



viewing a
brighter
future

sky

Reading this review

Following Sky's first Corporate Responsibility Update 2002, this review sets out how we will be working to build on our achievements in meeting the interests of our varied stakeholders and aiming to match current best practice.

Layout Each main section of this review covers the interests of a different group of stakeholders:

- Customers – Delivering entertainment to our customers
- Employees – Supporting and developing our diverse workforce
- Community – Working within a community
- Suppliers – Supply partnerships
- Environment – Our environmental impacts

Shared Visions We have used focus groups, one-to-one interviews and questionnaires to define the expectations of each of our stakeholder groups. These helped us set aspirations for our business and develop a vision to work towards.

Focus Within each section we outline our current aims.

Activity Following each focus statement, we explain our existing practice, our work in progress and our achievements.

Commitments The keyline boxes within each section show the areas of development we have prioritised following discussions with our stakeholders.

Information



For the latest information on Sky's Corporate Responsibility initiatives go to www.sky.com/responsibilities or write to:

Group Head of Corporate Affairs,
British Sky Broadcasting Group plc,
Grant Way, Isleworth,
Middlesex TW7 5QD.



Sky is a member of the FTSE4Good Index and the Dow Jones Sustainability Index. These indices are limited to companies that can prove they are working towards goals such as positive stakeholder relationships and environmental sustainability.



Sky also participated in Business in the Community's first Corporate Responsibility Index in 2002.

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History of Sky's achievements

1998

225,000 subscribers

As at 31 December 1998

The UK's first digital TV service – Sky digital – launches, offering 140 channels. More than 100,000 digiboxes are sold in the first 30 days.

1999

2.1m subscribers

As at 31 December 1999

Free digiboxes and minidishes help Sky digital become the fastest growing digital platform in the world, acquiring 1.2m subscribers in just 10 months. Sky pioneers interactive services such as Sky Sports Active.

2000

4.7m subscribers

As at 31 December 2000

The first interactive advertising campaigns are screened. Sky is awarded honours from the Royal TV Society for outstanding services to TV and for innovations in sports coverage. Sky News Active launches as the world's first interactive TV news service.

2001

5.7m subscribers

As at 31 December 2001

Sky reaches its target of 5m subscribers and switches off its analogue signal – both ahead of schedule. Sky+, a fully integrated personal video recorder, launches and Sky buys out its partners' stakes in Open to form Sky Active. Terrestrial broadcasters, including the BBC and Channel Four, work with Sky to unleash the potential of interactivity on their channels broadcast via Sky digital.

2002

6.3m subscribers

As at 31 December 2002

Having completed a substantial investment programme, Sky starts to generate positive free cash flow. Average Revenue Per User/Subscriber is now £348 – on track to meet the target of £400 by the end of calendar year 2005. Sky offers three channels as part of the 'Freeview' package.

2003

6.8m subscribers

As at 30 June 2003

By June 2003, Sky had 6.8m subscribers – on track to hit the 7m target by year end. In the same period, churn was 9.4%.

Sky and corporate responsibility

Sky has changed the face of British television by touching millions of lives in Britain. We believe we have achieved more in our short life than any other broadcaster.

We have changed people's attitude to television and new media. We have not done it by sitting around. We have challenged the way things are done. We have made things happen. All fuelled by a culture driven by people with a passion for innovation and creativity and with a firm belief in the amazing potential of technology.

At Sky, we understand that to achieve our objectives, the business needs to engage with the organisations and individuals that it works with, and impacts upon, in order to deliver the best possible product to our customers and create enduring value for shareholders.

Sky published its first Corporate Responsibility Update in spring 2002, and made a commitment to report further. This review aims to communicate Sky's approach to business and the relationships it holds.

Over the past year, work has been carried out to clarify Sky's core relationships and to set out a shared vision for each of them. The business now has a statement for each of these groups, created in consultation with them. These visions will develop and change over time, to deliver the best entertainment and service to our customers.



