

Customers

Better World
BT's Social & Environment Report



Customers

We intend to be the best provider of communications services and solutions:

- for everybody in the UK
- for corporate customers in Europe and
- with global reach through partnerships.

In the UK, we serve 20 million business and residential customers with more than 29 million exchange lines, as well as providing network services to other licensed operators.

Our extensive global network and strategic partnerships enable us to serve multi-site corporate and government customers in all key commercial centres of Europe, North America and Asia. In Europe this network links more than 250 towns and cities across 16 countries.

Our strategic objective is to outperform competitors consistently and reduce the number of dissatisfied customers by 25% each year.

In this section you can read about:

- Customer satisfaction
- Customer communications
- Customers with special needs
- Services for customers
- Voluntary and mandatory services
- Mobile phones and health

Customer satisfaction

Improving customer satisfaction is the cornerstone of BT's strategy.

In particular we've established the strategic target to outperform our competitors consistently and reduce the number of dissatisfied customers by 25% each year.

The quality of the service we provide and our customers' satisfaction with that service is fundamental to our business.

We're committed to listening to our customers, both through our millions of day-to-day interactions with them and through one of the largest customer research programmes in the UK.

In this section you can read about:

- Our customer satisfaction measures
- Comparable Performance Indicators
- Initiatives to improve customer satisfaction.

Satisfaction measures

Our drive to improve customer satisfaction requires a thorough understanding of what drives customer satisfaction and dissatisfaction.

To achieve this, more than 2,000 face-to-face interviews are carried out with residential customers every month about their overall perceptions of BT and quality of service. Customers who use competitors are asked about their satisfaction with these operators too.

In addition to measuring satisfaction, these interviews examine many of its key drivers – image and reputation, price and value, contact and experience and products and services.

Our customers' views about the service we provide and our range of products is important to us, allowing us to continue to make improvements.

A customer's view of their direct experience of BT is also canvassed by an independent agency with approximately 17,000 business and residential customers interviewed each month. This can include such things as the provision or restoration of a service by the company or how a complaint made to BT has been handled.

In combination, these customer satisfaction and quality of service measures are published every six months.

The perceptions and views of our business customers are surveyed by an independent agency on our behalf with an average of 1,900 BT Business customers and 440 corporate and government customers interviewed every month by telephone.

BT Global Services also survey 100 international customers on a monthly basis. The launch of a new BT Global Services customer satisfaction survey in April 2003 will broaden the number of international customers we reach, further helping us to listen to what our customers are telling us is important.

Customer dissatisfaction results

Customer dissatisfaction measures those customers who are fairly, very or extremely dissatisfied with BT.

BT achieved a 37% reduction in customer dissatisfaction across the whole group over the year, beating the target of 25%. All areas of the business improved satisfaction levels, with particularly significant improvement among our international and wholesale customers.

While in most areas of business customer satisfaction is well ahead of our competitors, we will strive to make

further significant improvements. A programme has been put in place that focuses on key areas of customer dissatisfaction.

Customer satisfaction results

Customer satisfaction measures those customers who are fairly, very or extremely satisfied with BT.

BT Retail's performance for the last three months over each of the last three financial years indicate that we are moving in a positive direction:

Residential customers

| | BT | Competition |
|-----------|-----|-------------|
| 1999/2000 | 86% | |
| 2000/2001 | 80% | |
| 2001/2002 | 77% | 76%* |
| 2002/2003 | 76% | 75%* |

Source: (Data Source NOP World)
Sample: Approximately 42,000

BT Business customers

| | BT | Competition |
|-----------|-----|-------------|
| 1999/2000 | 82% | |
| 2000/2001 | 79% | |
| 2001/2002 | 64% | 62%* |
| 2002/2003 | 80% | 73%* |

Source: NOP (from September 2000) prior to that Market Insights
Sample: Approximately 21,000
*Accumulated average for the last three months of the year

We carry out detailed surveys of satisfaction with different aspects of service and use the percentage of customers who are satisfied overall with the provision of service or service repair as a measure.

