financial and operating controls and procedures necessary to safeguard the assets of the Pension Plans and maintain the integrity of pension payments. It will undertake an internal audit of these controls and procedures as required but in any event at least every three to five years and it will make such changes to the controls and procedures that the Committee determines are necessary as a result of the audit.
- c) Pension Administration Policy – The Committee will periodically review the Pension Administration Policy approved by the Management Pension Committee, in order to ensure that it sets out appropriate guidelines and procedures for the effective administration of the Pension Plans.
- d) Appointment of Auditor - The Committee will appoint the external auditor of the Pension Plans.
- e) Appointment of Actuary – The Committee will appoint the actuary of the Pension Plans.

#### **4.9. Review and Approval**

The Committee will periodically review the Monitoring and Reporting Framework, as well as all documents, policies and appointments approved by the Committee and make any amendments or changes thereto.

#### **4.10. Miscellaneous**

The Committee will have such other duties and responsibilities that are delegated to it and review such other matters as are from time to time referred to it by the Board.

#### **5. Accountability**

The Committee in addition to its report to the Board as soon as practicable following every Committee meeting, will also submit an annual report which will contain audited financial statements and a summary of investment performance for each Pension Plan.

#### **6. Outside Advisors**

The Committee may engage outside advisors, at the expense of the Company, to provide advice with respect to a corporate decision or action.

#### **7. Authority**

The Committee, in fulfilling its mandate, will have the authority to:

- a) communicate directly with any member of management as the Committee deems appropriate;

**APPENDIX H – TERMS OF REFERENCE FOR THE PENSION COMMITTEE**

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- b) delegate tasks to Committee members or subcommittees of the Committee; and
- c) access appropriate funding as determined by the Committee to carry out its duties.

**1. INTRODUCTION AND PHILOSOPHY**

TELUS Corporation will compensate non-management directors through the payment of Board and Committee retainers and meeting fees based on attendance at Board and Committee meetings, in consideration of the services provided by such directors and in recognition of their responsibilities to the Company and certain subsidiary companies, and potential liabilities associated therewith.

Compensation should be set for three-year periods with a full review to be conducted by the Corporate Governance Committee every three years commencing in 2006 following the Company's annual general meeting. Generally, overall compensation should be targeted at (be in touch with) the 75<sup>th</sup> percentile within a comparator group of companies of comparable size and responsibility to the Company, with the cash component of the compensation targeted at the 50<sup>th</sup> percentile. Compensation should be skewed towards equity more than cash.

Additionally, each non-management director will be eligible to participate in a services program (outlined in Schedule 1 to this Appendix) intended to facilitate his or her involvement in Board activities and their familiarity with the Company and its business.

**2. DIRECTORS' FEES**

**2.1 Basic compensation**

Non-management directors including the Chair are entitled to receive annual Board and committee retainer payments as outlined in the table below. Such payments will be made quarterly and adjusted proportionately for appointments or resignations within any quarter. They are also entitled to receive an annual equity grant in the form of Deferred Share Units ("DSUs") as outlined in the table below. A new director elected at a date other than an annual general meeting will receive a pro-rated equity grant during the first year on the Board. A director who leaves the Board during the year after receiving an annual equity grant shall keep that grant in its entirety.

Management directors, however, are not entitled to receive any directors' compensation or any of the other benefits for directors referred to in this Appendix.

## APPENDIX I – DIRECTOR COMPENSATION AND SHARE OWNERSHIP CRITERIA

<b>Regular Board Service: Total Compensation</b>	
Annual Retainer	\$40,000
Meeting Fee	\$1,500
Annual Equity Grant	DSU grant of \$110,000
<b>Committee Service: Audit</b>	
Chairman Retainer	\$15,000
Member Retainer	\$6,000
Meeting Fee	\$3,000
<b>Committee Service: All Other Committees</b>	
Chairman Retainer	\$6,000
Member Retainer	\$3,000
Meeting Fee	\$1,500

<b>Chairman of the Board</b>	
Annual Retainer	\$225,000
Meeting Fee	-
Annual Equity Grant	DSU grant of \$150,000

These retainers and meeting payments are made to non-management directors for attendance at Board and committee meetings of the Company and certain subsidiary companies. Separate retainers and meeting fees will not be paid by subsidiary companies, except under special circumstances.