Tony Ball
Chief Executive

Making responsible business part of everyday business

Getting people involved in making sure a business is run responsibly is not something that can be achieved overnight. It needs to be led by clear Company standards. It means encouraging all employees to explore the options, debate difficult issues and challenge the way things are done.

Our Corporate Responsibility Forum, made up of senior executives from across the business, sets our corporate responsibility objectives and monitors our progress.

To help establish our corporate responsibility activity, we have been putting in place a framework to support it. This will include embedding corporate responsibility issues in the day-to-day operations of the business. Our Corporate Responsibility Forum will approve the plans during 2003.

Commitment: By December 2003, we will have made further developments to the processes that support corporate responsibility within the business.

Communications

Following this review we are launching a new publication to inform our employees about corporate responsibility, get them involved, and encourage them to share our vision. It will aim to meet the needs of all of our employees, regardless of whether they work at one of our customer contact centres, on the road or behind a desk.

Commitment: By December 2003, we will launch an internal publication to further employees' understanding of corporate responsibility at Sky.

Environmental reporting

In 2002 and this year, Sky has published a separate Environmental Report, with a summary contained within our corporate responsibility reporting. From 2004, we will include the environmental report within our corporate responsibility reporting.

Commitment: From 2004, we will incorporate the environment report within our corporate responsibility reporting.

£2,519,697

The total value of Sky's community involvement during 2002/03.



The wider media sector

Sky is a member of the Corporate Social Responsibility (CSR) Media Forum, a group of UK-based media organisations, which works to develop and promote CSR within the media sector.

Corporate Responsibility Group

Sky is a member of the Corporate Responsibility Group, a group of leading UK companies, all of whom are dedicated to driving forward Corporate Social Responsibility. Our Group Head of Corporate Affairs serves on the board.



Overview

Delivering entertainment to our customers Page 05

Our shared vision with our customers:

Sky will provide customers with high quality entertainment and service through leading technology. We will ensure our products, services and information are available to all customers, and will act responsibly in protecting them.

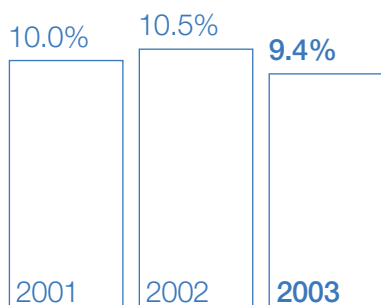


- Customer churn: 9.4% (as at 30 June 2003)
- 2002 – BAFTA – Sky News 'News Coverage of the Year'

Sky has a diverse set of customers and to ensure we provide enjoyment and entertainment to them the digital satellite platform now offers over 380 television and radio channels. During 2001/02, we upgraded our customer contact centres, where approximately 4,000 of our employees are based. The hardware we provide customers is of high quality and easy to use. We spend a lot of time and money ensuring all customers have equal access to our programming and services. We take seriously our responsibilities towards our customers, including those who use our interactive services, and we have developed a Code of Practice for Interactive Gambling.

Customer churn

At 30 June year on year



Supporting and developing our diverse workforce Page 12

Our shared vision with employees:

Sky will continue to provide a stimulating working environment and support diversity within the workplace. We recognise the new ideas and dedication individuals bring to their roles and seek their views on how to support their aspirations at Sky. We also provide appropriate training and development opportunities for all our diverse workforce.

- 2003 – Number of equivalent full-time employees: 9,132 as at 30 June 2003
- 2002 – Winners of the European Call Centre of the Year – Best Call Centre Design

Sky works in a fast-moving and dynamic sector where no two days are the same, at a pace of life that appeals to those who enjoy a challenge. We aim for a diverse workforce, but one where we recruit the best person for each role. We increased annual leave entitlements during 2002, and our employees enjoy a benefits package that includes pension, healthcare, a sharesave scheme, digital satellite installation and Sky digital subscription. Training and development are available throughout the business, and a recently established employee forum ensures we stay in touch with our employees' thoughts and experiences.



