

STRATEGIC RELATIONSHIP AGREEMENT

between

TELUS COMMUNICATIONS COMPANY

and

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH
COLUMBIA, as represented by the Minister of Labour, Citizens' Services and Open
Government**

and

INSURANCE CORPORATION OF BRITISH COLUMBIA

and

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

and

BRITISH COLUMBIA LOTTERY CORPORATION

and

WORKERS COMPENSATION BOARD OF BRITISH COLUMBIA

and

PROVINCIAL HEALTH SERVICES AUTHORITY

and

NORTHERN HEALTH AUTHORITY

and

INTERIOR HEALTH AUTHORITY

and

FRASER HEALTH AUTHORITY

and
VANCOUVER ISLAND HEALTH AUTHORITY
and
VANCOUVER COASTAL HEALTH AUTHORITY
effective as of
July 29, 2011

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STRATEGIC RELATIONSHIP AGREEMENT

This Strategic Relationship Agreement (this “**Agreement**”) is entered into as of July 29, 2011 (the “**Effective Date**”) between TELUS COMMUNICATIONS COMPANY (“**TELUS**”) and HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, as represented by the Minister of Labour, Citizens’ Services and Open Government (the “**Province**”) and INSURANCE CORPORATION OF BRITISH COLUMBIA, BRITISH COLUMBIA HYDRO AND POWER AUTHORITY, BRITISH COLUMBIA LOTTERY CORPORATION, WORKERS COMPENSATION BOARD OF BRITISH COLUMBIA, PROVINCIAL HEALTH SERVICES AUTHORITY, NORTHERN HEALTH AUTHORITY, INTERIOR HEALTH AUTHORITY, FRASER HEALTH AUTHORITY, VANCOUVER ISLAND HEALTH AUTHORITY, and VANCOUVER COASTAL HEALTH AUTHORITY (individually, including the Province, a “**GPS Entity**”) and collectively, including the Province, the “**GPS Entities**”). TELUS and the GPS Entities are sometimes referred to herein individually as a “**Party**”, and collectively as the “**Parties**”.

RECITALS

WHEREAS:

- A. The Parties have entered into a Telecommunications Services Master Agreement (together with all amendments and supplements made in accordance with the provisions thereof, the “**TSMA**”) as of the Effective Date, pursuant to which TELUS has agreed to provide to the GPS Entities, and the GPS Entities have agreed to acquire from TELUS, certain telecommunications and related services;
- B. The Parties have also agreed to enter into a strategic relationship, which includes the following components: (i) a strategic investment fund to facilitate the Parties undertaking and implementing transformative information technology initiatives; (ii) a right of first offer granted to TELUS in respect of mutually identified future Additional Services and a corresponding contribution by TELUS to the strategic investment fund where such services are contracted; (iii) joint strategic planning and information exchange; and (iv) a governance structure designed to promote the development and sustainment of a strategic relationship; and
- C. This Agreement documents the Parties’ arrangements with respect to the strategic relationship and is intended to supplement and align with the governance structure set out in the TSMA.

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless otherwise provided herein, capitalized terms shall have the meanings given to those terms in Schedule A of this Agreement. In addition to the definitions contained in Schedule A, any capitalized terms defined elsewhere in this Agreement shall have the meanings so given to them or, where no meaning is given to those terms in Schedule A or elsewhere in the Agreement, the meaning given to them in the TSMA.

1.2 Interpretation

- (a) In this Agreement:
- (i) Section and Schedule headings do not form part of it;
 - (ii) a reference to a Section number in the main body of or a Schedule to this Agreement refers to the main body of this Agreement unless set out otherwise;
 - (iii) use of the singular includes the plural and vice versa;
 - (iv) any reference to an enactment or other law refers to it as may be applied, amended, substituted, consolidated, revised or re-enacted and in force at the relevant time and includes any subordinate legislation made under it;
 - (v) a reference to time is to Pacific time unless set out otherwise;
 - (vi) unless otherwise specified, when calculating the period of time within or following which any act is to be done or any step taken, the date that is the reference date for starting the calculation of such period will be excluded and the final date for completing such act or step will be included;
 - (vii) time will be of the essence;
 - (viii) unless otherwise specified, all dollar references herein or therein are deemed to refer to lawful money of Canada; and
 - (ix) unless specifically provided otherwise herein or therein, any reference to “knowledge” of TELUS or any officer or other personnel of TELUS means the actual knowledge of such Person without inquiry.
- (b) All references to “**GAAP**” refer, unless otherwise specified, to generally accepted accounting principles (including any successor principles) from time to time approved by the Canadian Institute of Chartered Accountants (or any applicable successor institute thereto) as at the date on which such calculation is made or required to be made, consistently applied. Unless otherwise provided in this Agreement, all accounting, record

keeping and book keeping contemplated in this Agreement will be performed and carried out in a manner that is consistent with GAAP.

- (c) Nothing in this Agreement operates as a permit, license, approval or other statutory authority from a GPS Entity authorizing TELUS to provide services.
- (d) Nothing in this Agreement, including any requirement for a GPS Entity to act reasonably, is to be interpreted as requiring a GPS Entity to act in any manner contrary to, or interfering with, the exercise by the GPS Entity of any prerogative, executive, legislative or statutory power or duty, including any statutes, regulations, the Policies, and any Treasury Board or executive directives, whether existing before, on or after the date this Agreement is made.

1.3 Schedules

The following are the Schedules annexed to this Agreement and incorporated into this Agreement by reference and are deemed to be an integral part of this Agreement:

- SCHEDULE A - DEFINITIONS
- SCHEDULE B - [INTENTIONALLY DELETED]
- SCHEDULE C - [INTENTIONALLY DELETED]
- SCHEDULE D - [INTENTIONALLY DELETED]
- SCHEDULE E - [INTENTIONALLY DELETED]
- SCHEDULE F - [INTENTIONALLY DELETED]
- SCHEDULE G - [INTENTIONALLY DELETED]
- SCHEDULE H - SIF CONTRIBUTION SUMMARY TABLE
- SCHEDULE I - CANDIDATE SIF PROJECTS LIST
- SCHEDULE J - INITIAL ADDITIONAL SERVICES LIST
- SCHEDULE K - PRICING DISCLOSURE PROCESS

1.4 Priority

- (a) In the event of any conflict or inconsistency between the provisions of any of the following documents, then unless the Parties expressly agree otherwise, the following descending order of priority will apply, to the extent (but solely to the extent) of such conflict or inconsistency:
 - (i) any Standalone Agreement (as between the Parties to such contract);
 - (ii) the main body of this Agreement; and
 - (iii) the Schedules of this Agreement.

- (b) In the event of any conflict or inconsistency between the provisions of the TSMA and this Agreement, the TSMA and this Agreement shall have equal priority, except where otherwise expressly provided in the TSMA or this Agreement.
- (c) As between TELUS and a GPS Entity who are parties to a Service Order, in case of conflict between this Agreement, a Service Order between such parties and a Service Change Order between such parties, unless expressly stated to the contrary, the order of precedence in descending order shall be:
 - (i) this Agreement;
 - (ii) the applicable Service Change Order (to the extent it expressly states that it is intended to amend the applicable Service Order and identifies the specific amendments), in reverse chronological order if there is a conflict between Service Change Orders; and
 - (iii) the Service Order,

provided, however, that the terms and conditions of a Service Order or Service Change Order will prevail over this Agreement to the extent the Service Order or Service Change Order, as the case may be, expressly refers to the provisions in this Agreement (on a specific Section by Section basis with identification of the subject matter of each Section) over which it prevails, but only for the purposes of such Service Order or Service Change Order, as the case may be.

1.5 Objectives of the Parties

The Parties acknowledge and agree that the primary objectives and guiding principles of their contractual relationship under this Agreement are as follows:

- (a) to work together collaboratively to achieve the objectives of the Parties set out in this Section and, consistent with these objectives, to enable the GPS Entities' vision for "e-government" in a highly connected environment, which may include the following priorities (the "**GPS Priorities**"):
 - (i) employee productivity and efficiency;
 - (ii) health;
 - (iii) education (including K12, post secondary and continuing education);
 - (iv) public safety;
 - (v) citizen self service;
 - (vi) economic development;
 - (vii) improved service to citizens;

- (viii) optimized services; and
- (ix) enabling infrastructure;
- (b) to create and foster a strategic relationship among the Parties based on the principles set out in this Agreement;
- (c) to develop a long term and mutually beneficial business relationship characterized by, among other things, mutual cooperation, trust, good faith and flexibility;
- (d) to provide for effective governance that facilitates honest dialogue and rapid escalation of relationship problems;
- (e) to promote longer term thinking and approaches to problem solving with the aim that the Parties' strategic relationship is focused on longer term priorities and not shorter term priorities that can occur in the Parties' respective organizations over the Term; and
- (f) to support the business and strategic relationship at all levels in each Party in order to ensure successful outcomes and enable change in business processes and culture where applicable.

