

# corporate governance committee: mandate and report

## Mandate

The mandate of the Corporate Governance Committee is to assist the Board in fulfilling its oversight responsibilities to ensure that the Company has an effective corporate governance regime. The Committee is responsible for monitoring corporate governance developments, emerging best practices and the effectiveness of the Company's corporate governance practices. The Committee is also responsible for identifying, recruiting and recommending nominees for election as directors, providing ongoing development for directors and overseeing Board and director evaluations. The Committee assesses and makes recommendations to the Board for its determination of the independence and financial literacy, financial expertise and accounting or related financial management expertise of directors, as defined under corporate governance rules and guidelines.

## Current committee membership

Name	Independent
Dick Auchinleck (Chair)	Yes
John Butler	Yes
John Lacey	Yes
Don Woodley	Yes

## Meetings

The Committee meets at least once each quarter and reports on its activities to the Board. Activities reviewed are based on its mandate and annual work plan. At each regularly scheduled quarterly meeting, it holds an in-camera session without management present. The Committee met four times during 2007 and held four in-camera sessions.

## Highlights

In 2007, the Committee undertook an extensive review of the following practices that went beyond its annual activities.

### Director evaluations and selection of new directors

In its deliberations in 2006 that led to the removal in February 2007 of the mandatory retirement requirement and a decision not to adopt a maximum term of service, the Committee concluded that a strong director evaluation program is the best means to maintain a strong and dynamic board, and to continually refresh it with the right mix of expertise, skills and attributes that best support the Company

as its business strategy and the industry evolve over time. For that reason, the Committee initiated an extensive review of its director evaluation program in 2007.

The Committee concluded that its current evaluation processes are among the best-in-class, but adopted further enhancements to strive for continuing improvement. The Committee examined different techniques to encourage greater differentiation and more explanatory and qualitative feedback beyond numeric ratings. It also evaluated the merits of a 360 approach and how best to include feedback from senior management on Board performance and effectiveness. The Committee concurrently reviewed the linkage of this process to the identification of new directors, updating the mix of expertise, skills and attributes that should be considered in future director searches in order to maintain an optimal mix of skills on the Board going forward.

As a result of this comprehensive review, which remains ongoing in 2008, the Committee approved the following changes to the board evaluation process and implemented them in the 2007 evaluations:

- changes to the rating system to encourage greater differentiation of directors in the evaluations;
- greater use of qualitative commentary in the surveys as they are most helpful in understanding the directors' ratings;
- creation of a management survey; and
- updates to the list of desired skills and attributes included in the annual director self-assessment survey. This list also informs a gap analysis and assists the Committee in formulating a priority list of skills and attributes for future director searches and Board composition.

### Succession planning

In 2007, the Committee continued the work it began in 2006 with respect to succession planning, focusing once again on committee succession planning. In 2006, at the recommendation of the Committee, the Board approved a set of guidelines as part of that succession planning, including:

- rotating directors onto all Board committees so that over time, during their tenure on the Board, they acquire a detailed understanding of all areas of responsibilities through the committees and all have an opportunity to chair a Board committee;
- enhancing Board renewal by setting general guidelines for minimum and maximum terms of service on Board committees;

- establishing transition periods where necessary when committee chairs step down; and
- ensuring rotation does not negatively impact stability and continuity of operations of these committees.

As an immediate step in 2006, the Board appointed Don Woodley to chair the Pension Committee. In 2007, the Committee recommended changes to the composition of each committee of the Board consistent with the above principles, rotating certain directors onto new committees and appointing certain directors as first-time committee chairs. The Board accepted these recommendations, and changed committee composition to the present composition following the Company's annual general meeting on May 2, 2007.

In February 2008, as part of the succession planning program, the Committee also approved guidelines for the selection of emergency candidates for committee chairs. Under the guidelines, a former committee chair who remains on the Board at the time a vacancy arises will generally be asked to resume the role on an interim basis. Applying the guidelines, the Committee identified emergency candidates for each committee chair and also named an emergency candidate for the role of audit committee financial expert.

#### Commitment to corporate governance

During 2007, the Committee undertook the following additional initiatives as part of its commitment to best practices in corporate governance:

- reviewed the Committee's terms of reference and determined that no amendment was necessary;
- reviewed and approved the Committee's annual work plan;
- reviewed and recommended to the Board for approval changes to the Board delegation policy;
- reviewed and recommended to the Board for approval changes to the *TELUS Board Policy Manual*;
- received and considered with management frequent updates on changing laws and regulations, rules and corporate governance initiatives taken by securities regulators and other stakeholders, emerging best practices and their implications for the Company; and
- recommended the creation of the SAT to assist with the Company's consideration of a potential acquisition of BCE Inc.

#### Initiatives relating to directors

The Committee undertook the following additional initiatives related to directors:

- conducted an annual review of the succession planning process for the Board Chair and committee chairs and recommended to the Board for approval changes to the Board Chair selection criteria to include new key skills in the list of desired attributes for that role;
- conducted an annual market study of directors' compensation and recommended to the Board for approval 2008 compensation;
- recommended to the Board for approval an amendment to the *TELUS Board Policy Manual* to clarify that the Chair of the Board may chair ad hoc committees, but not standing committees of the Board;
- reviewed and recommended to the Board for approval nominees for election as directors;
- considered the resignations of several directors tendered automatically upon a change in the other corporate boards on which they serve, as required by the *TELUS Board Policy Manual*, and recommended to the Board refusal of those resignations on the basis that each change did not negatively affect the director's service to TELUS;
- continued the ongoing education program for all directors;
- conducted an annual review of the eligibility criteria to act as a director; and
- conducted an annual assessment of the independence and financial literacy of directors and recommended to the Board for approval determination of the same.

Signed, members of the Corporate Governance Committee



Dick Auchinleck (Chair)



John Butler



John Lacey



Don Woodley