Working within a community

Page 16

Our shared vision with our local and national community:

Sky takes its commitment to the community seriously, with the aim of achieving value for both our business and the wider community by helping young people understand and realise their potential. We aim to provide clear information on our community involvement and to establish partnerships with the voluntary and public sector organisations we work with.

- 2003 – Total value of Sky's community involvement – £2,519,697
- 2002 – Membership of the PerCent Club

Sky is a young company that appeals strongly to the youth market; so we have chosen to focus our community initiatives on young people, many of whom face significant challenges as they prepare for adult life. Our key initiative, Reach For The Sky, is delivered through a partnership of Government departments, voluntary organisations and our employees.



Supply partnerships

Page 21

Our shared vision with our suppliers:

Sky enhances shareholder value by spending its money strategically and responsibly. We see our suppliers as part of our business and so build partnerships with them to make continuous improvement in all areas of our business.

- 2003 – Over the 12 months ending March, Sky has used over 4,500 suppliers
- 2002 – Winners of Kelly's Chartered Institute of Purchasing 'Most Improved Purchasing Operation'

Sky regards its suppliers as business partners in order to deliver a sustainable and professional service across the Company, and we maintain open and positive communications throughout tenders as well as within existing partnerships. We support procurement processes with an eProcurement system, from tendering to ordering, invoicing and payment.



Our environmental impacts

Page 24

Our shared vision with our environment:

Sky is developing a managed approach to minimising the impact we have on the environment by reducing the energy resources we consume, decreasing waste and reviewing the environmental performance of the products and services we provide.

- 2002 – Total CO₂ emissions – 34,253 tonnes

As a broadcaster, Sky has a limited environmental impact. But we believe it is important to be aware of the impact we do have and to set ourselves targets to reduce it. We measure and report the impact of our energy consumption, recycling and ozone depleting substances.



delivering entertainment to our customers

01

wider issues, broader-casting

Our shared vision with our customers:

Sky will provide customers with high quality entertainment and service through leading technology. We will ensure our products, services and information are available to all customers and will act responsibly in protecting them.

The bigger picture

Sky is now an established part of the UK broadcasting landscape. Having invested heavily in creating a technically advanced broadcast platform, we are leading the industry into the digital age. See figures 1.1, 1.2, 1.3 and 1.4 below. We also recognise that to be a world-class broadcaster and digital television platform, we must observe and practise the principles of good corporate citizenship.

During summer 2002, we held focus groups with both subscribers (our customers) and non-subscribers from which we drafted our first shared vision – shown on this page – and prioritised the areas of development shown in this section:

- High quality content and choice
- Customer service
- Leading technology
- Accessibility
- Acting responsibly – protecting our customers

Figure 1.1

Revenue growth

At 30 June year on year (millions)

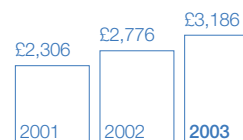


Figure 1.2

Total number of subscribers

At 30 June year on year

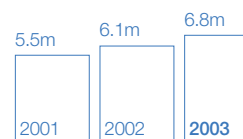


Figure 1.3

Customer churn

At 30 June year on year

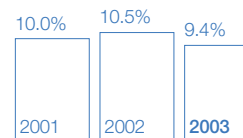
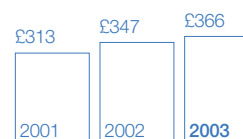


Figure 1.4

Average revenue per user

At 30 June year on year



High quality content and choice

Focus: Sky has a diverse set of customers. To ensure we provide enjoyment and entertainment to all of them, the digital satellite platform now offers over 380 television and radio channels.

Activity: High quality content and choice

The digital satellite platform is open to all broadcasters, which means that in addition to our own channels such as Sky News, Sky One, Sky Sports and Sky Movies, other channels are available. We cater for a broad range of interests with radio channels, movies, sport, entertainment, news, a public service station, foreign language channels, children's programmes, a community channel and shopping.