The Parties acknowledge and agree that the above noted objectives and guiding principles are not, as such, intended to create legal obligations for the Parties, but instead, are intended to document the mutual primary objectives of the Parties in entering into this Agreement. The specific provisions of this Agreement are to be interpreted according to their plain meaning; provided that where there is uncertainty concerning the meaning of any specific provision, then such provision is to be interpreted in light of the objectives and guiding principles set forth in this Section.

TELUS recognizes that the GPS Entities may revise or supplement the GPS Priorities from time to time. However for the purposes of this Agreement any revised or supplemental GPS Priority which contradicts the "strategic, ambitious IT projects" intent of the SIF, as further described in Section 5.1 of this Agreement, would not be considered for the purposes of determining whether a particular SIF Project should be eligible for allocation of SIF Dollars.

1.6 Disclosure of Material Information

Nothing contained in this Agreement will be construed so as to require TELUS to disclose to any GPS Entity, or otherwise provide any GPS Entity with access to, any information where such disclosure or access would be contrary to securities or stock exchange laws, rules or policies to which TELUS Corporation as a publicly traded entity is subject. However, even where such laws, rules or policies are applicable, where TELUS is making a disclosure pursuant to this Agreement TELUS will, upon request, make reasonable commercial efforts to maximize disclosure of information to the GPS Entities to the extent legally permissible (for example, by redacting pages of text to enable disclosure of information in a document that can be legally disclosed).

1.7 Incorporation by Reference of TSMA Sections

The following Sections of the TSMA, as modified in the manner provided below or otherwise *mutatis mutandis*, are incorporated into this Agreement by reference and are deemed to be an integral part of this Agreement (for clarity a reference to “this Agreement” in the following imported TSMA Sections will be deemed to be a reference to this Strategic Relationship Agreement for the purposes of this Agreement unless otherwise noted or the context is inconsistent therewith):

- (a) Sections 12.1.1(a) and (b), 12.2 and 12.3.1(a) and (c) (with the Parties acknowledging that for the purposes of the reference to 12.3.1(c) in this Section: (i) “Policies” means: (A) Chapter 17 – Internal Audit, Core Policy and Procedures Manual; (B) Recorded Information Management Manual, as described in Schedule HH of the TSMA; and (C) any other policies of the GPS Entities as set forth in the TSMA that are relevant to the subject matter of this Agreement (subject to TELUS having the right to Dispute the relevance of any such policy) (as such Policies may otherwise be amended, supplemented or replaced in accordance with Section 9 of the TSMA); and (ii) such reference will apply only to the subject matter described in Articles 5 and 7 and Sections 6.4, 6.5 and 8.4 of this Agreement) (TELUS’ Duties to Comply with Terms, Laws and Standards);
- (b) Sections 13.1 and 13.3 to 13.6 inclusive (Relationship Management);
- (c) Section 14.2 (Conflict of Interest);
- (d) Section 19 (Maintenance of Records and Audit Rights) (with the Parties acknowledging that such provisions are applicable only to the subject matter described in Sections 5, 6.4, 6.5, 7 and 8.4 of this Agreement);
- (e) Sections 20.1.1 (a) –(d) inclusive and (i) – (l) inclusive and Sections 20.2.1 (a)-(c) (Acknowledgements, Covenants, Representations and Warranties);
- (f) Sections 21.1.1, 21.1.2; 21.1.3 (Intellectual Property Rights);
- (g) 21.1.4, 21.1.5, 21.1.6, 21.3 and 21.4 (Intellectual Property Rights) (with the Parties acknowledging that such provisions will not apply to TELUS Provided Strategic Relationship Information, except to the extent that such materials or portions thereof otherwise constitute a deliverable of TELUS to a GPS Entity under the TSMA);
- (h) Section 23 (Communications), subject to Section 23.1.3 being replaced with the following:

Each GPS Entity shall submit to TELUS any proactive press releases of a marketing nature directly referencing TELUS: (a) in the context of SIF Projects or Additional Services; or (b) specifically in respect of the SIF Projects or Additional Services, and will not publish any such press releases without first obtaining the prior Approval of TELUS. For greater certainty, this limitation of the GPS

Entities shall not apply to press releases that are responding to issues, statements or other circumstances including service level failures. Nothing contained in this Agreement shall modify the obligations of each GPS Entity with respect to TELUS Confidential Information under the TSMA;

- (i) Section 26 (Indemnification) excluding Section 1(h) and Section 2 of Schedule U of the TSMA;
- (j) Sections 28.1, 28.2, and 28.5-28.7 inclusive (Dispute Resolution); and
- (k) Section 34 (General) other than Section 34.11 (Survival).

ARTICLE 2 TERM OF AGREEMENT

2.1 Term

The term of this Agreement (the “**Term**”) will commence on the Effective Date and expire on the earlier of: (a) ten (10) years from the Effective Date; and (b) the termination of the TSMA. In connection with any renewal of a Service Term under the TSMA or other event resulting in the TSMA being extended or renewed beyond its original term, the Parties shall enter into negotiations with respect to a corresponding extension or renewal of the Term of this Agreement.

ARTICLE 3 STRATEGIC RELATIONSHIP

3.1 Commitment to Support A Strategic Relationship

Each Party confirms its commitment to support a long term strategic relationship, based on the principles set forth in this Agreement, that expands the Parties’ business relationship beyond that of a traditional services provider and customer.

The Parties acknowledge that implementing and maintaining a successful strategic relationship over the Term may require effort and resources on the part of all Parties and in some cases, changes to the way the Parties have historically “done business” together, including making decisions based on longer term goals rather than more immediate priorities. In this regard the Parties recognize that a meaningful and lasting strategic relationship is supported over time as representatives at all levels within the Parties work more closely together to explore strategic areas of mutual interest, share strategic information, including business objectives, drivers and plans, confidential or proprietary information where appropriate, and leverage expertise, relationships and human and capital assets.

The Parties recognize the following five guiding principles in supporting their long term strategic relationship, to be applied in a manner consistent with this Agreement and applicable GPS Entity procurement law and policy:

- **Focus:** the development of joint strategic activities that are focused on the GPS Entities’ and TELUS’ key business outcomes;

- **Synergy**: the combination of complementary expertise, capacity and investment to achieve an outcome that is greater than the sum of its parts;
- **Velocity**: the continual examination and possible re-structuring of relationship processes to radically increase the speed of project execution;
- **Integrity**: the use of honest and transparent inter-personal dealing and the disclosure of appropriate internal information to ensure the integrity, longevity and defensibility of the relationship; and
- **Scale**: the application of economies of scale techniques such as the division of labour between the organizations to avoid duplication of effort and costs and the utilization of existing investments such that additional investments by a Party are not required.

3.2 Strategic Relationship Enablement Structures

The Parties have agreed to the following formal activities and related structures to enable the strategic relationship, which will be supplemented by informal exchanges and relationship building, as further described in this Agreement:

- (a) the implementation, maintenance and improvement as required of formal strategic relationship governance structures, including the Strategic Management Committee;
- (b) the creation and operationalization of a strategic investment fund (“**SIF**”);
- (c) provisions for the sharing of joint strategic planning information and a forum for mutual input on strategic planning activities through the SMC (or its Working Groups);
- (d) the adoption of a process for consideration and implementation of Additional Services opportunities; and
- (e) such other strategic initiatives that may arise from cooperation of the Parties pursuant to this Agreement.

ARTICLE 4 GOVERNANCE STRUCTURE

4.1 Governance Structure Overview

The governance structure for the contractual relationships formed between the Parties under the Transaction Agreements, including the strategic relationship under this Agreement, is set out in Schedule K of the TSMA, which is incorporated by reference pursuant to Section 1.7(b). A chart setting out an overview of such governance structure is set forth in Schedule K of the TSMA. As described in further detail in Schedule K of the TSMA, the JEGC and the SMC are the governance levels primarily responsible for strategic matters relating to the Transaction Agreements.

4.2 SIF Working Group

The Parties will cause the SMC to form a Working Group (the “**SIF Working Group**”) with the mandate to action and solution SIF opportunities referred to it by the GPS Group Chair of the SMC. The responsibilities of the SIF Working Group will be determined by the SMC in accordance with section 5 of Schedule K of the TSMA but such responsibilities will include:

- (a) receiving ideas for SIF Projects Opportunities referred to the SIF Working Group by the GPS Group Chair of the SMC and performing an analysis on each proposed project in order to confirm it satisfies the requirements of this Agreement;
- (b) discussing proposals for specific SIF Project Opportunities prepared by the Administrator and referred to the SIF Working Group by the GPS Group Chair of the SMC, including timing, resource and capital requirements and the participating GPS Entities;
- (c) referring SIF Project proposals to the SMC for discussion and amending proposals as directed by the GPS Group Chair of the SMC;
- (d) updating the Candidate SIF Projects List as required and submitting the updated list to the SMC for approval; and
- (e) reporting out to the SMC or the GPS Entities on any other matters as directed by the SMC or the GPS Entities.