The DSUs granted to non-management directors will vest immediately. When a director retires from the Board, or ceases to be a director for whatever reason, including, without limitation, the death of the director, the removal of the director or the failure to elect the director to the Board, the DSUs will be valued on the date the director retires or ceases to be a director, whatever the case may be, and the payout to the directors will occur by December 1 of the year following the year in which such director resigned or ceased to be a director, except where otherwise provided in the Director's Share Option and Compensation Plan to take into account the application of the U.S. Job Creations Act on U.S. taxpayers.

Directors of the Board will not receive options. Options granted prior to July 2003, unless determined by the Board to the contrary, vested immediately and, unless terminated sooner in accordance with the Plan, have a term of 10 years.

**2.2 Additional Fees**

- a) A director whose principal residence is located such that the director must travel in excess of six hours return from his or her principal residence will receive an extra per meeting payment in recognition of time lost due to travel. The extra meeting fee will not apply to directors traveling from holiday or business locations for regularly scheduled meetings.
- b) A director attending a meeting or function or performing Board work over and above that considered by the Chair as the normal responsibilities of a director, which is of a duration in excess of three hours, will be paid a fee of \$1,500 per day. Should the duration of said meetings or functions be less than three hours, such time may be accumulated with other meetings of a like nature for the purpose of determining the appropriate fee in respect of such responsibilities.

**2.3 Application of Meeting Payments**

- a) If committee meetings or a Board meeting occur on the same day, separate meeting fees will be paid for all meetings on that date.
- b) Attendance at any meeting by way of telephone is considered equivalent to attendance in person and will be compensated at the full meeting rate.
- c) No meeting payments will be made for the execution of resolutions in writing which do not require meeting attendance or extensive preparation.

**2.4 Method of Compensation**

- a) Subject to section 3.5 below, under the Director's Share Option and Compensation Plan, non-management directors may, at their option, receive their annual Board and committee retainers and meeting fees in the form of cash, non-voting shares or DSUs or any combination thereof.
- b) The director will provide to the Corporate Secretary a notice upon request, which indicates the appropriate percentage of such directors' fees to be paid in cash, non-voting shares or DSUs. Payments in cash or non-voting shares will be net of appropriate withholdings.

**3. SHARE OWNERSHIP**

3.1 Each director is required to attain a level of share ownership of at least \$300,000.

3.2 The Chair is required to attain a level of share ownership of at least \$500,000.

3.3 The levels of share ownership outlined in this section are to be achieved as follows:

- a) for directors who were first elected or appointed to the Board on or after July 23, 2003, within five years of initial election to the Board or, in the case of the Chair who was first appointed as Chair on or after July 23, 2003, within five years of initial election as Chair of the Board;
- b) for directors who were members of the Board prior to July 23, 2003, or for the Chair who was the Chair on July 23, 2003, by July 31, 2005.

- Share ownership includes all classes of shares and DSUs.
- 3.4 The market value of each director’s equity position will be determined annually as of December 31 in any year.
- 3.5 If a director has not yet achieved the required level of share ownership, he or she will direct the Company, at his or her election, to:
- a) use one half of his or her annual Board retainer, less required withholdings, to acquire shares of the Company on behalf of the director; or
  - b) take one half of his or her annual Board retainer, without deduction for withholdings, in the form of DSUs.

**4. DIRECTORS’ EXPENSES**

- 4.1 A director is eligible for expense reimbursement as applicable under the Company’s expense reimbursement policy for its Executive Management.
- 4.2 Expenses incurred by a guest of any director, where the Chair requests the presence of that guest at a function, will be paid under the same reimbursement policy.
- 4.3 A director’s expenses include return airfare from the director’s place of principal residence for regularly scheduled board meetings. The Chair will advise the Corporate Secretary in advance whether travel expenses from another location will be reimbursed in the event of a special board meeting, or from a retirement residence in the case of regularly scheduled meetings or whether such directors should attend by conference call or at their own expense.
- 4.4 The Corporation will provide travel accident insurance of up to \$500,000 for each director.
- 4.5 The Corporate Secretary will ensure all expenses are processed and paid expeditiously after being tendered by directors with the required forms and receipts.

