

staying ahead with corporate reporting and governance

At TELUS, we are firmly committed to transparent and comprehensive disclosure, and to best practices in corporate governance. We take a proactive approach, often going beyond what is required by adopting, and sometimes developing, emerging best practices. Our goal is to provide first-class corporate and financial disclosure, and to empower investors with relevant and valuable information.

Enhancing our focus in 2005

Throughout 2005, we continued to enhance our focus on good corporate governance by building on our existing best practices. Notably, TELUS is in full compliance with the corporate governance standards of Canadian securities regulators and the New York Stock Exchange. Some examples of our long-standing best practices include:

- Separating the roles of Chief Executive Officer and Board Chair
- Having both the Chief Internal Auditor and the external auditor report to the Audit Committee
- Conducting quarterly in-camera sessions of the Board where the independent Directors meet without management present
- Conducting in-camera sessions at quarterly Audit Committee meetings where committee members meet with the external and internal auditors without management present
- Continuing to develop extensive disclosure controls and procedures checklists, and cascading them to senior managers and key disclosure positions.

During 2005, succession plan processes were developed for the Board Chair as well as for the Chairs of Board Committees. As well, diligent efforts were underway in preparation for Section 404 of the U.S. Sarbanes-Oxley Act regarding internal controls over financial reporting, and we are currently on track to meet the 2006 U.S. compliance deadlines. Specifically, using a top-down risk-based approach, we have conducted an extensive and comprehensive examination of those business and operating processes across the Company that have a significant impact on financial reporting. This activity also enables us to mitigate both financial reporting and business risks and identify opportunities for further improvements to internal controls over financial reporting.

Going above and beyond with voluntary practices

TELUS often exceeds compliance requirements to address more than just the letter of the law. Some examples of our voluntary practices include:

- Early adopting many of the disclosure provisions of the new equity compensation standard FAS 123(R), issued by the U.S. Financial Accounting Standards Board. These provisions will increase the insight financial statement users have of how share-based compensation affects the Company's financial position and results of operation
- Having the Chief Compliance Officer report to the Audit Committee on a quarterly basis

- Making ongoing improvements to our comprehensive enterprise risk management processes by:
 - Reviewing and updating the TELUS risk profile throughout the year to reflect dynamically changing risks, and assigning executive-level ownership for mitigation
 - Adopting a rigorous model of internal control (COSO, the Committee of Sponsoring Organizations of the Treadway Commission) to help assess the control environment across the organization
 - Further integrating top-down enterprise risk assessment with traditional bottom-up property and environment, health and safety risk approaches
- Continuing to blend the more comprehensive MD&A framework recommended by the Canadian Institute of Chartered Accountants (CICA) with the required disclosure framework of the Canadian Securities Administrators
- Making available our award-winning corporate disclosure and confidentiality of information policy
- Publicly disclosing our insider trading policy
- Publicly disclosing the entire Board policy manual including all of the Board Committees' terms of reference, not just the Audit Committee's terms of reference as is required. This information is posted on telus.com/governance.

Maintaining the highest ethical standards

Recognizing that how we work can be as important as what we do, TELUS places great emphasis on striving to ensure that the highest level of ethics and integrity is demonstrated in all business activities and decisions.

Each year, our ethics policy is reviewed and updated with the goal of keeping it current and relevant for team members. It is also used as an education and training tool to help employees when they are faced with ethical uncertainties. For example, in 2005, a policy section was added relating to ethical considerations in dealing with suppliers, contractors, consultants and agents. While ethics training was prepared for all team members in 2005, it was deferred due to the four-month labour disruption. In 2006, all team members will be again asked to review and complete the updated e.Ethics online training course.

Throughout 2005, we continued to monitor and resolve calls to the EthicsLine, a hotline for anonymous and confidential questions or complaints on accounting, internal controls or ethical issues.

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Each quarter, reports regarding the status of these calls are made to the Audit Committee. In 2005, a total of 325 calls were fielded by the Ethics Office, 170 of which involved advice on ethical situations or complaints. Each complaint was investigated, resolved appropriately and reported to the Audit Committee. The Ethics Office determined that 26 breaches of the ethics policy occurred in 2005, but none involved fraud by team members with a significant role in internal controls over financial reporting. In fact, of all complaints made to our Ethics Office since its inception in 2003, no breaches of the ethics policy have involved fraudulent financial reporting.

Communicating with investors

An integral part of TELUS' corporate governance and reporting efforts is a series of significant communications activities that are intended to keep investors informed. During 2005, we held four quarterly conference calls and one 2006 targets call, which were also webcast to provide easy access for shareholders, and we made 14 conference presentations in Canada and the United States. Additionally, we conducted meetings with 228 institutional investors across Canada, the United States and Europe.

Leading with award-winning corporate governance

TELUS is widely recognized for governance excellence.

For example:

- In December, TELUS was given the Award of Excellence for Best Corporate Governance Disclosure across all industry sectors by the CICA
- In January 2006, TELUS was recognized by IR Magazine as having the best corporate disclosure policy in Canada based on a survey of 250 Canadian investment professionals
- TELUS tied for the third best board in Canada by the Canadian Business magazine's Top 25 Boards in Canada survey in August 2005.

Moody's Investors Service, in its Corporate Governance Assessment issued in December 2005, stated that "TELUS has strong corporate governance practices" and that "The company is committed to high standards of corporate governance, in our view, and clearly demonstrates this commitment in key areas such as disclosure, executive compensation and attention by the board to ensure management is focused on the long-term interests of the company." Moody's assessment indicated that TELUS' key positive attributes include its best practices approach on corporate governance, strong control structures, executive pay that appears disciplined and based on a useful mix of metrics, and notably good disclosure that extends to governance transparency.

Board committees

TELUS' Board of Directors is responsible for the stewardship of the Company and for overseeing the management of TELUS' business. The Board has appointed four committees, each of which operates under its own mandate and terms of reference. All members of the Audit, Corporate Governance, and Human Resources and Compensation Committees are independent, as is required by those committees' mandates. In addition, all members of the Pension Committee are independent, even though the Pension Committee's mandate only requires the majority of members to be independent. For full details, visit telus.com/governance or refer to the 2006 TELUS Information Circular.

In 2005, TELUS' Board of Directors met eight times and had full attendance at each meeting. (Note that TELUS Director Pierre Ducros was appointed in September 2005 and attended the three Board meetings that took place after his appointment.) Additionally during 2005, the Audit Committee met five times, the Corporate Governance Committee met six times, the Human Resources and Compensation Committee met five times, and the Pension Committee met four times.



For a full statement of TELUS' corporate governance practices, including disclosure regarding our governance practices against those required of U.S. domestic issuers by the New York Stock Exchange, visit telus.com/governance or refer to the 2006 TELUS Information Circular.