Sky One offers programmes like The Simpsons and Enterprise, the latest chapter in the Star Trek story. It also shows original material from independent British producers such as the football serial Dream Team.

Sky News was Europe's first channel devoted to news and is respected for its presentation of factual content.

2002 – BAFTA – Sky News: News Coverage of the Year

2002 – BAFTA – Sky News: News Coverage of the Soham murders

Sky Sports has stamped its distinctive style on British TV sports coverage. Between them, five channels – Sky Sports 1, 2, 3, Sky Sports Extra and Sky Sports News – broadcast more than 33,000 hours of live sport every year.

Sky Movies shows recent blockbusters and classic cinema. With staggered start times and 60 different screens, Sky Box Office offers a choice of more than 300 movie titles every year. It also allows customers to view events that they might otherwise not be able to access, such as pop concerts, world championship boxing and wrestling.

Commitment: During 2003/04, we will assess how to further our corporate responsibility aspirations in relation to the output of our channels.

Customer service

Focus: Sky's customer service teams operate 24 hours a day, 365 days a year, to help our business provide support and assistance to all our customers.

Activity: Customer service

- **Customer Contact Centres** During 2001/02 we upgraded our contact centres in Scotland. We have approximately 4,000 employees at our two contact centres in Dunfermline and Livingston.

'What you see here is a state-of-the-art centre. Obviously the Company has invested heavily in it and they are taking care of their staff. That is the way forward and that has to be the benchmark for every contact centre right across Scotland.' Alasdair Morrison MSP - Deputy Minister for Enterprise, November 2001.

Our customer contact centres deal with customer management services, including taking orders, establishing and maintaining accounts, invoicing and telemarketing. They also administer and distribute viewing cards and decode digital satellite channels.

Our customer contact centres managed over 700,000 contacts a week throughout 2002.

- **Customer Relationship Management Programme** The goal of Sky's Customer Relationship Management (CRM) initiative is to provide world-beating customer service that can adjust as our business changes as well as adapt to the changing expectations of our customers. To date, this has involved upgrading the customer contact centres. Now, the plan is to introduce the technology necessary to underpin all the contact centre operations. This will focus on how we fully support customers throughout their involvement with Sky. The technology covers existing and new contact channels, sales and customer management systems as well as billing and debt management systems. In effect, it allows us to offer more services and more flexibility when dealing with customers and it will help our employees offer consistent, high quality, customer service.

Commitment: By 2004, we will have completed the roll-out of new technology in our customer contact centres, providing a flexible service that better meets the expectations of our customers and our business.

- **Efficient and accurate handling of queries** Sky Customer Service Representatives can access a Knowledge Management System that provides up-to-date information from around the business. These relationships between our contact centres and other critical areas of the business help deliver a reliable service and ensure that our customers receive the most accurate and up-to-date information available.

Sky provides a TV environment that is rich in information and entertainment – with a wide variety of news, sport, movies, entertainment and music that appeals to a very broad customer base.



Sky News' BAFTA award for News Coverage of the Year 2002 confirmed its position as a highly respected news organisation.





All new contact centre recruits receive three weeks' training in our culture, products and services.



The new Sky contact centres seat teams of 12 in circular modules, with a central area behind to take a break and meet colleagues.



Sky was awarded the 2002 European Call Centre of the Year – Best Call Centre Design.

- **Ability to deal with queries effectively**
To respond effectively to our customers' needs, our Customer Service Representatives need a clear understanding of our business, our products and the technology available to them. We train all new recruits in our contact centres over a three-week period during which they learn about our culture, products and services, as well as receive training on telephone and communication skills. Following this initial training a Customer Service Representative will spend time on the 'graduate line', with someone to assist them, before joining their permanent team.

Our Customer Service Representatives are our largest group of employees. They receive an average of 45-50 hours each on formal job training during a year. New Customer Service Representatives receive an additional 112 hours when they join the Company.

Leading technology

Focus: Sky believes the equipment and service customers receive in order to access Sky television should be high quality and easy to use, however sophisticated the technology might be.