4.3 Additional Services Lead

As of the Effective Date, the GPS Entities will appoint an individual who will act as the point of contact on behalf of the GPS Entities for identifying, considering and managing potential Additional Services opportunities (the “**Additional Services Lead**”). The Additional Services Lead will report to the GPS Group Chair of the SMC. The particulars concerning the Additional Services Lead are set out in Section 6.2(c) of this Agreement.

4.4 Annual Spend Forecast

TELUS will work jointly with the GPS Entities, and assist the GPS Entities in their preparation of, aggregated annual spend forecasts for products and services to be delivered by or on behalf of TELUS in respect of the upcoming Contract Year.

4.5 Technology Roadmap

In support of the Parties position that technology is as an enabler to drive strategic objectives for the GPS Group, TELUS and the GPS Group will work together to enable the GPS Group to effectively provide input into TELUS’ corporate technology roadmap for the deployment of future technology and services (the “**Technology Roadmap**”) that both supports TELUS’ objectives and takes into consideration the business needs of the GPS Group. In consultation with the GPS Group, TELUS will review, update and revise the Technology Roadmap on an

annual basis, with the first such review being within 90 days of the Effective Date. Such review and consultation with respect to the Technology Roadmap will occur through the SMC. The Technology Roadmap will identify high level TELUS plans and timelines in respect of the technology and capital plans which may include new Available Services and material enhancements to existing Available Services. Any new Available Services that are added pursuant to the Technology Roadmap shall be added pursuant to Section 9 of the TSMA.

ARTICLE 5 STRATEGIC INVESTMENT FUND

5.1 Establishment of SIF

- (a) The SIF will be aimed at strategic, ambitious IT projects that hold the promise of making significant impacts in the lives of British Columbia citizens and allow one or more GPS Entities to further the GPS Priorities in accordance with this Agreement.
- (b) The Parties hereby establish a SIF account (the “**SIF Account**”). The SIF Account is an account expressed in dollars (“**SIF Dollars**”) administered by TELUS during the Term for the sole benefit of the GPS Entities. The GPS Entities are entitled to draw down SIF Dollars from the SIF Account to pay fees and charges payable by the GPS Entities to TELUS as further described in this Article 5.
- (c) As between TELUS and the GPS Entities, the SIF will be a single fund for the benefit of all the GPS Entities. The allocation of SIF Dollars as between the GPS Entities, and responsibility for withdrawing SIF Dollars from the SIF Account, will be undertaken and managed by the Administrator on behalf of the GPS Entities.

5.2 Contributions of SIF Dollars to the SIF Account

Commencing as of the Effective Date, TELUS will credit the SIF Account with SIF Dollars as follows:

- (a) *Contributions Relating to SIF Eligible Core Services:* For each Calendar Year in the Term, TELUS will contribute SIF Dollars to the SIF Account in an amount calculated by multiplying the SIF Eligible Core Services SIF Percentage by the aggregate revenue received by TELUS from the GPS Entities for SIF Eligible Core Services during the Calendar Year, less applicable sales taxes and net of any credits and rebates including service level credits (to be calculated on the basis of net cash position as between the Parties) (the “**SIF Eligible Core Services SIF Account Contribution**”). TELUS will credit the SIF Eligible Core Services SIF Account Contribution to the SIF Account within sixty (60) days of the end of each Calendar Year.
- (b) *Contributions Relating to Additional Services:* For each Calendar Year in the Term, TELUS will contribute SIF Dollars to the SIF Account in an amount

calculated by multiplying the Additional Services SIF Percentage by the aggregate revenue received by TELUS from the GPS Entities for Additional Services during such Calendar Year:

- (i) less applicable sales taxes;
- (ii) less any portion of the fees for an Additional Service associated with Hardware or Software acquisition or with the acquisition of services delivered by an Entity other than TELUS or an Affiliate of TELUS (such as application service provider services, maintenance or support services or consulting services); and
- (iii) net of any credits and rebates including service level credits (to be calculated on the basis of net cash position as between the Parties) for contracted Additional Services (the “**Additional Services SIF Account Contribution**”).

TELUS will credit the Additional Services SIF Account Contribution to the SIF Account within sixty (60) days of the end of the Calendar Year. For particular Additional Services opportunities the Parties may determine through joint due diligence and solutioning for the opportunity that adjustments to the Additional Services SIF Percentage or the general exclusion of third party services is appropriate and, if such is the case, the changes will be negotiated as part of the contracting process for the Additional Service.

(c) *Contributions From TELUS External Cost Savings: Where:*

- (i) actions taken by a GPS Entity result in TELUS realizing operational, administrative or back office cost savings which are external to the services relationships covered by the Transaction Agreements (i.e., items which reduce TELUS’ cost to deliver services to TELUS customers other than, or in addition to, the GPS Entities, such as by way of example, costs related to the operation of TELUS facilities);
- (ii) the cost savings are capable of being meaningfully calculated or estimated with a reasonable level of effort;
- (iii) the cost savings result from a specific action taken by the GPS Entity and not merely a favourable outcome to an established assessment, appeal or similar process; and
- (iv) the cost savings are not associated with legislative or policy changes of general application which affect all employers or businesses in the province (for example a change in provincial employer remittances or sales tax exemptions)

(the “**TELUS External Cost Savings**”); then

TELUS will contribute SIF Dollars to the SIF Account in an amount equivalent to 50% of the TELUS External Cost Savings as and when the savings are actually realized by TELUS during the Term. Where TELUS contributes SIF Dollars to the SIF Account pursuant to this Section as a result of TELUS External Cost Savings, the GPS Entities shall be entitled to verify that the amount which TELUS credits to the SIF Account represents 50% of the External Cost Savings actually realized by TELUS. Such audit shall be conducted in accordance with Section 19.3.1(b) of the TSMA, and TELUS agrees to cooperate and provide auditors appointed by the GPS Entities with reasonable access to information and data concerning TELUS external costs to enable such audit to be conducted.

- (d) *Contributions From TELUS Internal Cost Savings:* Where TELUS has identified a potential internal savings opportunity of mutual benefit (for example the use of an alternate router with reduced functionality/performance but at a lower price point) the opportunity, including the potential for a contribution by TELUS of SIF Dollars to the SIF Account, will be discussed at the SMC. If the SMC determines that a TELUS contribution to the SIF Account is appropriate, TELUS will credit the SIF Account with any agreed to contribution as directed by the SMC.
- (e) *Contributions From RC Top-Up Payment:* The Administrator on behalf of the GPS Entities will be entitled to make a contribution in real dollars to the SIF Account in the form of an RC Top-Up, as more particularly described in the TSMA. TELUS will credit the SIF Account with SIF Dollars in the full amount of the RC Top-Up payment as of the date that TELUS receives the RC Top-Up payment from the Administrator. For clarity, although an RC Top-Up payment would be deemed to be Eligible Spend for the purposes of determining whether the Revenue Commitment had been satisfied under the TSMA, it will not be taken into account to calculate the annual SIF Eligible Core Services SIF Account Contribution pursuant to Section 5.2(a) of this Agreement.
- (f) *Contributions From Termination Charges:* Where a GPS Entity Cancels a Data Service or Voice Service and pays a one time termination charge of 25% of the Fees which would have otherwise been payable for the Cancelled Data Services or Voice Services in accordance with Section 31.6.2(a) of the TSMA (the “**One Time Termination Charge**”), TELUS shall credit the SIF Account with an amount equivalent to 25% of the One Time Termination Charge paid (i.e. 25% x 25%) as of the date TELUS receives the One Time Termination Charge.

A SIF contribution summary table is attached as Schedule H to this Agreement for illustrative purposes only.

5.3 Use of SIF Dollars and SIF Account

- (a) Subject to Sections 5.3(b) and (c) and Sections 5.4(d) and (e) of this Agreement, the GPS Entities will have full and sole discretion, in a manner consistent with applicable GPS Entity procurement law and policy, to determine if and how they wish to withdraw SIF Dollars from the SIF Account and to spend SIF Dollars.

Any Project or order for products or services initiated by the GPS Entities, the Administrator or the GPS Group Chair of the SMC to be funded in whole or in part by SIF Dollars, which is eligible under this Article 5 to be so funded, is called a “**SIF Project**”.

