



BT commits to carbon busting strategy

Climate change is firmly on the political and business agenda. The publication of the Stern Report last year created a sense of awareness and urgency not seen before.

BT has been leading on such issues for many years, but we are looking for constant improvement in our performance in this, as in all other areas. The risks presented by climate change are too big to ignore and we aim to play a positive part in meeting the many challenges that will arise, whilst helping the UK remain competitive

This is why we have now announced a new strategy to tackle climate change, making a series of environmental pledges aimed at keeping the company at the front line of reducing carbon emissions.

Our four-pronged strategy is aimed at carbon cutting by:

- reducing our own emissions;
- influencing our suppliers to produce lower carbon-emitting products;
- influencing our customers by proposing lower carbon solutions to their needs; and
- engaging with our workforce, both to reduce their personal carbon footprints and empower them to influence their local communities.

Specifically, we have pledged:

- to build on the 60% reduction in carbon emissions that we have achieved since 1996, by targeting an 80% reduction by 2016;
- to conduct a complete review of our energy supply, including exploring the further potential of wind; and
- to incorporate energy consumption and environmental factors into our procurement processes.

We have also announced the extension of our “green energy” contract – one of the biggest in the world – until 2010. The contract will see us saving the equivalent amount of carbon as that resulting from the electricity consumption of over 300,000 households – roughly the population of Liverpool and Cardiff combined – every year.

BT is uniquely placed to harness the potential of networked IT services and the positive effect that they can have on reducing carbon emissions through, for

Introduction to the first Communicate of 2007.

It was good to see so many of you recently at our parliamentary surgery in the Commons, which showcased many of our community programmes – including BT Internet Rangers which we feature in this edition.

We also look at the launch of BT Vision, our next generation TV service, as well as catching up on Openreach, one year after its creation to manage the BT fixed-line access network.

Finally, we look at how technology from BT is being used around the world to help the battle against illegal child abuse images and websites.

As always please do not hesitate to contact me with any feedback or if you would like further information on any issue. My contact details can be found on the back page.



Tim O'Sullivan
Director of
Public Affairs

example, cutting down on unnecessary travel. More than 80 per cent of BT people already work from home some or all of the time thanks to broadband technology, while BT's teleconferencing business is the fastest growing in the world. Staying in touch does not necessarily mean travelling to see people and things. Being at work does not necessarily mean having to travel to an office every day.

At the same time, Ben Verwaayen, CEO of BT, is chairing the CBI's climate change task force made up of senior executives from some of the UK's biggest companies.

The new group has been established to set the agenda on how business tackles climate change. Before the end of the year, this group will produce a report with recommendations on the way forward, including looking at issues such as carbon taxes and emission trading schemes, technology choices, emission targets and the post-Kyoto agenda.

Current issues for customers

Broadband, wireless and next generation television

Broadband Britain has seen a number of major milestones and developments in recent weeks. BT now has more than 10 million broadband lines; we have more than 1.3 million unbundled local loop lines; we have over 1 million Voice over Internet (VOIP) customers; and BT Fusion, the converged fixed-mobile service, is now available with Wi-Fi for consumers and small businesses. We continue to build on our extensive and growing network of BT Openzone hotspots and Wireless Cities to offer customers thousands of extra places to get great value on their mobiles.

Perhaps most interestingly BT Vision, our next generation television service, was launched at the beginning of December 2006. Using a single set-top box, the service delivers to the TV set pay per view and subscription video on demand services, digital terrestrial 'free to air' channels, communications and interactive services - including in due course video telephony and instant messenger. The service is designed to be easy to use, bringing the next generation of TV technology within reach of a mass audience and putting the UK at the forefront of the development of digital TV delivery.



BT Vision's service covers the range of 'traditional' programming such as first run movies, older, classic library movies, high profile UK and US episodic television programming, children's programming, sports and music. The service gives customers the opportunity to watch programming with complete flexibility, not only in terms of when and what they watch, but also how they pay for it.

Due to the interactive nature of the service, BT will also offer a wide range of diverse, speciality and niche programming to serve interest groups and communities that have not been well served by traditional broadcast television services. Communities and individuals will also be able to create content for others to view and interact with via the TV. The rise of blogging and social networking internet sites show that there is a huge appetite amongst consumers to create and distribute content, and we expect BT Vision to stimulate new user-generated content, community-based programming and low cost independent programmes.