Activity: Leading technology

- **Product Development** Sky's customers can enjoy innovative technology that allows them to send emails, check bank statements, book cinema tickets and place bets and, in the case of Sky+, record, pause and rewind live TV at the touch of a button on their remote control.

We obtain customer feedback continually, from the concept stage of a product through to its use in homes.

This helps us understand when we get things right for our customers, and how to constantly improve what we offer.

- **Power Consumption of Set Top Boxes**
As at January 2003, all new set top boxes (STBs) meet the Waste, Electrical and Electronic Equipment Directive (WEEE) Code of Conduct for Standby Power Consumption and consume less than 9 watts when on standby. Prior to this, the average output of an STB was 19 watts; so a reduction in their environmental impact has been achieved.

2002 – Royal Television Society Award – Technical Innovation.

Accessibility

Focus: We recognise that some of our customers may require additional help and services to be able to use our channels and services fully. Here are some examples of how we provide extra help.

For further information and access to our Disability Strategy 2003, please visit the disability information section of our main website, www.sky.com/disability

Activity: Accessibility

Accessibility of our goods and services

In 2002, Sky joined the launch of the Broadcasting and Creative Industries' Disability Network (BCIDN)* During 2003, our Director of Public Affairs took up the position of Chair of the BCIDN. Our commitment to action included four main areas:

- To ensure positive portrayal of disability in the media
- To ensure access to our services, including web sites



By employing innovative technology, Sky enables customers to send emails, check bank statements, book cinema tickets and place bets, and those with Sky+ can record, pause and rewind live TV at the touch of a button.



* Previously the Broadcasters' Disability Network (BDN).



Figure 2
Subtitling

Weekly averages: April 2002 to March 2003

Sky Movie Channels (excluding widescreen)

33%

Sky Box Office Movies

100%

Sky One

65%

Sky Sports Channels (excluding news and extra)

21%

Sky News

50%

A 'backchat' section on the Customer Channel (Ch 999) allows customers to send us their comments on a variety of issues.



In December 2002 we invited a group of disabled people into the business to help us improve our customer service. We have now set up an email panel for them to provide feedback on our proposed developments.



- To ensure access to our buildings
- To promote access to employment

To fulfil the promises made in the BCIDN manifesto regarding measurable success, we created the role of Disability Access Manager.

- **Disability Access Communications Group** During 2002, we created a Disability Access Communications Group, which allowed different parts of our business to focus on ensuring our products and services are accessible to all, from product development through to customer service. In 2003, we have developed this group further by adding project sponsors and project co-ordinators around the business.
- **Asking the experts** During December 2002 we invited a group of disabled people into the business to see how we could improve our customer service and ensure that it is easy to use and was in fact the right service. The importance of this exercise has been to raise our awareness of a range of issues including manual dexterity and learning difficulties. Following this visit we have implemented some of their suggestions and details of these follow. To continue this approach we have set up an email panel to provide feedback on our proposed developments.

Commitment: Ongoing – the disabled customer panel will continue to provide feedback on proposed developments across the business, to help improve the accessibility of our products.

We devote considerable resources to ensure that all customers have equal access to our programming and services. We operate the following additional communication routes for our customers:

- Subtitling
- Audio description
- Large print and Braille statements, contracts and letters
- Audio versions of printed literature
- A dedicated text phone service

- **Subtitling and audio description** Subtitling and audio description make programme content accessible to people who are deaf and hard of hearing, or who have a visual impairment. Subtitling allows the viewer to read what the characters on screen are saying and audio description allows a viewer to hear a description of what the characters on screen are doing.

Commitment: By December 2003, we will increase subtitling on Sky News to 80%. See figure 2.

We have developed the digital satellite platform so that visually impaired customers can select audio description for programmes where broadcasters have chosen to offer it. Audio description is available to all our 6.8m customers. Sky continues to provide a minimum average of 4% audio description on Sky Movie Channels (excluding widescreen), Sky One and Sky Sports Channels (excluding News and Extra).