The results for the last three months of the 2003 financial year amongst BT Retail customers are shown below:

| | Consumer satisfaction with provision | Business satisfaction with provision | Consumer satisfaction with repair | Business satisfaction with repair |
|-----------|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| 2000/2001 | 87.6% | 83.1% | 75.4% | 82.4% |
| 2001/2002 | 92.3% | 83.5% | 78.6% | 84.2% |
| 2002/2003 | 88.4% | 84.6% | 80.5% | 84.6% |



Comparable Performance Indicators

We are a founder member of the UK telecommunications industry's initiative on publishing Comparable Performance Indicators (CPI).

CPI is a voluntary, cross industry initiative, involving consumer representatives, Ofcom and telecommunication companies. It has been running now for seven years, with information published by participating operators on their performance in key activities – provision, repair, network faults, complaints and billing accuracy.

The data is collected by the telecommunications companies using agreed procedures. It is checked initially by independent auditors and then by an independent body, the British Approvals Board for Telecommunications, to ensure a sufficient level of comparability in the application of the audit process.

The information published highlights both the operators' internally measured performance and customer satisfaction with the specific service or activity.

BT's customer satisfaction in the area of service provision achieved over 90% – the strongest performance of all participating operators. Our business customers are amongst the most satisfied with our performance in providing service, complaint handling and billing.

See Also:

- Comparable Performance Indicators – www.cpi.org.uk/

Initiatives to improve customer satisfaction

Listening to our customers has helped us understand what they want from us. And what they want from us is clear:

- We must be easy to contact
- We must keep them informed (we shouldn't need to be chased)
- We must take ownership of their issues and champion their cause
- We must live up to the commitments we make to them.

These principles guide our initiatives to improve customer satisfaction. They demonstrate that satisfaction depends not only on price but on level of service.

We don't always get it right, but we're determined to reduce to a minimum the number of times we get it wrong.

The financial year 2003 saw the introduction of a number of new initiatives for customers:

- ensuring a high level of service, whatever the size of the fault
- keeping in touch with customers during repair work via SMS texting
- offering call diversion to a mobile – the customer's own or one lent by BT in the event of a fault.

These initiatives have all contributed to a reduction in customer dissatisfaction.

Customer communications

We cannot provide customer satisfaction without knowing what our customers' concerns are. To help us identify and

understand these concerns, we have established a number of consultation initiatives.

We also provide mechanisms through which customers can bring issues and complaints to our attention.

Consultation

We undertake in-depth consultation to understand our customers' needs and concerns.

Consumer liaison panels

We run a number of consumer liaison panels across the UK. These consist of 12-15 consumers with a broad range of experience and usage of communications technology – as well as different needs, interests, ages and cultural backgrounds. The panels are recruited and chaired by independent external specialists.

Feedback from panel members provides valuable insights into consumer thinking and informs the policy-making process within BT. The panels regularly discuss a range of issues including customer service, how we keep customers informed, mobile telephony, payphones, billing, access to and marketing of broadband technology and the provision of services for customers with disabilities.

Specialist interest panels

We have also set up a number of specialist interest panels to explore the views of particular groups of customers – for example small and medium sized enterprises (SMEs), broadband users and young people.

Listening to consumers

We listen carefully to consumers' views and build feedback directly into policy-making and service provision. For example:

- The Milton Keynes consumer liaison panel is linked to the strategic development of our call centres – a programme known as Next Generation Contact Centres. Concerns raised by panel members have caused us to review our plans and make them more responsive to customer needs.
- Feedback from panels in Manchester and Glasgow has contributed to continuous improvement of the BT bill as a useful and meaningful communications tool, which matches customer needs.
- The London Broadband panel is a source of insight for the pan-BT Broadband Excellence team.
- Consumer liaison panels have also helped us to understand consumers' perceptions of corporate and social responsibility, and to define the key performance indicators used on this site.

