Proudly presents…

TELUS Property Risk Governance Assurance Program

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Agenda

- History

- The program

- The audit

- The steering committee's responsibilities

- Recognition and communication

History

TELUS property risk history

- 2001 status

- 2004 TELUS embraced a new property loss prevention program

  - New loss prevention capital plan

  - Combustible loading

  - Human element programs

    - Hot work

    - Impairment program

    - Contractor orientation

  - Ownership program

- By December 2009 TELUS' property risks had improved and exceeded our peer average at our top network facilities

The program expands

New property risk audits

- In 2010 TELUS Property Risk Governance (PRG) and Marsh Risk Consulting (MRC) designed and launched a new property risk audit program called Property Risk Governance Assurance Program (PRGAP)

- The goals:
  - Engage more business units (BUs)
  - Expanded risk control categories
  - Introduce scoring criteria
  - All recommendations to be 100% actionable
  - Identify risks and risk trends
  - Monitor risk recommendation compliance
  - Create a risk governance process
  - Increase communication
  - Acknowledge and reward high performers

- The new program includes standards from:
  - Insurance industry
  - National, provincial and local building and fire codes
  - TELUS Risk Management
  - TELUS key Business Units

PRGAP engages more BUs

Previous business units:

- Network Support and Operations (NSO)

- Enterprise Services & Strategic Initiatives (Real Estate)

- Brookfield Lepage Johnson Controls (BLJC)

Expanded business units:

- Planning and Engineering

- Technology Strategy

- Security

- Safety

- Environment

- Ethics

PRGAP expands risk control categories
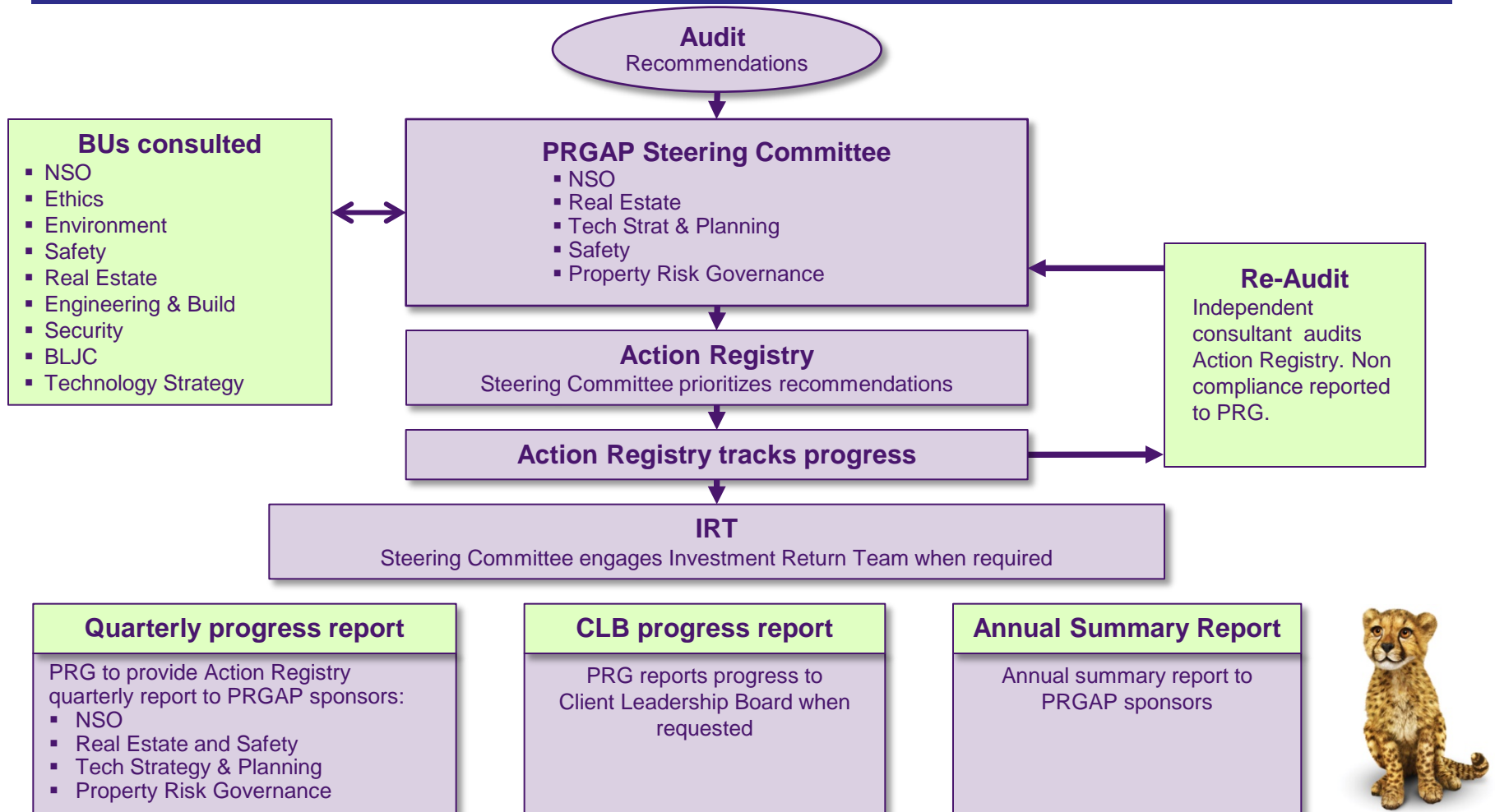
Risk control categories:

- Fire Protection
- Fire Alarm
- Fire System & Field Device Maintenance
- Fire Maintenance
- First Aid Fire Fighting
- Fire Separation
- Human Element
- Housekeeping

Additional risk control categories:

- Electrical
- AC/DC Power Plant
- Environment
- HVAC
- Building Envelope
- Security
- Safety
- Ethics

Every category has a list of sub-categories, which makes up the facility audit questions

Governance process

Audit
Recommendations

BUs consulted
- NSO
- Ethics
- Environment
- Safety
- Real Estate
- Engineering & Build
- Security
- BLJC
- Technology Strategy

PRGAP Steering Committee
- NSO
- Real Estate
- Tech Strat & Planning
- Safety
- Property Risk Governance

Re-Audit
Independent consultant audits Action Registry. Non compliance reported to PRG.

Action Registry
Steering Committee prioritizes recommendations

Action Registry tracks progress

IRT
Steering Committee engages Investment Return Team when required

Quarterly progress report
PRG to provide Action Registry quarterly report to PRGAP sponsors:
- NSO
- Real Estate and Safety
- Tech Strategy & Planning
- Property Risk Governance

CLB progress report
PRG reports progress to Client Leadership Board when requested

Annual Summary Report
Annual summary report to PRGAP sponsors

The audit

Audit - purpose & scope

- **Purpose (drivers)**
  - Life safety
  - Business reliability
  - Brand

- **Scope**
  - Evaluate and score the risk management and control systems relative to the key risks at the site
  - Present additional opportunities for risk improvement based on the site audit criteria and observations noted during the visit
  - Enhance risk management awareness by providing site specific criteria that will assist in benchmarking properties to TELUS Standards

Property audit report

- Description of Operation

- Construction, Occupancy, Protection, Exposure (COPE)

- Natural Catastrophe Risk
    - Seismic
    - Flood

- Opportunities for Risk Reduction
    - Recommendation
    - Organization category
    - Priority (critical, high, moderate, low)

- Metrics
    - Site score
    - Risk control category score

Property audit report

- The audit is based on 16 main risk control categories

- Each category is broken down to over 180 risk control criteria that are measured

- The 180 risk control criteria were provided by TELUS' BU's and industry best practise

Facility scoring criteria

Facility Scoring

The scoring criteria for evaluating existing risk control systems against performance objectives are outlined in the table below. The performance objectives are established based on TELUS site audit criteria and/or engineering loss prevention practices.

Score	Performance Assessment	Definition
100	PASS	Fully meets the performance objectives as outlined in the TELUS standards, guidelines, procedures, policies and/or local codes.
75	PASS	Mostly meets the performance objectives as outlined in the TELUS standards, guidelines, procedures, policies and/or local codes with some minor deficiencies.
50	BORDERLINE PASS/FAIL	Partially meets the performance objectives as outlined in the TELUS standards, guidelines, procedures, policies and/or local codes but some minor to major deficiencies are present.
25	FAIL	Partially meets the objective as outlined in the TELUS standards, guidelines, procedures, policies and/or local codes but major deficiencies are present.
10	FAIL	Does not meet any of the performance objectives as outlined in the TELUS standards, guidelines, procedures, policies and/or local codes.
N/A	Not applicable	This element was deemed as not applicable for this location.
N/R	Not reviewed	Due to special circumstances, this item could not be reviewed and evaluated.
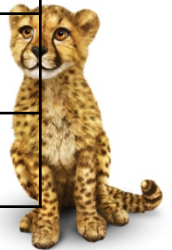
PRGAP priority of recommendation definitions