- **Disability Service Team** In June 2003, Sky created a dedicated Disability Service Team to provide improved customer service for disabled people. Based at our customer contact centre in Dunfermline, the helpline provides an easy-to-use one-stop shop that can respond to queries from disabled customers seven days a week. Each member of the team has received awareness training to help them understand and respond to the needs of disabled customers. Direct access to the service is available via email or a text phone service.
- **Customer literature** Customers receive information on how to obtain the full benefits from Sky digital in our free monthly customer magazine. Assistance is always available from our customer contact centres, the Sky Customer Channel (Ch 999), the Company website and on Sky Active. A 'backchat' section on the Customer Channel allows customers to send us

We keep our customers informed with a free monthly magazine designed to help them get the most out of what Sky has to offer.





The main Sky website links to our Disability Information web pages where we detail services such as audio-described programming.



Sky created a Disability Service Team to improve our service for disabled people. Based in Dunfermline, our helpline responds to queries from disabled customers seven days a week.



Sky Disability Service Team:
08705 66 33 33
Text phone: 08702 40 19 10

comments and questions and have a selection of them responded to on screen.

Sky believes current and potential customers should have access to information that will allow them to make the correct choices for their personal entertainment needs. The range of packages available varies in price. Information on them is available from our customer services line and online at www.sky.com

- **Website** The main Sky website has a link to our Disability Information web pages detailing services such as audio-described programming over the following week.

By September 2003, website accessibility audits will be complete and a phased improvement programme will be launched that will work towards achieving level 1 compliance with the Web Accessibility Initiative standards to increase accessibility of Sky websites for disabled people.

Commitment: By September 2003, website accessibility audits will be complete and a phased improvement programme will be launched.

- **VISTA (Virtual Interface for a Set-Top box Agent) project** We are an active member of the VISTA project, which researches ways disabled people can access broadcast services, specifically the opportunities offered by digital television. The project is led by the Independent Television Commission (ITC) and is part-funded by the Department of Trade and Industry and the Economic and Social Research Council. It focuses on

the potential use of technologies that allow a viewer to 'speak' commands to the TV and have the TV 'talk' back, when they want to select programmes from the hundreds of digital channels now available.

- **Portrayal of disabled people in the media** Through our BCIDN manifesto, we are committed to increasing the presence of disabled people on air and in our offices. By the end of 2003, we will have undertaken awareness training for our producers regarding the portrayal of disability, which has huge potential to help break down discrimination and barriers within society.

Acting responsibly – protecting our customers

Focus: Sky aims to understand the practical concerns facing our customers. We do this by talking with our customers and partnering with voluntary organisations, making more services available in areas where customers have concerns, and by issuing guidance information.

Activity: Acting responsibly – protecting our customers

- **Parental access control** We provide parental control services to all our customers. These services allow parents and guardians to set viewing restrictions, spending limits and to protect parents' recordings made on Sky+. The technology allows users to set a Personal Identification Number (PIN) access code which enables parents and guardians to specify what categories of programme can be viewed and how much can be spent on a programme being ordered before the PIN code is required.

Information on these services is shown on our customer channel. To access these services, follow the on-screen menu through Services/Parental Control.

We provide parental access control services to all our customers. The services allow parents to set viewing restrictions, spending limits and protect recordings made on Sky+.



www.sky.com
www.sky.com/disability



- **Gaming and Betting** Sky Active includes a number of sports and other betting services that allow customers the opportunity to place bets through their TV set.

Sky Interactive has been working with GamCare, the leading charity promoting responsible online gambling, to develop a code of practice. We intend this code to be fully implemented by all our betting partners within the Sky Active service during the next 12 months. Once implemented, these measures will further protect minors accessing the services, and offer guidance and self-help to those who may need it.

Commitment: By June 2004, Sky will have worked with all of its betting partners within the Sky Active service to support them in the adoption of the Code of Practice for Interactive Gambling.