Misselling

We have highlighted the problem of the misselling of telecommunications services on a number of occasions. Unfortunately, this is an ongoing issue for customers.

Recent figures highlight that complaints from customers about competitors who have been trying to switch their account without their permission are still running at about 16,000 per month. Over the past two years nearly 400,000 customers have complained to BT that they have been the victims of misselling. We have taken positive action to address this problem in the form of advice to customers and negotiations with service providers engaged in misselling activity.

Ofcom recently announced that they have opened up an investigation into the Post Office following complaints from consumers who claimed to have been mis-sold their 'HomePhone' fixed-line telephone service, or have had their service switched without their consent. BT welcomes this investigation as another step towards dealing with the problem.

Innovation from BT Project Cleanfeed – Canada follows BT's lead

Project Cleanfeed Canada was recently launched to help the battle against online child sexual abuse – thanks to technology and advice from BT. The Canadian initiative is based on BT's successful screening technology solution – Project Cleanfeed – and has even been named after it.

BT introduced Project Cleanfeed in June 2004. It blocks websites that have been identified by the Internet Watch Foundation (IWF) that contain images of child sexual abuse hosted outside of the United Kingdom. Around 35,000 instances of illegal abuse images of children are being blocked daily by this child protection technology.

The launch of Project Cleanfeed Canada follows two years of collaboration between BT and Canadian Internet Service Providers

(ISPs). Canada's largest ISPs have joined forces with Cybertip.ca – Canada's child sexual exploitation reporting site – to launch a new voluntary initiative to help in the battle against online child sexual abuse.

BT is committed to sharing its technology and experience freely with other ISPs in the UK and around the globe. As well as Canada it is also being used in many other countries including the USA, Norway, Sweden and Denmark, as more ISPs recognise the importance of clamping down on illegal child abuse websites. In the UK, according to the Internet Service Providers Association (ISPA), 80% of ISPs now in some way block access to images of child sexual abuse to their customers.

To ensure that online child protection continues to be high on the agenda for

industry and government, BT works closely with children's charities as well as being a founder member of the Home Secretary's Task Force on Child Protection on the Internet.

BT has also developed its own child online safety guide for children, parents, guardians and teachers called The Internet Green X Code – which can be accessed at www.bt.com/education/funstuff

Project Cleanfeed has been nominated for the special Internet Watch Foundation Award in the annual ISPA Awards taking place in February. The award is given to an individual or organisation that has fought against child abuse images online. BT won the same award for Project Cleanfeed in 2005.

Openreach

Openreach was created a year ago, following Ofcom's Strategic Review of Telecoms, specifically to manage the BT fixed-line access network. This is the so-called "first mile" of wire from homes and offices into the network, where millions of calls, web searches and business deals are started every day.



Openreach provides services and products to all UK Communications Providers (CPs) on a transparent and equal basis, to enable those companies to deliver innovative and competitively-priced services to everyone in the UK.

What does Openreach do?

- its key priority is Equivalence. Equivalence means that it provides the same products and services to all CPs – including to BT's other lines of business – on the same terms and conditions and with the same service levels;
- Openreach does not deal with residential and business customers directly, but has more than 400 Communications Provider customers who sell to end-users;
- its engineers visit 11,000 homes and offices every day on behalf of CPs, to install new lines, make repairs and upgrade service;
- 300 million telephone calls and 350 million internet connections are made across its network every day.

What has Openreach achieved?

- Openreach was created from scratch in under a year;
- it has spent around £1 billion on improving the access infrastructure in its first year and is set to equal this in subsequent years;
- as a result of this investment the fault rate in the network has fallen.

What have others said?

- "We believe that progress in implementing the undertakings continues to demonstrate real commitment from BT. They know, and we know, that much more needs to be done really to drive equivalence at the product and operational level".

David Currie, Ofcom Chairman, to ECTA Conference 15-17 November 2006

- ...significant improvements are now coming through from the Service Improvement Plan. This is excellent news ...

Office of the Telecommunications Adjudicator, December 2006

- ... the reduction in prices for consumers and the vibrant competition in the UK broadband and telecoms sector on the back of Openreach's creation was "the biggest success story in the telecoms sector in three to five years".

Andrew Heaney Competition Policy Director, Ofcom – quoted in The Independent 16 January 2007

- ... one of Openreach's biggest achievements had been to build less adversarial relationships with BT's rivals that had "put an end to 20 years of bickering in the UK telecoms sector".