- (b) If a GPS Entity decides to spend SIF Dollars, it will be required to spend the SIF Dollars solely with TELUS or any of its Affiliates (which may include TELUS or any of its Affiliates acting as primary contractor on behalf of other vendors and contractors).
- (c) The GPS Entities will not be entitled to spend SIF Dollars to partially or wholly subsidize fees:
 - (i) payable to TELUS by any entity other than a GPS Entity, with the ability of the GPS Entities to table exceptions which will be discussed at the SMC;
 - (ii) for Services or Additional Services, subject to the GPS Entities being able to allocate SIF Dollars towards the acquisition of:
 - A. data upgrades and additional Services (including recurring fees) in accordance with Section 5.6(c) of this Agreement; and
 - B. Services which are part of an integrated bundled services solution comprising a SIF Project, provided that the Services represent net new services to TELUS (including recurring fees in respect of the same);
 - (iii) associated with a renewal or extension of a then currently contracted service with TELUS (recognizing that this Section does not limit the ability of the GPS Entities to use SIF Dollars to fund specific services which are not then under contract with TELUS, notwithstanding that those specific services may be the same type of services as services then under contract; for example, if a managed hosting service was contracted under an agreement between TELUS and a GPS Entity, this Section would not preclude the GPS Entity from using SIF Dollars to fund a net new instance of the same or similar managed hosting service);
 - (iv) associated with a change order under a then existing contract with TELUS unless otherwise agreed through the Governance Process; and
 - (v) for tariff services.
- (d) SIF Dollars and the SIF Account, although expressed in dollars, are not convertible into cash and will in all instances be paid out as a credit against TELUS fees for products and services.

5.4 SIF Opportunity Identification

- (a) The SMC will be responsible for collecting, evaluating and prioritizing potential SIF Project opportunities based upon the GPS Priorities and input from the GPS Entities and TELUS for purposes of creating a SIF Project candidate list (the “**Candidate SIF Projects List**”). Attached as Schedule I of this Agreement is the Parties’ initial agreed to short list of potential initiatives for funding with SIF Dollars, together with the proposed priority of such initiatives. The Candidate SIF Projects List represents the initial SIF Project opportunities which are deemed selected by the SMC as candidate SIF Projects. The Candidate SIF Projects List will be reviewed by the SMC on a quarterly basis, and updated based upon ideas for new SIF initiatives received from the GPS Entities and TELUS and feedback from the SIF Working Group as referenced in Section 5.4(c) (each project on the list being called a “**Candidate SIF Project**”).
- (b) The GPS Entities will in their full and sole discretion determine whether and when to refer SIF Project opportunities to the SMC, while giving due consideration to the Candidate SIF Projects List and their identified priority (Candidate SIF Projects and other potential SIF Projects identified by the GPS Entities being referred to as “**SIF Project Opportunities**”). However, subject to Section 5.4(d), the GPS Entities will not be bound to follow the Candidate SIF Projects List or the identified priorities in determining which SIF Project Opportunities shall be referred to the SMC and may refer any SIF Project Opportunity to the SMC, including but not limited to Candidate SIF Projects, by providing notice to the TELUS Chair of the SMC.
- (c) The SMC will be responsible for assessing the feasibility of each SIF Project Opportunity referred to the SMC pursuant to paragraphs (a) and (b) above, including preparing the preliminary business case, identifying the contract vehicle, preparing a budget, undertaking initial solutioning and determining timelines, provided, however, that the SMC may delegate such function in whole or in part to the SIF Working Group. Based on its assessment, including any assessment work completed by the SIF Working Group, the SMC may make a recommendation to the GPS Entities where appropriate.
- (d) The Parties have identified in Schedule I of this Agreement the opportunity on the Candidate SIF Projects List which has the highest priority as of the Effective Date. This represents the first project which will be funded by SIF Dollars (the “**SIF Kick-Off Opportunity**”). Upon signing the Transaction Agreements, the Parties will commence the due diligence, solutioning and pricing process for the SIF Kick-Off Opportunity, with the objective of contracting the opportunity within nine (9) months of the Effective Date, subject to sufficient SIF funding being available including, if required, funding being made available by TELUS pursuant to Section 5.5(g).
- (e) In selecting SIF Projects, the GPS Entities will give due consideration to the Candidate SIF Projects and their identified priority. However, subject to

Section 5.4(d), the GPS Entities will not be bound to follow the Candidate SIF Projects List or the identified priorities. To this end, the GPS Entities may decide to withdraw SIF Dollars for other services or products from TELUS, provided the proposed withdrawal is not otherwise contrary to the terms of this Article 5. Where a GPS Entity intends to initiate a SIF Project, and such project is not on the mutually agreed Candidate SIF Projects List, the GPS Entity will provide TELUS with a SIF Project Notice prior to issuing a Service Order or initiating a Project pursuant to Section 5.5(a) of this Agreement. If TELUS disagrees with the use of SIF Dollars for a proposed SIF Project, TELUS may object in writing within thirty (30) days upon receipt of a SIF Project Notice and may also refer the matter to the JEGC. If TELUS objects in writing within such time and refers the matter to the JEGC, the Parties will in good faith discuss the proposed withdrawal for thirty (30) days. Where the matter is not resolved by the JEGC in accordance with the Governance Process within the thirty (30) days following written notice from TELUS and the GPS Entities still wish to proceed with the initiative, TELUS will be entitled to a right of veto in respect of a proposed SIF Project, which must be expressed by written notice in writing to the Administrator and communicated by the TELUS Chair of the JEGC to the JEGC at the next meeting of the JEGC. However, TELUS will only be entitled to one veto per Contract Year. Where TELUS exercises its veto in respect of a particular SIF Project, that SIF Project will not be eligible for the drawdown of SIF Dollars at any time unless otherwise agreed in writing by TELUS. If TELUS does not exercise its veto in writing within seven (7) days from the expiry of the 30 day governance review period, or if TELUS has already exercised its veto in that Contract Year, the withdrawal of SIF Dollars for the proposed SIF Project will be deemed to be acceptable to TELUS.

5.5 SIF Project Implementation

- (a) During the Term, the GPS Entities may elect in their sole discretion to initiate a SIF Project. A SIF Project will be contracted as a Service Order, Change Order or Project under the TSMA, as a standalone agreement between TELUS and one or more of the GPS Entities and in some cases potentially third parties (a “**Standalone Agreement**”), or as a combination thereof (for example if a component of the SIF Project involved the acquisition of Hardware, the contracting structure may be a combination of a Service Order under the TSMA for the Hardware and a Standalone Agreement for the remainder of the SIF Project). If the SIF Project is contracted by way of a Service Order, Change Order or Project under the TSMA the provisions of the TSMA relating either to Service Orders, Change Orders or to Projects will apply, with the following clarifications:
 - (i) pricing for the Service Order, Change Order or Project will be governed by Section 5.7 of this Agreement;
 - (ii) Service Orders will only be used for the contracting of Services which comprise a SIF Project or a component of a SIF Project;

- (iii) subject to Section 5.5(a)(i) and 5.5(a)(iv) of this Agreement, the Change Process under the TSMA shall apply without alteration to SIF Projects; and
 - (iv) Section 9.5 of the TSMA (Mandatory Change) will not apply to Change Requests or Change Orders for a SIF Project.
- (b) In order to initiate a SIF Project during the Term, the Administrator shall issue a written notice to the TELUS Relationship Executive or such other TELUS representative as TELUS may notify the Administrator in writing which sets out the following information (the “**SIF Project Notice**”):
- (i) a description of the identified opportunity;
 - (ii) an election by the GPS Entities as to whether the SIF Project shall be initiated as a Service Order (where the SIF Project is comprised of, or contains, Services under the TSMA), a Change Order, a Project, or whether the GPS Entities wish to negotiate a Standalone Agreement with TELUS; and
 - (iii) notice that the GPS Entities intend to withdraw SIF Dollars from the SIF Account for the purposes of paying some or all of TELUS’ fees in respect of the SIF Project.
- (c) The GPS Entities, or any individual GPS Entity, will issue all SIF Project Notices, or other directions to withdraw SIF Dollars from the SIF Account through the Administrator delivered to the TELUS Relationship Executive on behalf of TELUS, or such other TELUS representative as TELUS may notify the Administrator in writing.
- (d) Upon receipt of a SIF Project Notice, subject to Sections 5.3(b) and (c) and 5.4(d) and (e) of this Agreement, TELUS will proceed to implement the SIF Project in accordance with the provisions of the TSMA applicable to Service Orders, Change Orders or Projects, as the case may be (as clarified by Section 5.5(a) of this Agreement), and the relevant provisions of this Agreement, or as otherwise mutually agreed between the Parties. Subject to any agreement between the Parties with respect to the method and frequency of invoicing in respect of a SIF Project, TELUS shall, upon demand from the Administrator, credit any invoice issued in respect of a SIF Project with SIF Dollars from the SIF Account in the amount selected by the Administrator at that time, provided such amount does not exceed either of: (i) the total amount then remaining in the SIF Account, or (ii) the amount of the invoice.
- (e) The GPS Entities may, at their sole discretion, withdraw SIF Dollars from the SIF Account to cover future recurring TELUS fees as well as one time fees. Where the withdrawal covers recurring fees, and for the purposes of Section 5.6(d) of this Agreement, the aggregate amount of the recurring fees for the term of the

designated SIF Project shall be deemed to have been withdrawn at the time of the commencement of the SIF Project, notwithstanding that the actual issuance of the credits to offset TELUS' fees will not occur until TELUS issues invoices in respect of the SIF Project. The GPS Entities may also, in their sole discretion, elect to make partial withdrawals from the SIF Account for recurring fees.