**5. SERVICES POLICY**

While serving on the Board and for two years upon retirement, non-management directors are entitled to the benefit of a service program, as described in Schedule 1 to this Appendix.

**6. DIRECTORS’ INDEMNIFICATION**

Subject to applicable laws and the charter documents of the Company, the Company will indemnify all directors for claims, legal costs or losses sustained as a result of actions against the directors in respect of their activities as directors of the Company or its subsidiaries. The indemnification will extend to former directors for actions carried out during a former director’s term of office. In support of the indemnification, the Company will acquire sufficient liability insurance as determined by the Company. As well, the Company will enter into indemnity agreements with each director, which set out in further detail the extent of such indemnification.

**1. INTRODUCTION**

This schedule outlines the telecommunication services to be provided to non-management directors at Company expense while serving on the Board of TELUS Corporation and for two years upon retirement.

**2. WIRELINE**

**2.1 Local Service**

- a) A director will receive full reimbursement for basic local charges associated with one line and a single designated phone number, plus any enhanced services selected by the director from the services available to consumers in that area.
- b) On request by a director, calling cards with respect to such designated phone number will be issued to the director for his or her use in the conduct of Board related business or calls of a personal nature not related to the operation of non-Company business. These calling cards may also be used for accessing electronic board or committee materials.

**2.2. Long Distance**

A director will receive full reimbursement for long distance charges billed to the designated phone number specified in section 2.1 of this Schedule (including long distance charges associated with the calling card specified above) of up to \$300 per month for total wireline and cellular long distance charges (excluding any charges associated with Company business and without any carry forward of any unused amount.)

**3. CELLULAR**

A director will receive full reimbursement for a basic consumer cellular package providing up to 500 minutes per month total airtime. The director's cellular long distance charges will be included in the \$300 per month long distance cap provided in section 2.2 of this Schedule.

**4. INTERNET**

A director will receive full reimbursement for a basic consumer Internet service package including a dedicated high-speed access line, with unlimited usage.

**5. BLACKBERRY SERVICE**

A director will receive full reimbursement for a basic rate plan covering the use of a Blackberry on a TELUS wireless network including any monthly system licencing charges, but not including any voice or text messaging services. A director may also receive a reimbursement of up to \$25 per month for any roaming fees incurred in connection with the use of a Blackberry. A director's Blackberry voice or text messaging services may be included in the \$300 per month long distance cap provided in section 2.2 of this Schedule.

**6. IPTV**

A director will receive full reimbursement for basic TELUS IPTV services (excluding pay-per-view, video-on-demand services or similar services) provided such director resides in the Company's service area for IPTV.

**7. EQUIPMENT**

7.1 Each director will receive:

- a) a credit of \$500 towards the acquisition of either a handset or car set cellular phone once every two years;
- b) a credit of \$500 towards the acquisition of consumer premises equipment once every two years; and
- c) upon request, a Blackberry once every three years.

7.2 Each director is entitled to keep all equipment provided to the director by the Company or any predecessor corporation under this section 7.

**8. POLICY ADMINISTRATION**

8.1 Reimbursement will be made quarterly in arrears by direct deposit into a bank account designated by the director based on copies of relevant bills and an expense report submitted to the Corporate Secretary.

8.2 Directors within TELUS' operating territories must acquire any services to be covered by the Services Policy from the Company or its subsidiaries (if offered) to be eligible for reimbursement.

8.3 The Corporate Secretary will administer the Services Policy. However, decisions with respect to the interpretation and application of the policy to Company products and services shall be made by the Chair of the Corporate Governance Committee, in conjunction with the Chair and the CEO.

8.4 Directors will promptly inform the Corporate Secretary if their calling card, internet access information or any equipment supplied is lost or stolen.

**1. SEARCH PROCESS**

- 1.1 When a vacancy occurs on the Board, the Corporate Governance Committee will identify candidates for consideration as potential directors and select the names of the most suitable candidates. Such selection will be made after considering the skill sets and required attributes as prioritized by the Corporate Governance Committee (with input from the Chair and the CEO) from time to time. The Corporate Governance Committee may use the services of outside consultants in searching for or doing background checks on candidates.
- 1.2 The Corporate Governance Committee will consider maintaining a list of potential directors who have appropriate levels of senior business experience. Board members, many of whom serve on other corporate boards, are encouraged to submit names.
- 1.3 The Chair and the CEO, together with any other directors the Corporate Governance Committee deems appropriate, will interview the candidates. Following receipt of the reports of the Chair and the CEO as to such interviews, the Corporate Governance Committee will then make such recommendations as it deems appropriate to the Board.