Complaints

We are committed to providing the best telecommunications service. However, sometimes things go wrong, and when they do, we want to put them right as quickly as possible. We have comprehensive complaint handling procedures, developed in consultation with the Office of Telecommunications (Ofcom).

When a customer calls BT, an adviser will try to solve the problem as quickly as possible, preferably during the

phone call and, if this is not possible, will agree a course of action. Billing queries are more complex and may take a little longer to resolve.

If a customer is not happy with the response they receive they can ask for the matter to be referred to the appropriate senior manager. If the complaint still cannot be resolved, the case can be taken to the BT Complaint Review Service. The Service will review all aspects of the case and strive to resolve the matter to the customer's satisfaction.

More information on BT's complaints procedure is provided in the Service Guide 'Complaints about our Service'.

Ofcom, the regulator for the UK telecoms industry, publishes advice about how to make a complaint to a telecoms company and also publishes the number and type of complaints it has received.

See Also:

- BT's Consumer Code of Practice
- Complaints about our Service
- Customer Service Guarantee
- Ofcom advice about complaints – www.ofcom.gov.uk/consumer/index.htm

Customers with special needs

We believe all members of society should have the same freedom and opportunities to communicate.

That's why BT has for many years offered a wide range of products and services to elderly and disabled customers, who might otherwise find it difficult to make the most of telecommunications.

BT TextDirect and RNID Typetalk

In July 2001 we launched BT TextDirect, the world's first service to provide textphone users access to the telecommunications network. This service simplifies the making and receiving of calls between voice and textphone users, automatically bringing in a Typetalk operator to relay the call if required.

Typetalk is the UK's national text relay service. Funded by BT since it started in 1990, and run by the Royal National Institute for Deaf People, the service enables textphone users who may be deaf, deaf blind, hard of hearing or speech impaired to make and receive calls to and from hearing people.

BT TextDirect also automatically calculates a rebate on text calls so that customers pay the equivalent call charge as if it was in voice, even though text calls take longer.

In 2001, BT TextDirect received the Innovative Access award from the International Coalition of Access Engineers and Specialists.

Payphones

All our existing payphones have inductive couplers that improve the clarity and audibility of incoming speech for people wearing suitably equipped hearing aids. We have also introduced a new type of text payphone in the UK to enable customers to send e-mails and SMS messages and incorporate a textphone with access to BT TextDirect. There are currently 1,200 new text payphones across the

country at locations like airports, railway stations and motorway services.

Billing

BT has been providing bills in alternative formats since 1992. In 2003, we improved our service for people who are visually impaired by ensuring that the required alternative format is provided at the same time as the standard bill. Formats available are Braille, large print, on computer disc or through our 'talking' bill service. Many other BT publications and user guides are also available in alternative media.

BT has a Protected Services Scheme that enables vulnerable customers to nominate a third party to manage their bills, for instance in the event that they have a spell in hospital.

Directory enquiries

We run a free directory enquiry service (195) for customers who cannot use a phone book because of a disability. Our website also offers an accessible version of the online directory enquiries service which has been designed to give all users, including people with disabilities, easier access. It also allows people to set their own preferences, such as colour, from the homepage.

Telephone products

BT has a variety of telephones which have special features such as large buttons, voice amplification, headset sockets and pre-compose dialling. Pre-compose dialling allows a person to enter the telephone number before making the call. This is ideally suited for people who may have motor control problems or need a little extra time to dial. We launched the only rental textphone on the market in 2001.

Our 'In Touch' range of telephones includes a button that can be activated to alert friends, families or carers in an emergency.

Training

We have provided extra training to a number of our engineers so that when working at the premises of customers with disabilities they can offer advice on services to help the customer.

We have also given around 49,500 of our customer-facing people training on the Disability Discrimination Act. A new disability awareness training course was launched in 2003, the European Year of Disabled People.