- (f) Where SIF Dollars are allocated to future recurring fees for the term of a SIF Project, and the Service Order, Change Order or contract is terminated prior to the expiry of such term, TELUS will re-credit to the SIF Account the SIF Dollars that are unused at the date of termination, less any termination charges which may be payable in connection with the early termination. In addition, where SIF Dollars are allocated to future recurring fees for data upgrades or additional Services for the term of a SIF Project, and the services provided by TELUS are subject to a price review or price reduction pursuant to the TSMA during the term of the SIF Project, TELUS will re-credit to the SIF Account the full amount of any such savings or price reduction.
- (g) If during the Term the GPS Entities wish to draw down SIF Dollars from the SIF Account to satisfy TELUS fees for a SIF Project and the then current balance of the SIF Account is insufficient to satisfy the proposed draw down, the GPS Entities may request an interim draw down of SIF Dollars earned through the ongoing subscription by the GPS Entities for SIF Eligible Core Services or Additional Services but not yet contributed to the SIF Account. The GPS Entities will only be entitled to make one such request per Calendar Year during the Term. The request shall be made by the Administrator serving written notice of the amount of the drawdown requested to the TELUS Relationship Executive, the timing of the draw down and the applicable SIF Project. If TELUS is agreeable to the interim draw down, the Parties will finalize the particulars of the draw down, Service Orders will be used for the contracting of an Available Service where the Available Service comprises or forms part of the SIF Project, in which case the GPS Entities acknowledge that the interim draw down of SIF Dollars has the potential to create financial accounting issues, including revenue recognition issues, for TELUS under accounting standards and policies and this will be a consideration by TELUS in determining whether or not TELUS is able to provide the requested draw down.

5.6 Expiry of SIF Dollars

- (a) The GPS Entities will be entitled to roll over SIF Dollars which are unallocated as at the end of a Calendar Year up to a maximum of thirty six (36) months from the date that TELUS first credited the SIF Dollars to the SIF Account. Withdrawal of SIF Dollars shall be deemed to be on a "first in first out" basis, i.e., where TELUS receives a direction for withdrawal of SIF Dollars from the Administrator, TELUS shall allocate the withdrawal of SIF Dollars to those SIF Dollars which have been in the SIF Account for the longest time.

- (b) With respect to SIF dollars contributed through the RC Top-Up, such SIF Dollars will not be subject to the thirty-six (36) month limitation referred to in Section 5.6(a) of this Agreement. In addition, the GPS Entities shall be entitled to spend such SIF Dollars on additional Services and data upgrades on a dollar for dollar basis at any time. Notwithstanding the foregoing, the GPS Entities will make reasonable efforts to use or allocate such SIF Dollars as expeditiously as possible, with the objective of using or allocating the SIF Dollars contributed through the RC Top-Up within thirty six (36) months from the date they were credited to the SIF Account. If the GPS Entities anticipate that they will not be able to use or allocate such funds within the thirty six (36) month timeframe, the matter will be discussed at the SMC and the Parties will make reasonable efforts to mutually develop a plan for using or allocating the SIF Dollars in a timely manner.
- (c) Where unallocated SIF Dollars are set to expire pursuant to Section 5.6(d), the GPS Entities may elect to withdraw such unallocated SIF Dollars to fund data upgrades or to subscribe for additional Services (other than tariffed services) by providing TELUS with notice in writing from the Administrator prior to the expiry date and issuing applicable Service Orders under the TSMA. SIF Dollars which the GPS Entities draw down to fund data upgrades or additional Services will have a value of \$0.50 per SIF Dollar withdrawn from the SIF Account. For clarity, subject to Section 5.6(b) of this Agreement, expiry of SIF Dollars will be the only circumstances where the GPS Entities may use SIF Dollars to fund data upgrades or additional Services spend. Although withdrawal of SIF Dollars as described in this Section 5.6(c) will be deemed to be Eligible Spend for the purposes of determining whether the Revenue Commitment had been satisfied under the TSMA, the data upgrades or additional Services funded by the drawdown will not attract the SIF contribution applicable to SIF Eligible Core Services spend under Section 5.2(a) of this Agreement.
- (d) Subject to Sections 5.6(b) and (c) and 5.8 of this Agreement:
- (i) During the Term, and after providing the Administrator with thirty (30) days prior written notice, TELUS will remove any SIF Dollars from the SIF Account which remain unallocated as at the thirty six (36) month expiry date as of such date and the SIF Dollars will be permanently lost; and
 - (ii) TELUS will similarly remove any SIF Dollars from the SIF Account which remain unallocated as at the expiry of the Term or at termination of this Agreement as of such date, and such SIF Dollars will also be permanently lost; provided, however:
 - A. for SIF Dollars which TELUS credits to the SIF Account less than thirty six (36) months prior to the date of expiry of the Term or termination of this Agreement, the GPS Entities will still have thirty six (36) months from the date the SIF Dollars were credited

to the SIF Account to use or allocate such SIF Dollars in accordance with this Article 5. The provisions of Article 5 and any other related provisions of this Agreement shall continue to apply to the SIF Dollars during such 36 month period, notwithstanding the expiry of the Term or termination of this Agreement (for example if TELUS credited SIF Dollars twelve (12) months prior to expiry or termination of this Agreement, then the GPS Entities would have a further twenty-four months from the date of expiry or termination to allocate such SIF Dollars). For clarity, Section 5.2 of this Agreement will not apply past the expiry of the Term or the termination of this Agreement; and

- B. SIF Dollars which are allocated in accordance with this Article 5 (including those allocated after expiry of the Term or after termination as contemplated in Section 5.6(d)(i)A of this Agreement) will survive the expiry of the Term or termination of this Agreement for the term of the services or SIF Project which are the subject of the allocation. For clarity, Section 5.5(f) of this Agreement will not apply to any early termination of a Service Order, Change Order or contract to which is the subject of an allocation where such early termination occurs after the expiry of the Term or termination of this Agreement.

5.7 Pricing for SIF Projects

- (a) Pricing for SIF Projects will be determined by good faith negotiations between the Parties, with due consideration being given to pricing models employed by the Parties in other current or past transactions where applicable, and where a pricing model already applies to such SIF Projects based upon a prior agreement of one or more GPS Entities and TELUS such pricing model shall apply, and in all cases in accordance with the following principles:
 - (i) for SIF Projects having a total contract value in excess of two million dollars (\$2M), there shall be a margin review after the deal is finalized, but prior to execution of a contract, as more particularly described in Schedule K (the “**Pricing Disclosure Process**”); and
 - (ii) the agreed pricing methodology for particular solution elements which may form part of a SIF Project is as follows:
 - A. for professional services offered by employees of TELUS and its Affiliates, pricing shall be at the professional rates set out in the TSMA Price Book;
 - B.

C. for Services, pricing shall be as set out in the TSMA Price Book;

D.

E. for services or offerings otherwise provided by TELUS or its Affiliates (including Hardware for which the pricing set out in paragraph D above otherwise does not apply), the pricing shall be at aggressive competitive market prices in Canada having regard to the size of the GPS Group and anticipated volume, the

functionality associated with the service, any service levels associated with the service, the contract length and geographic availability and, subject to the foregoing, determined through good faith negotiations, leveraging pricing models from other current or past transactions between TELUS (or any of its Affiliates) and any GPS Entities, where applicable.

- (b) The Parties acknowledge that the above noted pricing structure is unique to SIF Projects in recognition of the intended IT transformative nature of these projects and will not be used as a pricing model for services offered by TELUS or its Affiliates, whether under the TSMA or otherwise, other than for SIF Projects (except for Network Management Services and VoIP/UC Services to the extent contemplated by the pricing methodology for such services as set forth in the TSMA).

