

Our commitment to corporate reporting and governance leadership

At TELUS, a commitment to honest, thorough and transparent reporting underpins what we do. Each year, we seek opportunities to improve our corporate reporting and governance. The result is comprehensive governance and disclosure practices that reflect our corporate values, high standards and drive for excellence.

Growing list of enhancements

For 2006, we maintained our focus on good corporate governance and continued to seek out opportunities for improvement. Notably, TELUS is in full compliance with the corporate governance standards of Canadian securities regulators and the applicable standards of the New York Stock Exchange (NYSE). The new practices we adopted in 2006 include:

- Adopting a majority voting policy in 2007 on the election of directors, which furthers the principle that directors should only be elected if they receive a majority of the votes of shareholders represented at the meeting
- Removing the mandatory retirement age for Board members, enabling us to retain high-performing directors
- Improving the quality of our disclosure relating to executive compensation for 2006 to present more easily understandable information to shareholders
- Starting a regular practice of quarterly reporting by the Respectful Workplace Officer to the Human Resources and Compensation Committee
- Enhancing opportunities for strategy discussions with the Chief Executive Officer by introducing a new “Ask the CEO” in-camera strategy and key issue discussion at regular Board meetings to supplement existing sessions.

Going above and beyond

We believe, with regards to corporate governance and reporting, that it is our responsibility to go above and beyond what is legally required for the benefit of our investors.

Some of the voluntary practices we have in place include:

- Voluntary compliance with the NYSE Board of Directors independence criteria
- Having the Chief Compliance Officer report to the Audit Committee on a quarterly basis
- Making continuous improvements to our sophisticated enterprise risk management processes by:
 - Conducting extensive enterprise risk and control assessment surveys and updating our key risk profile and internal audit program throughout the year
 - Assigning executive-level owners for mitigation of key risks and having them provide briefings to the Audit Committee
 - Further integrating information between the ongoing strategic planning process and our enterprise risk assessment activities



- Continuing to blend the more comprehensive management's discussion and analysis (MD&A) framework recommended by the Canadian Institute of Chartered Accountants (CICA) with the required disclosure framework of the Canadian Securities Administrators
- Publicly disclosing our corporate disclosure policy, insider trading policy, and 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 available at telus.com/governance
- Voluntarily initiating in mid-2006 an internal audit of our stock option and long-term incentive compensation practices, which resulted in a "well controlled" rating.

Ready for SOX

The final stages of Section 404 of the U.S. Sarbanes-Oxley (SOX) Act regarding internal controls over financial reporting were successfully implemented in 2006. We are in complete compliance with SOX as required for the fiscal year ended December 31, 2006 and are on track to meet the requirements of the Canadian equivalent.

Specifically, as part of our efforts to comply with SOX, we:

- Addressed approximately 90 processes and 740 key controls
- Identified and engaged process owners for major processes
- Focused fully on controls critical to the integrity of the financial reporting
- Completed extensive testing to support management's assessment of internal controls over financial reporting
- Successfully completed our first fraud risk assessment.

Ensuring integrity in what we do

At TELUS, we believe that how we work is as important as what we do. To continue to bolster our ethical culture, each year we review and update our ethics policy to reflect current issues and address new ethical dilemmas in the workplace. In 2006, we updated the policy to make it more understandable for international team members, particularly those working at our call centres outside of Canada. As well, we incorporated new sections on international operations and fair competition, and addressed the employment of family members.

In May, we launched an updated e.ethics training course to help team members understand the policy and learn how to make the right ethical decisions in a changing business environment. This annual interactive online course is mandatory for all team members.

We also closely monitor our EthicsLine, a hotline for anonymous and confidential questions or complaints on accounting, internal controls or ethical issues. In 2006, a total of 345 calls were fielded by the Ethics Office, 186 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 30 breaches

Building on best practices

At TELUS, we continue to build on our long-standing best practices. Some examples 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 in-camera sessions at each regularly scheduled meeting of the Board and its committees where the independent directors meet without management present
- Conducting in-camera sessions at each quarterly Audit Committee meeting where committee members meet separately with the external and internal auditors without management present.

of the ethics policy occurred in 2006. None involved fraud by team members with a significant role in internal controls over financial reporting. Of all the complaints made to our Ethics Office since its inception in 2003, no breaches of the ethics policy have involved fraudulent financial reporting.

Keeping investors informed

Recognizing the importance of keeping shareholders up-to-date, our investor relations team implements a number of key communication activities each year. In 2006, we held six conference calls and webcasts, and numerous meetings. For further details, refer to page 119 of this report.

Growing recognition for governance

In 2006, TELUS continued to receive recognition for excellence in corporate governance and reporting. For example:

- TELUS won for the second year in a row the CICA's Award of Excellence for Best Corporate Governance Disclosure across all industry sectors for the 2006 TELUS Information Circular and telus.com website
- TELUS was recognized for having the best corporate privacy policy in the Canadian telecommunications industry and one of the top 10 privacy policies among Canadian companies by Nymity, Canada's leading private research firm
- TELUS' internal audit activity received a top rating from the Institute of Internal Auditors following a comprehensive quality assessment.

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 NYSE, visit telus.com/governance or refer to the 2007 TELUS Information Circular.