

pension committee: mandate and report

Mandate

The mandate of the Pension Committee is to oversee the administration, financial reporting and investment activities 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, any related supplemental retirement arrangements as mandated by the Board, and the related trust funds (the Pension Plans). The powers and duties delegated to the Committee in its mandate are subject to exceptions and limitations in certain instances where the Pension Plan documents provide that certain powers and duties are assigned to various parties other than the Board or the Company. The Committee is responsible for reporting to the Board with respect to the actuarial soundness of the Pension Plans, the administrative aspects of the Pension Plans, investment policy, performance of the investment portfolios and compliance with government legislation. The Committee may, from time to time, recommend to the Board for approval, fundamental changes in the nature of the pension arrangement for any Pension Plan, and changes in the governance structure for the Pension Plans.

Membership

Name	Independent
Don Woodley (Chair)	Yes
Dick Auchinleck	Yes
Charlie Baillie	Yes
Brian Canfield	Yes

Meetings

The Committee meets at least once each quarter and reports to the Board on its meetings. Activities reviewed are based on its mandate and annual work plan. At each regularly scheduled quarterly meeting, the Committee meets in-camera without management present. The Committee also meets with pension plan auditors without management present. The Committee met four times in 2008 and held four in-camera sessions.

Highlights

TELUS pension governance review

In 2008, the Committee implemented governance structure changes resulting from certain recommendations that were made following a review conducted by an external consultant. The purpose of the review was to determine whether TELUS' pension governance structure that was established in 2004 remained consistent with generally accepted principles of pension governance and evolving standards of best practice, and to what extent the various decision-making bodies within TELUS' pension governance structure had complied with their respective roles and responsibilities. The overall assessment concluded that the pension governance structure is very sound and compares very favourably with that of nearly every other pension plan in Canada.

One of the more significant recommendations made by the consultant was to change the trust arrangement for the TELUS Corporation Pension Plan (TCPP) so as to change from an individual board of trustees to a corporate trustee in their place, and to establish a pension advisory council for the TCPP comprised of members appointed or elected in accordance with the a set of terms of reference for the pension advisory council. These changes rendered the TCPP governance structure consistent with the existing governance structure of the other TELUS defined benefit pension plans. The required approvals were obtained to make these changes effective January 1, 2009. Certain other recommendations were made by the consultant and have been implemented.

In accordance with its mandate, the Committee approved the appointments of auditors and actuaries for the Pension Plans (with the exception of the TCPP). As well, the Committee received, reviewed or approved, as required, the following:

- the Committee's terms of reference and recommended certain changes to the Corporate Governance Committee, for further recommendation to the Board;
- the Committee's annual work plan;
- an annual report, including annual financial statements and audit reports prepared by the external auditors, for each of the Pension Plans;
- an audit scope report;
- regular briefings regarding legal matters that affect the pension plans;
- reports from the actuary of each Pension Plan, including the assumptions and the results;
- plan budgets, including pension plan expenses and peer plan results;
- quarterly and annual investment results measured against plan benchmarks and liabilities;
- plan insurance coverage;
- management self-assessment of internal controls;

- reports confirming compliance with pension plan ethical standards, investment policies and procedures, derivative policies and legislation;
- surveys and reports concerning pension governance best practices;
- investment manager performance assessments;
- the strategic investment plan; and
- management presentations on the topics of pension risks, operations overview and performance measurement.

Signed, the members of the Pension Committee



Don Woodley (Chair)



Dick Auchinleck



Charlie Baillie



Brian Canfield