Critical	Urgent, an extreme or imminent risk to network operations, buildings and/or personal life safety. Immediate action is required to resolve or temporarily mitigate these risk issues until permanent measures can be achieved.
High	Reflects a serious risk to network operations, buildings and/or personal life safety. These risks should receive priority action.
Moderate	An action plan should be developed to address the issue at the earliest practical opportunity.
Low	Incremental issues that will further enhance risk management and control systems, providing long term benefits. These issues should be addressed at the earliest practical opportunity.

The rationale of a priority rating system is to identify the importance/severity of a recommendation before implementing the proper corrective action. It helps to define the relative importance such as:
- enhancing life safety
- preventing loss of a component, a system or an entire facility
- meeting legal or local code requirements
- conserving energy
- saving costs

HORIZONS

Risk control category profile

Opportunities for Risk Reduction

The following opportunities are being presented in the interest of life safety and property preservation to limit the exposures of potential loss of life, physical damage and liability losses.

Reference	Finding	Organization Category	Priority
2012-001	Recommendation	Real Estate – Loss Prevention Capital	Critical

Reference	Finding	Organization Category	Priority
2012-002	Recommendation	Real Estate – Loss Prevention Capital	Moderate

PRGAP heat map

	Questions	Building 1	Building 2	Building 3	Building 4
Category #1	1A	100	25	100	100
	1B	50	10		100
	1C	100	100	100	100
Category #2	2A	25	25	25	25
	2B	100	100	100	100
	2C		50	100	100
Category #3	3A	10	100	75	
	3B	100	100	100	100
	3C	10	10	10	10
Category #4	4A	10	100	100	100
	4B	10	100	50	50
	4C	100	100	100	100
Category #5	5A	100	25	50	100
	5B	100	100	100	100
	5C	100		100	25

Property evaluation documentation

- Fire alarm annual service documents
- Documentation of the testing of field devices
- Sprinkler system annual contract service document
- Gaseous suppression system inspection and testing
- Kitchen hood fixed extinguishing system
- Private fire hydrant annual contract service report
- Fire alarm system Sequence of Operation
- Room integrity report
- Kitchen hood/duct work steam cleaning
- Alarm Verification report
- Task list for Lead Acid batteries
- Task list for AC and DC power grounding
- Task list for generator maintenance testing
- Task list for inverts/convertors, controllers, power boards and rectifiers
- Task list for VRLA batteries
- UPS and Inverter Maintenance task list
- Task list for fuel, oil and coolant analysis
- Distribution panel maintenance
- Disconnects main switch maintenance