See Also :

- BT TextDirect: www.bt.com/aged_disabled/products_hearing/products_hearing_textdirect.jsp
- List of text payphone location: www.payphones.bt.com/2001/multimedia/textphone/map.html
- Telephone Products: www.bt.com/aged_disabled/index.jsp
- BT Age & Disability Site: www.bt.com/aged_disabled/index.jsp



Services for customers

A number of the services BT provides are for customers with specific needs.

We provide a number of services to enable customers on low incomes to benefit from communications technology. We have also introduced services to make payment easier and help prevent disconnection.

We have developed technology to help prevent nuisance calls and we run a network of Nuisance Calls Bureaux that provide specialist help and support to customers.

We also run an extensive network of approximately 79,000 payphones and 34,000 managed sites.

Services for customers on low incomes

BT believes that a phone service can act as a lifeline. We provide a basic telephone service for all, including those on low incomes or who have trouble paying their bills.

The Light User Scheme is designed to help those people who need to stay in touch but make few calls themselves. It is available to people whose quarterly call charges are below £15.95 (excluding VAT), who are not on any BT discount schemes, not using indirect access or don't have a telephone service provided by a mobile network operator. The scheme provides rebates of around 60 per cent on line rental.

The In-Contact Plus Scheme enables customers to receive incoming calls and make outgoing calls to the emergency services, for a joining fee and quarterly line rental charge of less than £10. With a BT 'In Contact' card customers can also make outgoing chargeable calls. Cards can be topped up at over 9,000 Paypoints nationally, in convenience stores and petrol stations.

Total number of disconnections* (residential customers)

| Financial Year | Total number of disconnections |
|----------------|--------------------------------|
| 1999 | 781,948 |
| 2000 | 1,067,972 |
| 2001 | 964,810 |
| 2002 | 1,061,036 |
| 2003 | 1,051,545 |

Total number of disconnections* (business customers)

| Financial Year | Total number of disconnections |
|----------------|--------------------------------|
| 1999 | 124,226 |
| 2000 | 182,651 |
| 2001 | 91,262 |
| 2002 | 292,432 |
| 2003 | 301,926 |

* This includes those who pay after disconnection and reconnect before their service is formally terminated.

See Also:

- BT Customer Service: www.bt.com/customerservices/cust_services.jsp?parentcat=cs_home

Disconnection

We regard a disconnection as a failure and do a great deal to avoid it. We offer flexible payment options which help customers budget for bill payment, and if customers do have temporary payment difficulties, we are eager to work with them to avoid the need to disconnect. For example, we are willing to agree payment plans to help customers pay over a longer period than usual.

If we do not receive payment after issuing the first, 'red' reminder, we will give the customer a second reminder, usually by telephone. If we still do not receive payment, or have been unable to agree a payment plan, we restrict that customer's service to incoming calls only (except for calls to BT and emergency numbers). We only consider temporarily disconnecting the service from outgoing and incoming calls if payment is still not forthcoming or we are unable to negotiate a realistic payment plan with the customer.

We have also published a Bill Payment Code of Practice, which describes our procedures for requesting payment and the help customers can expect if they have problems paying.

See Also:

- Bill Payment Code of Practice: www.bt.com/customer_services/cust_details.jsp?parentcat=cs_bpcode_rescust&childcat=linkcs_bpcode_rescust_code_of_practice
- BT Customer Service: www.bt.com/customerservices/cust_services.jsp?parentcat=cs_home

Nuisance Calls Bureaux

BT voluntarily operates a national network of Nuisance Calls Bureaux to help and support customers receiving nuisance calls.

Initial enquiries are answered by specially trained advisers who offer simple advice and solutions. The Centre is open 24 hours a day, 365 days a year.

The more complex cases, which may require police investigation or call tracing, are passed on to Nuisance Call Bureaux Specialists. These specialists are trained in police liaison and may appear in court as prosecution witnesses if necessary.

The Nuisance Call team can be contacted 24 hours a day on 0800 661 441.

See Also :

- BT Customer Service: www.bt.com/customerservices/cust_details.jsp?