5.8 Inability of GPS Entities To Allocate SIF Dollars

- (a) Where:
 - (i) the GPS Entities elect to withdraw SIF Dollars to fund data upgrades or to subscribe for additional Services in accordance with the terms of Section 5.6(c) of this Agreement in order to avoid losing such funds pursuant to Section 5.6(d) of this Agreement;
 - (ii) the Administrator issues one or more Service Orders for the data upgrades or additional Services in accordance with the Service Order provisions of the TSMA; and
 - (iii) TELUS fails to implement some or all of the data upgrades or additional Services within six (6) months of the Administrator issuing the applicable Service Order(s),

then TELUS will re-credit the SIF Account with the full amount of the SIF Dollars associated with the unimplemented services (i.e. the fifty percent (50%) reduction provided for in Section 5.6(c) of this Agreement which would have otherwise applied if the SIF Dollars had been actually used for, or allocated towards, implemented data upgrades or additional Services will not be applicable), such re-credit to be made as of six (6) months from the date of issuance of the unimplemented Service Order(s). The GPS Entities will then have another twelve (12) months to use or allocate such re-credited SIF Dollars, with Sections 5.6(b), (c) and (d) and this Section 5.8 applying to such funds, subject to the references in those Sections to the thirty six (36) month period being deemed to be changed to a period of twelve (12) months from the date TELUS re-credited the SIF Dollars and any remedies applicable to Service Order failure under the TSMA will continue to apply.

- (b) Withdrawal from the SIF Account of re-credited SIF Dollars under Section 5.8(a) of this Agreement would have priority over all other SIF Dollars then in the SIF Account for the purposes of the “first in first out” draw down priority under Section 5.6(a) of this Agreement.

5.9 SIF Reporting and Management

- (a) TELUS will provide the GPS Entities with a quarterly report in writing (the “**Quarterly SIF Report**”) setting out:
 - (i) the amount of SIF Dollars credited to the SIF Account during the reporting period, broken out as to each SIF contribution category, and by date;
 - (ii) the amount of SIF Dollars expended during the reporting period, whether as one time expenditures or as credits against invoices for recurring fees, broken out by date;
 - (iii) any allocations of SIF Dollars to future recurring fees for a SIF Project during the reporting period;
 - (iv) any SIF Dollars re-credited to the SIF Account during the reporting period, and by date;
 - (v) the current aggregate balance of the SIF Account; and
 - (vi) an aged level report showing the dates that unallocated SIF Dollars have been in the SIF Account.

ARTICLE 6 ADDITIONAL SERVICES

6.1 Right of First Offer on Additional Services

The GPS Entities hereby grant TELUS a right of first offer as more particularly defined in Section 6.3 (the “**Right of First Offer**”) during the Term in respect of mutually identified potential future service opportunities (the “**Additional Services**”).

6.2 List of Additional Services

- (a) The Additional Services will be identified in an Additional Services list maintained by the Parties. The initial Additional Services list is attached as Schedule J of this Agreement (the “**Additional Services List**”).
- (b) During the Term, the Parties will collaborate in respect of the identification of other potential Additional Services, and the Additional Services List may be amended from time to time as mutually agreed between the Parties.

- (c) Where TELUS or a GPS Entity wishes to add a potential opportunity to the approved list of Additional Services, they will bring it first to the Additional Services Lead for review and “packaging” to the SMC for approval. Such packaging would include describing: (i) the business drivers and requirements related to the opportunity; (ii) the nature and scope of the opportunity, including the GPS Entities involved; (iii) the anticipated timeline for acquisition, solutioning and implementation of the opportunity; (iv) the appropriateness of the opportunity proceeding as an Additional Service from a procurement perspective; and (v) project activities and resource and capital requirements.

6.3 The Right of First Offer Process

- (a) Where a GPS Entity in its sole discretion decides to proceed with an Additional Service opportunity, the GPS Entity will offer TELUS a first opportunity to make an offer to the GPS Entity to provide the Additional Service prior to issuing a public procurement for the service or soliciting offers from a third party provider for the Additional Service.
- (b) The process that will be followed by the Parties in respect of an Additional Service is as follows:
 - (i) the GPS Entity will provide TELUS with the information reasonably required to solution and price the opportunity (including business and technology requirements) to the extent that the GPS Entity can reasonably provide the same;
 - (ii) within thirty (30) days, or where the Additional Service is of such a scope or nature that a longer period of time is required such longer time as is agreed by the Parties, and where not agreed then thirty (30) days, TELUS will provide a proposal for a market leading solution consistent with the principles set out in Section 6.4 of this Agreement;
 - (iii) the Parties will discuss the TELUS proposal for at least thirty (30) days after TELUS delivers its proposal prior to the GPS Entity issuing a public procurement for the Additional Service;
 - (iv) if the GPS Entity determines that the TELUS proposal is acceptable, the GPS Entity may, in its sole discretion and if consistent with applicable procurement law and policy, direct award the Additional Service to TELUS, which would be contracted by way of a separate contract to be negotiated by such Parties; and
 - (v) if the GPS Entity determines in its sole discretion that the TELUS proposal is not acceptable and decides to proceed with a competitive procurement for the Additional Service, the GPS Entity may award the Additional Service contract to a third party service provider. However, the GPS Entity will not exclude TELUS from a competitive procurement

process in respect of the Additional Service, or penalize TELUS in the evaluation process, solely on the basis that TELUS had made a prior offer to provide the Additional Services. Subject to their obligations under FOIPPA, the GPS Entities shall keep confidential any pricing or terms provided by TELUS and any other TELUS Confidential Information provided by TELUS as part of the Right of First Offer process and will not use such information for purposes of subsequent discussions with third parties.

6.4 Pricing for Additional Services

Pricing for Additional Services will be determined by good faith negotiations between TELUS and the applicable GPS Entity, with due consideration being given to pricing models employed by the Parties in other current or past transactions where applicable, and where a pricing model already applies to such Additional Services based upon a prior agreement of one or more GPS Entities and TELUS such pricing model would form the basis for the Additional Services pricing. For Additional Services opportunities having a total contract value in excess of five million dollars (\$5M) the Pricing Disclosure Process would apply.

6.5 Contribution to the SIF

Where:

- (a) a GPS Entity directly awards an Additional Service opportunity to TELUS without additional competitive procurement and enters into a contract for such opportunity with TELUS; or
- (b) a GPS Entity directs that a prime contractor to the GPS Entity use TELUS as a subcontractor in respect of services covered by the prime contract without additional competitive procurement and the prime contractor enters into a contract for such services with TELUS,

TELUS shall contribute the amount more particularly described in Section 5.2(b) of this Agreement to the SIF Account.

ARTICLE 7 CONFIDENTIALITY

7.1 GPS Entities Confidential Information

Unless otherwise specified by a GPS Entity, any GPS Entity proprietary information contained in materials prepared by, or data compiled by, a GPS Entity and provided or presented at meetings of or involving the Joint Executive Governance Committee, the SMC, any Working Groups formed by such committees (including the SIF Working Group) or the Additional Services Lead will be deemed to be GPS Group Confidential Information for the purposes of Section 22 of the TSMA and will be subject to the terms of such Section.

7.2 TELUS Confidential Information

Unless otherwise specified by TELUS: (a) any information owned by TELUS or to which TELUS otherwise has rights in which is contained in materials prepared by, or data compiled by, TELUS or its Affiliates and provided or presented at meetings of or involving the Joint Executive Governance Committee, the SMC, any Working Groups formed by such committees (including the SIF Working Group) or the Additional Services Lead, including without restriction, TELUS' technology roadmaps or plans (including the Technology Roadmap), spend forecasts prepared under Section 4.4 of this Agreement, network upgrade plans, supplier or partner arrangements (other than with any GPS Entity), market analysis and information on new TELUS products and services offerings (collectively "**TELUS Provided Strategic Relationship Information**"); (b) pricing methodology, models and structure for SIF Projects and Additional Services; and (c) SIF contribution percentages set out in this Agreement, including without limitation, the Additional Services SIF Percentage and SIF Eligible Core Services SIF Percentage; are deemed to be TELUS Confidential Information for the purposes of Section 22 of the TSMA and will be subject to the terms of such Section. TELUS expressly advises the GPS Entities that such information contains trade secret, commercial and technical information of a highly sensitive nature, such information has been supplied to the GPS Entities in confidence and the disclosure of such information would harm significantly the competitive position of TELUS, provide an unfair competitive advantage to its competitors and cause financial loss to TELUS.