**2. DIRECTOR CRITERIA**

In addition to meeting the requirements of the Company’s charter documents, the *Business Corporations Act* (British Columbia) and any successor thereto, and any applicable securities laws, the directors of the Company must comply with or meet the following:

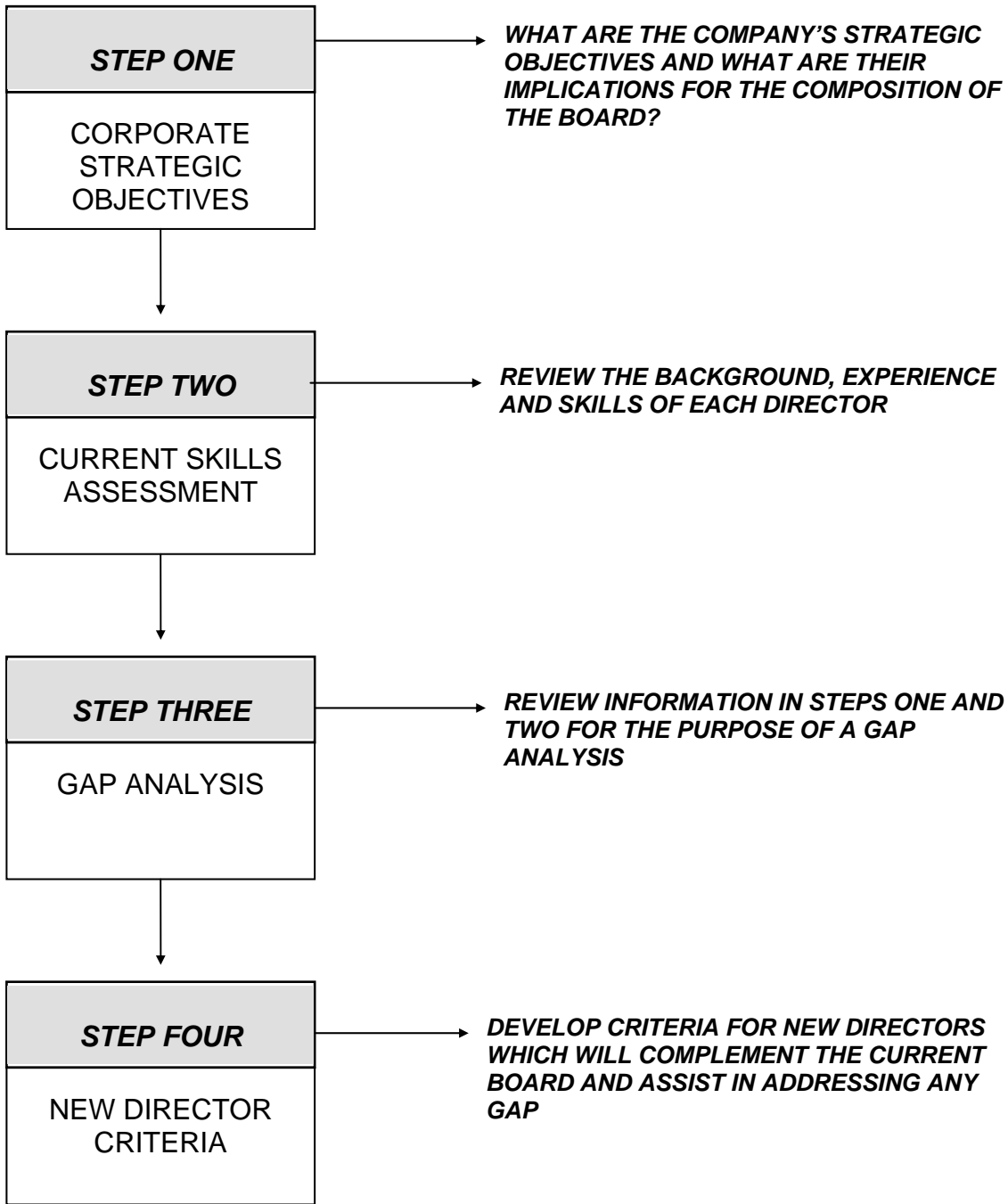
- 2.1 A director must be “independent” as determined by the Board to satisfy all the tests for an “independent director” under applicable laws, rules and regulations binding on the Company from time to time, including the applicable rules of stock exchanges on which the Company’s shares are listed, such as the requirements for independence under National Instrument 52-110 *Audit Committees* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators, Section 303A of the New York Stock Exchange Listed Company Manual applicable to foreign private issuers, and Rule 10A-3 – *Listing Standards Relating to Audit Committees* promulgated under the U.S. Securities Exchange Act of 1934 to implement section 3 of the U.S. Sarbanes-Oxley Act of 2002. In addition, the Company has voluntarily adopted those provisions in Rule 303A of the New York Stock Exchange Listed Company Manual that are not mandatory on foreign private issuers.
- 2.2 If a director undergoes a significant change in his or her circumstances which may affect his or her ability to contribute to the Board (e.g. in employment, residency or citizenship status, geographic location or health) he or she will promptly notify the Chair of the Corporate Governance Committee and tender to the Chair his or her resignation as a director. The Corporate Governance Committee will determine whether the significant change in circumstances does affect the director’s ability to