Payphones and inclusion

In line with our Universal Service Obligation we ensure that payphone services are provided to meet community needs, including rural communities. As at 31 March 2003, we had almost 79,000 public payphones in operation and 34,000 managed sites located on private land, such as train stations.

During the last three years call minutes from public payphones have fallen by 53% – a trend mainly due to

increased mobile use – making many payphones unprofitable.

BT's challenge is to meet regulatory requirements on providing access, whilst ensuring that our payphone operations are financially viable.

During the year, we reduced the costs of our payphones operation through the removal of over 18,000 payphones. However, none of these removals resulted in the total removal of payphone service within communities.

E-payphones

BT has installed 1,200 new e-payphones in the 2003 financial year. These kiosks enable customers to surf the internet, send web-based and instant emails and send text messages to mobile phones, as well as make payphone calls.

BT plans to increase the number of e-payphones to 20,000 by 2007 creating a nationwide network capable of accommodating around 60 million hits a week.

Voluntary and mandatory

BT takes pride in pioneering services for customers. Some of the special services we offer are neither a regulatory nor licence requirement – and some services that we have offered voluntarily are now a licence requirement. We seek to provide additional levels of service that go beyond mandatory requirements.

Voluntary services

| Service | Notes |
|--|--|
| Publication of comparable performance indicators (CPI) | BT and other telecommunications companies provide Oftel with comparable quality of service results, which are published by Oftel every six months. Most of the information currently available was already published by BT before the agreement. |
| Consumer liaison panels | BT has been running Consumer Liaison Panels since 1984 to help us identify and understand consumer concerns. |
| Nuisance Calls Bureaux | BT set up this network voluntarily to offer expert advice and practical action to help victims of malicious and nuisance calls. |
| Production of telephones for disabled customers | BT supplies a wide range of equipment for disabled people, although since we are licensed as a network operator we no longer have a regulatory obligation to do so. |



Mandatory services

| Service | Notes |
|--|---|
| Typetalk/TextDirect | BT provided significant financial support to Typetalk voluntarily, before this became a licence condition. The text users rebate scheme is a regulatory requirement for BT. |
| Free priority fault repair service for some customers | It is a regulatory requirement to provide a priority fault repair service to disabled customers. BT extends this service to customers at risk through age or some other factor. |
| Directory enquiry information for those unable to use a phone book | BT is obliged to provide a free directory enquiry service to disabled customers who cannot use a phone book. |
| Billing and general information for disabled customers in Braille, large print or on audiotape | Billing and general information for disabled customers in Braille, large print or on audiotape BT has voluntarily provided bills and some of its publications in alternative format to disabled customers for many years. As a result of the Disability Discrimination Act, one of the conditions of BT's operating licence was amended in October 2000 to require contracts and bills to be provided, upon request, in an acceptable alternative format. Under the Disability Discrimination Act 1995, BT also has wider obligations to provide any customer contact in alternative media. |
| Public payphones with inductive couplers | BT is required to provide inductive couplers in public payphones. |
| Light User Scheme | This scheme was designed to meet targets agreed with Oftel for reducing both the number of disconnections and the number of people without access to a telephone. |
| In-Contact Plus | There is a general licence requirement that BT should provide a restricted service scheme in accordance with guidelines agreed with Oftel. The precise form of such schemes is subject to negotiation. |
| Provision of emergency services | BT provides a free emergency assistance service that handles almost 35 million calls a year. Whilst this is a condition of our licence, we aim to ensure a high quality of service by answering 95% of calls within five seconds. |

Mobile communications and health

With the demerger of mmO2 in November 2001, BT ceased its mobile network operations but retained a number of mobile services, products, activities and interests. These include the following:

- BT markets its mobile phone offering online at www.bt.com/mobilesense as well as selling mobile voice and data products into the business market through direct sales channels. BT offers a range of proprietary mobile phones from several phone manufacturers.
- BT phones operate on the O2 network now and from 31 July 2003 on the T-Mobile network for consumer mobile services.
- BT operates an extensive Public Wireless LAN network and a number of Private WLANs in its own buildings.
- BT installs Private Wireless LAN networks in business locations as well as selling the components for BT customers to install their own Wireless LAN networks at home or in their offices.
- BT infrastructure (including some BT exchanges, buildings and telegraph poles) are used to house mobile phone base stations and aerials.