In 2002, Sky committed £90,000 sponsorship to GamCare, over two years, to fund the recruitment of a Youth Officer.

- **Media Smart** Today's children use electronic and broadcast media more than any previous generation. In the age of the internet, multi-channel television, satellite broadcasting and digital communications, children are learning to access these types of media as a resource that touches all parts of their life. If children are to understand fully what they are watching, they

need to develop critical and discerning attitudes so that they can make educated judgements about what they see.

Media Smart has been established by advertising businesses to help primary school children interpret and understand advertising. Through a teaching video, detailed teacher notes and activities, posters and parents' leaflets, Media Smart seeks to demonstrate to children how adverts sell products and how they can play an important role in decision-making. It has been developed in association with teachers and the National Confederation of Parent Teacher Associations.

We have taken a pro-active role in Media Smart. Our Head of Sales for Sky Kids was a founder member of the Media Smart group and continues as a member of the board of the organisation. We donate broadcasting capacity and advertising space to further support this initiative (see www.mediasmart.org.uk).

'It is only right that people should have the chance to understand how and why the persuaders persuade, so that they can make more informed choices, as consumers and as citizens. Media Smart acknowledges the power of advertising and attempts to empower the consumer. And it is an example of an industry taking responsibility for its own actions. It is enlightened self-interest.' Tessa Jowell, MP, Secretary of State for Culture, Media and Sport, November 2002.



We're backing Media Smart, a scheme that helps children make up their own mind about the advertising messages they see.



In partnership with GamCare, Sky has developed a Code of Practice for Interactive Gambling.



www.gamcare.org.uk
www.mediasmart.org.uk

Delivering the vision – achievements 2002/03

The bigger picture	<ul style="list-style-type: none"> • 2003 – 6.8m Sky digital subscribers at 30 June 2003 • 2003 – 9.4% Customer churn at 30 June 2003
High quality content	<ul style="list-style-type: none"> • 2002 – BAFTA – Sky News: News Coverage of the Year • 2002 – BAFTA – Sky News: News Coverage of the Soham murders
Customer service	<ul style="list-style-type: none"> • 2001/02 – Upgraded our two contact centres in Scotland • 2002 – Customer Contact Centres managed over 700,000 contacts a week
Leading technology	<ul style="list-style-type: none"> • 2003 – All new digital satellite set-top boxes meet the WEEE Directive Code of Conduct for Standby Power Consumption • 2002 – Royal Television Society Award – Technical Innovation
Accessibility	<ul style="list-style-type: none"> • April 2003 – One-Stop Shop launched for disabled customers • 2003 – Website accessibility audits to be undertaken on all Sky websites
Acting responsibly – protecting our customers	<ul style="list-style-type: none"> • 2003 – Code of Practice for Interactive Gambling initiated • 2003 – £90,000 sponsorship for a Youth Officer at GamCare

Summary of commitments

During 2003/04, we will assess how to further our corporate responsibility aspirations in relation to the output of our channels

By 2004, we will have completed the roll-out of new technology in our customer contact centres, providing a flexible service that better meets the expectations of our customers and our business

Ongoing – the disabled customer panel will continue to provide feedback on proposed developments across the business, to help improve the accessibility of our products

By December 2003, we will increase subtitling on Sky News to 80%

By September 2003, website accessibility audits will be complete and a phased improvement programme will be launched

By June 2004, Sky will have worked with all of its betting partners within the Sky Active service to support them in the adoption of the Code of Practice for Interactive Gambling

Awards

Sky is proud of its achievements and the external confirmation it has received

- 2002 – Royal Television Society Award for Technical Innovation
- 2002 – BAFTA – Sky News: News Coverage of the Year
- 2002 – BAFTA – Sky News: News Coverage of the Soham murders
- 2002 – Sky News – Royal Television Society Journalism Award ‘News Channel of the Year’
- 2002 – European Call Centre of the Year – Best Call Centre Design