## APPENDIX J – DIRECTOR CRITERIA AND SEARCH PROCESS

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contribute to the Board and make a recommendation to the Board to accept or decline the resignation.

In addition to the above, the process outlined below illustrates the steps the Corporate Governance Committee should follow in establishing the criteria a new director must meet.



**1. INFORMATION**

1.1 The following documents constitute the benchmarks against which review of the Chair and the CEO takes place:

- a) The position descriptions for the Chair and the CEO, which are found in Appendix C;
- b) The strategic plan;
- c) The annual budget and business plan;
- d) The corporate balanced score card;
- e) Any specific targets and goals agreed to the Board at the beginning of the year but not included in the above material; and
- f) With respect to the CEO, his or her corporate goals and objectives, individual, business unit and corporate balanced scorecards, and personal performance report.

1.2 The Human Resource and Compensation Committee will also evaluate the performance of the CEO using the performance management tools that are used by the Company to evaluate the performance of its employees, and in particular:

- a) The personal value-add assessment model (PVAAM), which is used to assess and rate the CEO's achievements of results, leadership skills, retention criticality and value to achieving strategy; and
- b) The strategic staffing model, which is used to assess the development of the CEO.

**2. THE CHAIR AND THE CEO'S SELF-APPRAISAL**

2.1 The Board needs to know how each of the Chair and the CEO evaluate their performance against the objectives established above and what the Chair and the CEO see as the priorities for the coming year.

2.2 This self-appraisal will be written and may be in point form.

2.3 The self-appraisal of the CEO will be discussed by him or her with members of the Human Resource and Compensation Committee in advance of his or her performance assessment by that Committee.

**3. DIRECTOR INVOLVEMENT**

3.1 Every director will be encouraged to provide his or her own assessment of the Chair. Every non-management director will be encouraged to provide his or her own assessment of the CEO's performance. The chair of the Human Resources and Compensation Committee will provide a format for director input with respect to the CEO. The Corporate Governance Committee will review the Chair through its Director Evaluation Process. See Appendix L – Board and Director Evaluation Process.

## **APPENDIX K – CHAIR AND CEO REVIEW PROCESS**

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- 3.2 The assessment of directors with respect to the CEO will be consolidated by the chair of the Human Resources and Compensation Committee into an assessment from the Board to the CEO.
- 3.3 All non-management directors will have an opportunity to comment on the above assessment at which point the chair of the Human Resources and Compensation Committee will discuss it with the CEO.
- 3.4 The assessment of directors with respect to the Chair will be consolidated by the chair of the Corporate Governance Committee, with the Corporate Secretary's assistance, into an assessment from the Board.
- 3.5 All directors will have an opportunity to comment on the above assessment at which point the chair of the Corporate Governance Committee will discuss it with the Chair.
- 3.6 The chair of the Human Resources and Compensation Committee will report to the non-management directors the results of his or her discussions with the CEO. The chair of the Corporate Governance Committee will report to the directors the results of his or her discussions with the Chair.