Handsets

All mobile phones sold by BT fully conform to the highest international safety standards on exposure to radio frequency (RF) emissions set by the ICNIRP International Commission on Non-Ionising Radiation Protection (www.icnirp.de) and the National Radiological Protection Board (www.nprb.org.uk).

BT also monitors all relevant scientific findings and follows the advice of the World Health Organisation (www.who.int/emf) and other leading health organisations.

It is also possible to measure how much radio wave energy your body receives from each model of mobile phone. This is called the specific absorption rate or SAR. There is a European Standard method for measuring the SAR and this information is provided to consumers for each model of mobile phone sold in the UK. BT offers a range of mobile phones from several manufacturers, all of whom apply these standards.

Additionally, following the May 2000 Stewart Report (www.iegmp.org.uk) into possible health effects posed by mobile phone technology, including base stations, the Department of Health (www.doh.gov.uk/mobilephones) produced two advice booklets which BT and all mobile operators make available at their retail shops on mobile phones:

- Department of Health Mobile Phones and Health booklet (www.doh.gov.uk/mobilephones/mobilephones.pdf)
- Department of Health Mobile Phone Base Stations and Health booklet (www.doh.gov.uk/mobilephones/basestations.htm)

Mobile base stations

Whilst no longer a mobile operator in its own right, BT still follows the highest industry standards and code of practice wherever relevant to its operations. For example, BT requires that ICNIRP guidelines on radio frequency (RF) emissions be adhered to on all BT sites used by mobile operators.

In addition to ICNIRP standards a number of other measures relating to RF and base station deployment are built into an industry code of practice, known as the ten industry commitments. BT was a signatory of this code of practice and adheres to all its core principles. Further details of these practices can be referred to on the mobile operators' website. (www.mobilemastinfo.com/planning/best_practice.htm)

The WHO also advises that "RF field levels around base stations are not considered a health risk". The WHO also states that "in many urban areas television and radio broadcast antennae commonly transmit higher RF levels than do mobile base stations". For more on WHO guidance and fact sheets see www.who.int/inf-fs/en/fact193.html.

Wireless LAN

BT owns and operates one of the largest Public Wireless LAN networks in the UK (BT Openzone). Public WLAN, using the 802.11 standards, require considerably lower power and radiation levels than the equivalent GSM standards.

Additionally, the main application of Public Wireless LAN is for data devices (e.g. a laptop, PDA or tabletop device) with the transmitting antenna positioned some way away from the user's head. This was the main area of concern with mobile telephony power absorption.

Therefore, the radio power levels present near Public Wireless LAN sites are significantly lower than around mobile phone antennas and devices, all of which are well within the guidelines and recommendations of the UK Government Health advisory bodies.

Similarly, any Private Wireless LAN site, which uses exactly the same technology, standards, equipment and power radiation levels as the Public sites, are deemed to be significantly well within all current and known standards and guidelines for safe usage.

RA audits and industry consultation procedures

BT has input the locations of existing antennae on the Radiocommunications Agency (RA) Sitefinder (www.radio.gov.uk) web site. Additionally, the RA has concluded a number of audits of sites in proximity to schools and hospitals during 2001 and 2002 and the results are published on the site. These demonstrated that exposure levels are many hundreds to thousands of times below the ICNIRP public exposure guidelines.

In terms of network growth and planned mobile phone antennae deployment BT liaises with relevant local development authorities as agreed under the industry code of practice. A number of different consultation models were agreed by the industry partners in the framework of the ten commitments. BT – and all mobile operators in the UK – apply these models according to a range of criteria on a site-by-site basis. Further details of these practices can be found on the mobile operators' website, www.mobilemastinfo.com/planning/best_practice.htm