Mike Cansfield, Research Director, Ovum – quoted in The Independent 16 January 2007

What about the future?

- Activity continues at a pace as market competition increases – Openreach is taking on 400 apprentices in 2007;
- Openreach's work on improving service and reliability will support the continuing success of the UK communications industry – enabling more choice, better products and lower prices for customers, and providing the chance to build profitable businesses.

"If you take a snapshot of the industry 12 months ago and a snapshot today, the definition of telecoms has almost irrevocably changed. I think Openreach has played an important part in that."

Steve Robertson, CEO Openreach

BT – delivering converged network services globally

Amongst developments since last time:

- BT Russia officially opened its new regional headquarters in Moscow to drive growth in Russia and other countries that make up the Commonwealth of Independent States (CIS) region. Russia's regulatory body has granted BT Russia a full licence which will enable BT to serve its large multi-national customers in Russia, including Unilever, and offer services to Russian companies building a global base.
- BT has been given the green light for the award of long-distance licences in India, one of the fastest growing markets for BT. These licences, once granted, will enable BT's newly formed venture company, BT Telecom India Pvt Ltd, to provide services directly to multi-site corporate customers in the Indian market, strengthening our ICT deployment in the area.
- BT is expanding its operations in Latin America. We have increased the investment in our network with physical infrastructure in 7 countries, providing service to over 20 countries in total. We will also be doubling the number of people we employ in the region. In Brazil, for example, we have been granted some local, regional and international telephony licences to expand our portfolio.
We have also submitted evidence to the Trade and Industry Committee's Inquiry into trade and investment opportunities in the region, highlighting the need for changes to licensing and taxation rules in order to encourage competition.

BT Internet Rangers

Young people helping older generations to get online

BT plays an active role in tackling the issue of digital inclusion and has undertaken a series of activities to help increase access to technology in communities across the UK. Those of you who came along to our parliamentary surgery in the Commons in January were able to find out more about these from our digital inclusion team.



There are many people in the UK who don't have the skills or confidence to get online, and as a result they are missing out on valuable information and access to goods and services. For many it is simply the fear of trying something new that prevents them from having a go.

To help deal with this problem, we set up BT Internet Rangers in 2003 to help young people get their families online. Our research found that nearly a third of parents and grandparents have been taught or encouraged to surf the internet by a young person aged between 13 and 16 years. Children are very confident using technology and it makes sense for parents and grandparents to tap into their skills and knowledge. These youngsters can play a key role in helping to bridge the digital divide.

A dedicated website (www.btinternet-rangers.co.uk) was created with the help of young people and provides tools and advice helping youngsters to get their family online. The website has received thousands of visitors from many countries around the world. The Internet Ranger of the Year Awards recognise the work of young internet teachers in bridging the digital divide. The awards, which receive hundreds of entries, ask young people to submit their stories of helping older

generations to get online for the chance to win a holiday or laptop.

In the recent 2006 awards 15 year old Inderjit Mehroke from Middlesex was selected as the overall winner in the awards for teaching her mum, Pardeep, who is housebound due to chronic fatigue, to use the internet. Pardeep said: "Thanks to my daughter, I have been given a new lease of life. Being able to fully utilise the internet means a whole new and exciting world has opened up for me."

In a move to encourage more young people to become Internet Rangers, BT is urging schools, youth centres and libraries around the country to hold Internet Ranger events. This follows some successful sessions held in schools in Grimsby and Scunthorpe where young people invited their grandparents, carers, guardians and friends to an internet lesson led by the young people themselves.

If you know of a school, youth centre, or library in your constituency who would like to organise an Internet Ranger event, or if you would like more information about the initiative, please contact Clova Fyfe on 020 7356 5352 or at clova.fyfe@bt.com

let's make a
better
world

BT launches UK's biggest employee mental health drive

BT has launched Work Fit – Positive Mentality, a major programme to tackle problems such as anxiety, depression and stress in its workforce. The campaign has been drawn up in collaboration with unions and with the support of mental health charities the Sainsbury Centre for Mental Health and MIND. It provides practical guidance to the company's 104,000 employees across the globe on how to improve their mental health at work and at home.

It is the first time a UK company has launched a health awareness programme on this scale to tackle mental health issues. It is estimated that one in four UK workers will suffer a mental health problem in their working lives.

BT hopes that by encouraging its people to adopt small changes in lifestyle, using proven techniques for increasing their resilience, they will cope better with the pressures of modern living and work more creatively and productively.

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