**1. BOARD EVALUATION PROCESS**

- 1.1 Annually, the Corporate Governance Committee will prepare a questionnaire to be completed by each director to evaluate the performance of the Board as a whole and each committee of the Board.
- 1.2 The object of the questionnaire is to assist the Board to:
- a) assess the overall performance of the Board and measure the contributions made by the directors, both collectively and individually;
  - b) evaluate the mechanisms in place for the Board to operate effectively and make decisions in the best interests of the Company;
  - c) be a strategic asset of the Company;
  - d) enhance and maintain best corporate practices; and
  - e) meet regulatory requirements regarding corporate governance.
- 1.3 The Corporate Secretary will collate the results and forward them to the Chair, with attribution to originating directors. A director may, however, elect to keep all or part of such comments confidential.
- 1.4 The Chair will conduct separate interviews with each director to discuss the results of the Board and committee evaluations.
- 1.5 The Chair will report to the Corporate Governance Committee and the Board on the results of the questionnaire and interviews at the committee and Board meeting following the deadline for the return of the questionnaires.

**2. DIRECTOR EVALUATION PROCESS**

- 2.1 Annually, the Corporate Governance Committee will prepare a questionnaire to be completed by each director to evaluate the performance of individual directors. The questionnaire will ask directors to evaluate both themselves and their colleagues as directors and, in addition, will ask directors to evaluate those directors serving as the Chair or as the chair of a committee of the Board in their roles as chairs.
- 2.2 The object of the questionnaire is to improve the overall performance of the Board by assisting individual directors to build on their strengths and assess their need for continuing education.
- 2.3 The Corporate Secretary will collate the results and forward them, except the results relating to the Chair, to the Chair without attribution to any director. The results relating to the Chair will be collated by the Corporate Secretary and forwarded to the chair of the Corporate Governance Committee without attribution to any director.
- 2.4 The Chair will conduct separate interviews with each director to discuss the results of the director's evaluations. The chair of the Corporate Governance

Committee will conduct an interview with the Chair to discuss the results of the directors' evaluations of the Chair.

- 2.5 The Chair and the chair of the Corporate Governance Committee will report to the Corporate Governance Committee and the Board on the results of the questionnaire at meetings of the Corporate Governance Committee and the Board following the deadline for the return of the questionnaires.



Last amended August 2009

## **APPENDIX M – MAJORITY VOTING POLICY**

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In an uncontested election of directors of TELUS Corporation (the “Company”), each director should be elected by the vote of a majority of the shares represented in person or by proxy at any shareholder’s meeting for the election of directors. Accordingly, if any nominee for director receives a greater number of votes “withheld” from his or her election than votes “for” such election, that director shall promptly tender his or her resignation to the Chair of the Board of Directors following the meeting. In this policy, an “uncontested election” means an election where the number of nominees for director equals the number of directors to be elected.

The Corporate Governance Committee (the “Committee”) shall consider the offer of resignation and recommend to the Board whether or not to accept it. Any director who tenders his or her resignation may not participate in the deliberations of either the Committee or the Board. In its deliberations, the Committee will consider any stated reasons why shareholders “withheld” votes from the election of that director, the length of service and the qualifications of the director, the director’s contributions to the Company, the effect such resignation may have on the Company’s ability to comply with any applicable governance rules and policies and the dynamics of the Board, and any other factors that the Committee considers relevant.

The Board shall act on the Committee’s recommendation within 90 days following the applicable meeting and announce its decision via press release, after considering the factors considered by the Committee and any other factors that the Board considers relevant. The Board expects to accept the resignation except in situations where extenuating circumstances would warrant the director to continue to serve on the Board. However, if the Board declines to accept the resignation, it should include in the press release the reasons for its decision.

If a resignation is accepted, the Board may, in accordance with the *Business Corporations Act* (British Columbia) and the Company’s articles, appoint a new director to fill any vacancy created by the resignation or reduce the size of the Board. If a director does not tender his or her resignation in accordance with this policy, the Board will not re-nominate that director at the next election.