- Infrared scanning task list
- Surge arrestor task list
- Transformer maintenance
- Protective relays
- Bus duct/tray/bus
- Switchgear maintenance
- Power distribution unit maintenance
- Static transfer switch
- Transformer maintenance high and low voltage
- MCC maintenance
- HFC record log book on site.
- PCB report
- Back flow preventer records
- Emergency lighting annual test report
- Building Aviation Lights Report
- Asbestos review report
- Elevator operating certificate
- Roof report and age of roof
- Eddy Current testing
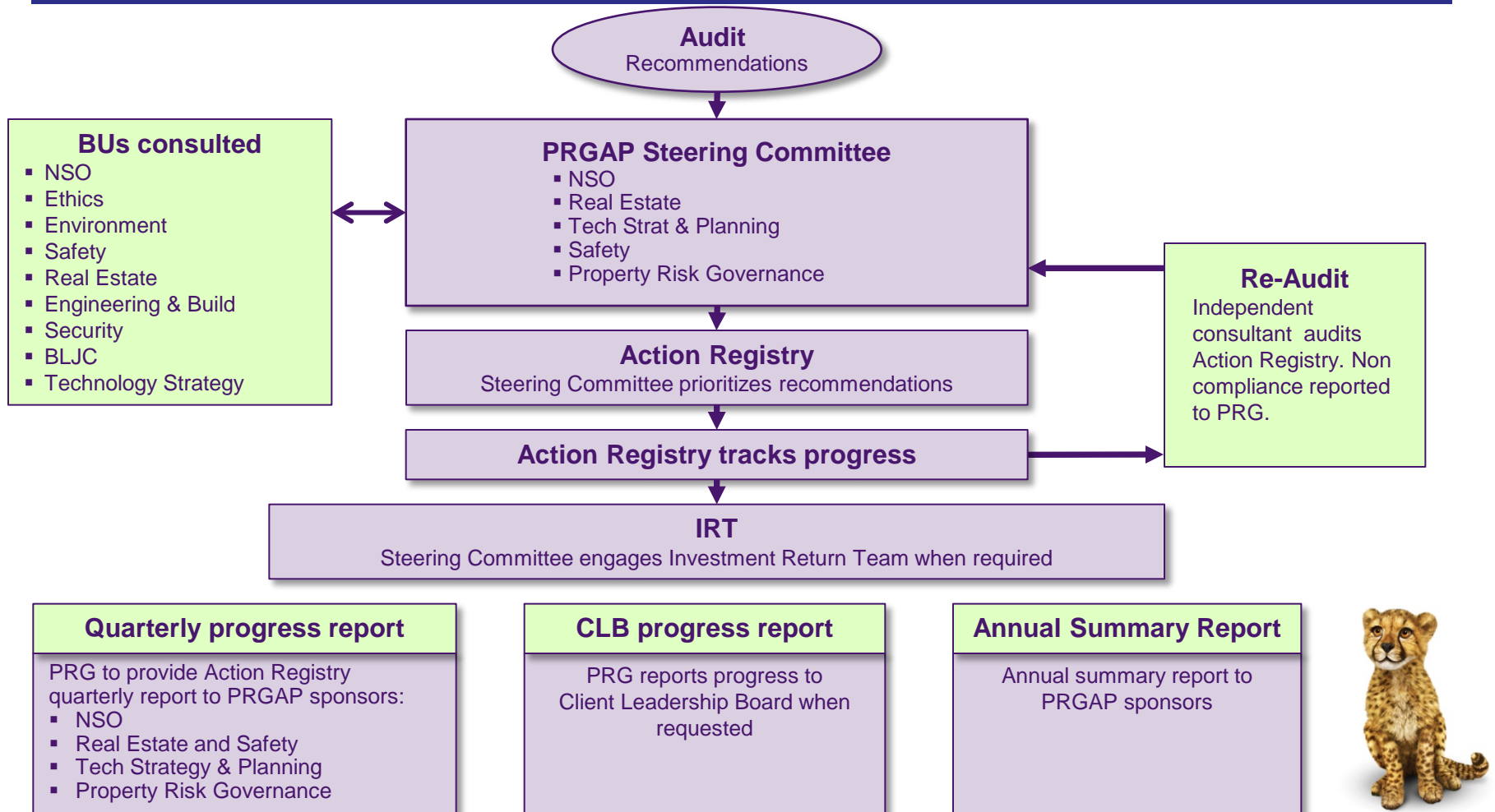
Property audit summary report

- Identify risks

- Identify top risk trends

- Update status of critical risks and mitigation strategy

- Heat map

Steering committee's responsibilities

Governance process

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Director level steering committee

Performance accountability

1. Accept risk

2. Distribution of risk recommendations per business unit

3. Risk mitigation/quarterly reporting
   - Category one critical and high recommendations mitigated
   - Category two critical and high recommendations mitigated

4. Critical risks/quarterly reporting
   - Risk owner
   - Status update

5. Yearly risk improvement score

6. Identifying risk trends and provide mitigation strategies

Recognition and communication

Recognition and awards

Communication

- **Director level steering committee**
  - Monthly progress updates
  - Quarterly progress meetings
  - Quarterly progress reports

- **VP & EVP steering committee sponsors**
  - Quarterly reports

- **PRGAP sponsors - Manager, Director, VP, EVP**
  - Annual summary report

Communication cont.

- Full disclosure to property insurers
  - All audit reports
  - Quarterly progress reports
  - Yearly summary reports
  - Incident metrics

PRGAP to drive results

- Life safety, business reliability, brand

- PRGAP drivers:
  - All recommendations are actionable
  - Director level Steering Committee responsible for resolving appropriate recommendations on an Action Registry
  - PRG's quarterly report of Action Registry progress to EVP sponsors:
    - Independent audit of Action Registry
    - Communication
    - Recognition

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