ARTICLE 8 ASSIGNMENT AND SUBCONTRACTING

8.1 Assignment by the GPS Group

Each GPS Entity may assign at any time, in its sole discretion, and without the consent of TELUS but upon prior notice to TELUS (such notice including reasonable details of the assignment) all, but not less than all, of its interest in this Agreement to any Governmental Authority or any Public Sector entity. Concurrently with assigning its interest in this Agreement the GPS Entity must concurrently assign its interest in the TSMA. Each GPS Entity may assign this Agreement to any other Entity with the prior written consent of TELUS, which TELUS may withhold in its sole and absolute discretion. Without restricting the generality of the foregoing, owing to the subject matter of this Agreement, including the highly competitive nature of information which TELUS may share with the GPS Entities in connection with this Agreement, TELUS advises that under no circumstances will TELUS consent to a proposed assignment by a GPS Entity of its interest in this Agreement to a TELUS competitor or to a private sector systems integrator. An assignment of the interest of a GPS Entity pursuant to this Article 8 shall not prejudice the rights of the GPS Entities in respect of the accrual of SIF Dollars in the SIF Account nor shall it diminish TELUS' obligation to make continuing SIF contributions under Section 5.2 of this Agreement.

8.2 Assignment by TELUS

TELUS will not assign this Agreement, or any right of TELUS under this Agreement, without the prior written approval of the GPS Group which approval may be given or withheld in the sole and absolute discretion of the GPS Group, except where either such assignment is part of a

corporate restructuring of TELUS or the assignment is to an Affiliate of TELUS, in which case such approval shall not be unreasonably withheld. For greater certainty TELUS shall remain jointly and severally liable to the GPS Group in the event of any such assignment as part of a corporate restructuring of TELUS and such assignment shall not relieve TELUS of any of its obligations under this Agreement nor limit any rights or remedies that the GPS Group may have against TELUS. Any entity that is the assignee of a material portion of the assets of TELUS shall agree to be jointly and severally liable under the terms of this Agreement as a condition of such assignment of assets. Any name change of TELUS shall not be deemed to be an assignment by TELUS hereunder. Concurrently with assigning its interest in this Agreement TELUS must concurrently assign its interest in the TSMA.

8.3 Governance Obligations

Each Party shall ensure that any assignment or reorganization by it in accordance with this Article 8 or any internal changes in executive titles or responsibilities within its organization will not materially compromise or prejudice the governance structure described in Article 4 of this Agreement, including ensuring that the levels of authority, functional roles and responsibilities of its key representatives (including the strategic involvement of executives) within the governance structure are sufficiently maintained.

8.4 Subcontracting

TELUS will not, without the prior written consent of the GPS Group, such consent not to be unreasonably withheld, subcontract any obligation of TELUS under this Agreement. No subcontract entered into by TELUS will relieve TELUS from any of its obligations under this Agreement or impose any obligation or liability upon the GPS Group to any subcontractor.

ARTICLE 9 REGULATORY

9.1 Regulatory Requirements

Subject in all cases and in all respects to Sections 22 (Confidentiality) of the TSMA as incorporated by reference into this Agreement for purposes of this Section 9.1 only and 24 (Privacy) of the TSMA, in relation to all telecommunications services provided by TELUS, unless a GPS Entity provides express consent or disclosure is pursuant to a legal power, all information kept by TELUS regarding the GPS Entity, other than the GPS Entity's name, address and listed telephone number, is confidential and may not be disclosed by TELUS to anyone other than: the GPS Entity; a person who, in the reasonable judgement of TELUS is seeking the information as an agent of the GPS Entity; another telephone company, provided the information is required for the efficient and cost-effective provision of telephone services and disclosure is made on a confidential basis with the information to be used only for that purpose; a company involved in supplying the GPS Entity with telephone or telephone directory related services, provided the information is required for that purpose and disclosure is made on a confidential basis with the information to be used only for that purpose; an agent retained by TELUS in the collection of the GPS Entity's account, provided the information is required for and is to be used only for that purpose; a public authority or agent of a public authority, for emergency alerting

purposes, if a public authority has determined that there is imminent or unfolding danger that threatens the life, health or security of an individual and that the danger could be avoided or minimized by disclosure of the information; or an affiliate involved in supplying the customer with telecommunications and/or broadcasting services, provided the information is required for that purpose and disclosure is made on a confidential basis with the information to be used only for that purpose. Subject in all cases and in all respects to Sections 22 (Confidentiality) of the TSMA as incorporated by reference into this Agreement for purposes of this Section 9.1 only and 24 (Privacy) of the TSMA, express consent may be taken to be given by the GPS Entity where the GPS Entity provides written consent; electronic confirmation through the use of a toll-free number; or electronic confirmation via the Internet; oral consent, where an audio recording of the consent is retained by TELUS; or consent through other methods, as long as an objective documented record of customer consent is created by the GPS Entity or any independent third party.

ARTICLE 10 GENERAL

10.1 Survival

The terms and conditions of this Agreement including, without limitation, Articles 1 and 7, Sections 5.6(d)(ii) (and Article 5 as applicable thereto), 5.8(a), 5.9, 8.1, 8.2 and 10.1 and Schedule A, which by their nature are intended to survive termination of this Agreement will continue in full force and effect subsequent to and notwithstanding any termination of this Agreement.

10.2 Representation and Warranty of the Province

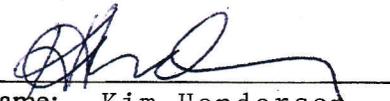
The Province represents and warrants to TELUS and acknowledges that TELUS is relying thereon that it has the authority to enter into, execute, deliver and amend this Agreement as agent for and on behalf of each of the other GPS Entities and that upon the Province so executing and delivering this Agreement or any amendment to this Agreement as agent for a GPS Entity, such GPS Entity will be legally bound by, and entitled to the benefit of, this Agreement or the amendment as if such GPS Entity was a direct signatory to the Agreement or the amendment.

EXECUTED, for and on behalf of the Parties by their duly authorized representatives as of the date first written above.

**TELUS COMMUNICATIONS
COMPANY**

By: 
Name:
Title:

**HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH
COLUMBIA, as represented by the
MINISTER OF LABOUR, CITIZENS'
SERVICES AND OPEN GOVERNMENT,
in its capacity as a GPS Entity and as agent
for and on behalf of each of the other GPS
Entities**

By: 
Name: Kim Henderson
Title: Deputy Minister, Citizens' Services and Open Government

SCHEDULE A DEFINITIONS

In this Agreement, unless something in the subject matter or context is inconsistent therewith, the following capitalized terms shall have the meanings set forth below:

“**Additional Services**” has the meaning given to it in Section 6.1 of this Agreement.

“**Additional Services Lead**” has the meaning given to it in Section 4.3 of this Agreement.

“**Additional Services List**” has the meaning given to it in Section 6.2 of this Agreement.

“**Additional Services SIF Account Contribution**” has the meaning given to it in Section 5.2(b)(iii) of this Agreement.

“**Additional Services SIF Percentage**”

“**Administrator**” has the meaning given to it in the TSMA.

“**Affiliates**” has the meaning given to it in the TSMA.

“**Agreement**” means this Strategic Relationship Agreement and all Schedules annexed hereto together with all amendments or supplements made in accordance with the provisions hereof.

“**Candidate SIF Project**” has the meaning given to it in Section 5.4(a) of this Agreement.

“**Candidate SIF Projects List**” has the meaning given to it in Section 5.4(a) of this Agreement.

“**Chair**” means, with respect to a committee, a chair of such committee.

“**Change Order**” has the meaning give to it under the TSMA.

“**Change Process**” has the meaning give to it under the TSMA.

“**Contract Year**” has the meaning given to it in the TSMA.

“**Data Service**” has the meaning given to it in the TSMA.

“**Effective Date**” means the date of this Agreement as indicated on page 1 of this Agreement.

“**Joint Executive Governance Committee**” or “**JEGC**” has the meaning given to it in the TSMA.

“**FOIPPA**” has the meaning given to it in the TSMA.

“**GAAP**” has the meaning given to it in Section 1.2(b) of this Agreement.

“**Governance Process**” has the meaning given to it in the TSMA.

“**GPS Entity**” has the meaning given to it page 1 of this Agreement.

“**GPS Entities**” has the meaning given to it page 1 of this Agreement.

“**GPS Group Confidential Information**” has the meaning given to it in the TSMA.

“**GPS Priorities**” has the meaning given to it in Section 1.5 of this Agreement.

“**Gross Margin**” means the percentage calculated as follows: ((total cost of goods or services as charged to the GPS Entity) less (actual direct cost to TELUS or its Affiliates (net of any discounts, rebates or other set offs offered by the service provider in respect of the specific professional services or products provided to the GPS Entities in connection with the SIF Project, including tax credits)) divided by (total cost of goods or services as charged to the GPS Entity) and then multiplied by 100.

“**Hardware**” has the meaning given to it in the TSMA.

“**Joint Executive Governance Committee**” or “**JEGC**” has the meaning given to it in the TSMA.

“**Network Management Services**” has the meaning given to it in the TSMA.

“**One Time Termination Charge**” has the meaning given to it in Section 5.2(f) of this Agreement.

“**Operational Management Committee**” or “**OMC**” has the meaning given to it in the TSMA.

“**Party**” and “**Parties**” have the meaning given on page 1 of this Agreement.

“**Pricing Disclosure Process**” has the meaning given to it in Section 5.7(a)(i) of this Agreement.

“**Project**” has the meaning given to it under the TSMA.

“**Quarterly SIF Report**” has the meaning given to it in Section 5.9(a) of this Agreement.

“**RC Top-Up**” has the meaning given to it in Schedule MM of the TSMA.

“**Right of First Offer**” has the meaning given to it in Section 6.1 of this Agreement.

“**Schedules**” means the Schedules listed in Section 1.3 and any other Schedules incorporated into and forming part of this Agreement in accordance with the terms and conditions hereof.

“**Service Change Order**” has the meaning given to it under the TSMA.

“**Service Order**” has the meaning given to it under the TSMA.

“**SIF**” has the meaning given to it in Section 3.2(b) of this Agreement.

“**SIF Account**” has the meaning given to it in Section 5.1(b) of this Agreement.

“SIF Dollars” has the meaning given to it in Section 5.1(b) of this Agreement.

“SIF Eligible Core Services SIF Account Contribution” has the meaning given to it in Section 5.2(a) of this Agreement.

“SIF Eligible Core Services SIF Percentage”

“SIF Eligible Core Service” means any Core Service included within an Initial Service Tower Commitment, together with: (i) any Available Service which replaces or is a substitute for such Core Service; and (ii) any new Core Service which is added to a Service Tower in existence as of the Effective Date (which by way of example would include a new feature to an existing Core Service, new management services in respect of a Core Service (which by way of example could include management services with respect to VOIP) or a new circuit type for a Core Service), but expressly excludes any new Core Service which is provided by a third party and resold by TELUS to a GPS Entity (e.g. a third party satellite service). For greater certainty, SIF Eligible Core Services do not include: (iii) professional services (including for clarity project management services); (iv) IVR services and security services (which the Parties acknowledge would be Additional Services if provided or treated as Additional Services for purposes of earning SIF if provided under the TSMA); (v) video conferencing services which TELUS is providing to any GPS Entity as of the Effective Date (including any new volumes or extensions of those existing instances of such services ordered or otherwise contracted by a GPS Entity after the Effective Date); (vi) Network Management Services; and (vii) hardware and software purchase and licensing that are not part of Core Services; but do include, without limitation, the following Services: (viii) CE Data Services; (ix) unified communication and messaging introduced in conjunction with VoIP; (ix) any new cellular plans, features and service offerings (unless otherwise agreed by the Parties); and (x) any net new instance of a videoconferencing service ordered or otherwise contracted by a GPS Entity after the Effective Date other than a net new instance of a type of videoconferencing service described in (v) above unless the same replaces an existing system that was provided as of the Effective Date, with the Parties acknowledging that where the videoconferencing service is a non-managed or non-hosted service (ie. a CPE based solution) the Parties will discuss whether it is appropriate for the service to be a SIF Eligible Core Service in light of the significantly lower margins associated with this type of videoconferencing service.

“SIF Kick-Off Opportunity” has the meaning given to it in Section 5.4(d) of this Agreement.

“SIF Project” has the meaning given to it in Section 5.3(a) of this Agreement.

“SIF Project Notice” has the meaning given to it in Section 5.5(b) of this Agreement.

“SIF Project Opportunities” has the meaning given to it in Section 5.4(b) of this Agreement.

“SIF Working Group” has the meaning given to it in Section 4.2 of this Agreement.

“Standalone Agreement” has the meaning given to it in Section 5.5(a) of this Agreement.

“Strategic Management Committee” or **“SMC”** has the meaning given to it in the TSMA.

“**Technology Roadmap**” has the meaning given to it in Section 4.5 of this Agreement.

“**TELUS**” has the meaning given to it on page 1 of this Agreement.

“**TELUS Confidential Information**” has the meaning given to it in the TSMA.

“**TELUS External Cost Savings**” has the meaning given to it in Section 5.2(c) of this Agreement.

“**TELUS Provided Strategic Relationship Information**” has the meaning given to it in Section 7.2 of this Agreement.

“**TELUS Relationship Executive**” means the TELUS Client Executive or any other relationship executive for the purposes of this Agreement designated from time to time by TELUS.

“**TSMA**” has the meaning given to it in Recital A on page 1 of this Agreement.

“**TSMA Price Book**” means the “Price Book” as defined under the TSMA.

“**Term**” has the meaning given to it in Section 2.1 of this Agreement.

“**Voice Service**” has the meaning given to it in the TSMA.

“**VoIP/UC Services**” has the meaning given to it in the TSMA.

“**Working Group**” has the meaning given to it in the TSMA.

SCHEDULE B
[INTENTIONALLY DELETED]

SCHEDULE C
[INTENTIONALLY DELETED]

SCHEDULE D
[INTENTIONALLY DELETED]

SCHEDULE E
[INTENTIONALLY DELETED]

SCHEDULE F
[INTENTIONALLY DELETED]

SCHEDULE G
[INTENTIONALLY DELETED]

SCHEDULE H
SIF CONTRIBUTION SUMMARY TABLE

Section Number of Agreement	Source of Contribution	Amount	Timing of Credit to SIF
5.2(a)	SIF Eligible Core Services Spend	SIF Eligible Core Services SIF Percentage x revenue received by TELUS subject to applicable adjustments	60 days from end of Calendar Year
5.2(b)	Additional Services Spend	Additional Services SIF Percentage x revenue received by TELUS subject to applicable adjustments	60 days from end of Calendar Year
5.2(c)	TELUS External Cost Savings	50% of TELUS External Cost Savings	As and When TELUS External Cost Savings are Realized by TELUS
5.2(d)	TELUS Internal Cost Savings	As determined by the SMC	As directed by the SMC
5.2(e)	RC Top-Up	Amount of RC Top-Up Payment	Upon receipt by TELUS of RC Top-Up Payment
5.2(f)	One-Time Termination Charges	25% of One Time Termination Charges	Upon receipt by TELUS of One Time Termination Charges

**SCHEDULE I
CANDIDATE SIF PROJECTS LIST**

SIF Kick-Off Opportunity

Home health monitoring

Other Candidate SIF Projects

- Mobile devices for kids and digital repository program
- Identity management
- Remote workforce program

SCHEDULE J
INITIAL ADDITIONAL SERVICES LIST

Smart Metering Initiative (SMI)

Network Security and IP Based Physical Security Solutions

Payroll and HR Shared Services for GPS and BPS

Provincial Digital Radio Network Replacement

SCHEDULE K PRICING DISCLOSURE PROCESS

- Upon completion of all transaction negotiations and substantial finalization of the applicable contract, but before contract signing, a finance representative of TELUS and a finance representative of the GPS Entity or GPS Entities involved (i.e. two individuals in total) will meet to review the anticipated margin for the transaction based on TELUS' financial modeling.
- Each GPS Entity representative shall sign a non-disclosure agreement with TELUS on terms acceptable to TELUS (acting reasonably), and with both parties acting reasonably, prior to any related meetings.
- At the meeting TELUS will present revenue, cost and capital numbers, as well as the anticipated margin over the term based on TELUS' financial modeling, on the level of detail and at the level of aggregation set out in the EASE model summary sheet, or an analogous level of detail and aggregation based on any financial model subsequently adopted by TELUS to replace the EASE model. The margin will be expressed as a range, not an absolute number, and will be subject to certain assumptions disclosed at the review.
- The review will be real time and the GPS Entity representative will not be entitled to take away copies of any documentation or information presented.
- The meeting will be attended by a court reporter who will take minutes of the meeting, including any Q&A. The cost of the court reporter will be shared by the Parties equally. TELUS will select the court reporter and the disclosure location. TELUS will prepare a single copy of the minutes and materials presented by TELUS at the meeting which will be filed in a sealed folder held by TELUS.
- Subsequent to the meeting, the GPS Entity or GPS Entities will advise TELUS if they wish to proceed with the transaction based on the disclosed margin. For clarity, this will be a "yes" or "no" decision and the GPS Entity or GPS Entities will not be entitled to propose, and TELUS will not consider, any changes to the final business transaction as reflected in the final draft agreement as a result of the review. TELUS will not be obligated to consider any GPS Entity proposed changes to the final business transaction as reflected in the final draft agreement as a result of the review.