Information

Sky website
www.sky.com

Customer service line
08702 40 40 40

The Sky Customer Channel
Channel 999

Sky disability service team
08705 66 33 33
Text phone 08702 40 19 10

Sky disability service email
disability@bskyb.com

Sky Disability Service information and Disability Strategy Report 2003
www.sky.com/disability

Broadcasting and Creative Industries' Disability Network (formerly Broadcasters Disability Network)
www.employers-forum.co.uk

GamCare
www.gamcare.org.uk

Media Smart
www.mediasmart.org.uk

supporting and developing our diverse workforce

02

providing opportunity

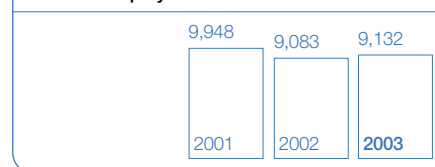
Our shared vision with employees:

Sky will continue to provide a stimulating working environment and support diversity within the workplace. We recognise the new ideas and dedication individuals bring to their roles and seek their views on how to support their aspirations at Sky. We also provide appropriate training and development opportunities for all our diverse workforce.

The bigger picture

Sky employs over 9,000 full-time equivalent employees. With part-time employees this means we have over 10,000 individuals, based at 12 sites in the UK. See figure 1.

Figure 1
Average monthly number of equivalent full-time employees



Sky is updating its Code of Conduct which sets out our expectation of employees' integrity and conduct. We provide various means of allowing employees to share any questions or concerns they might have, including independent contacts outside the business.

Commitment: By December 2003, we will re-launch the Code of Conduct to all employees.

In summer 2002, we interviewed a number of employees, which helped us draft our first shared vision with employees – shown on this page – and prioritised the areas of development shown in this section:

- Getting the balance right
- Recognising dedication
- Developing skills
- Health, safety and wellbeing
- Listening and learning

Getting the balance right

Focus: Sky recruits a diverse workforce and is developing processes to ensure that we take on the best person for the role they are being employed for, regardless of age, gender, ethnicity, sexual orientation or disability.

Activity: Getting the balance right

- **Diversity Manager** In 2003, we appointed a manager dedicated to ensuring that everyone will be given equal access to opportunities

in recruitment and employment, regardless of their differences or needs.

- **Disability Access Manager** In 2002, we appointed a manager specifically to co-ordinate our disability strategy, and we plan to introduce further changes in the coming year to ensure that disabled employees and customers have every opportunity to participate in all our activities.
- **Recruitment and Selection Workshop** This one-day course trains managers in effective recruitment practices, and includes a session on equality and our legal and moral obligations as an employer.
- **Accessibility to employment** In 2002, we audited the process a disabled person goes through when applying for a job at Sky and have upgraded our processes and systems to allow improved monitoring.

In partnership with Sabre recruitment, specialists in recruitment of disabled people, we will be launching an advice line for disabled people who are interested in a career at Sky.

Commitment: By October 2003, we will launch an advice line for disabled people interested in a career at Sky.

- **Accessibility to our buildings** During the first half of 2003, we arranged audits of our main sites to assess accessibility for disabled people, and a programme of work is now being planned.

Commitment: By January 2004, the plan of work required to achieve accessibility to our main sites will be in place.

- **Interactive Disability Seminar** During 2002, we worked with the firm Churchill & Friend to design an interactive seminar for our programme makers. It is designed to challenge commonly held assumptions about disabilities and to ensure this influential group consider these issues in their work.

We will also be training all of our employees on disability awareness. This will be done through a mixture

of face-to-face training and in the form of an interactive workbook.

Commitment: By January 2004, disability awareness training will be rolled out to all employees.

- **BCIDN*** Sky is a founding member of the BCIDN, part of the Employers Forum on Disability. Our Chief Executive, Tony Ball, launched our Disability Policy in March 2002. This policy backs up the work of Human Resources (HR), looking at areas like recruitment and support of disabled employees at work.
- **Work placements for disabled people** We are placing greater importance on raising our workforce's awareness of issues such as disability and mental health. We do this through a placement programme that allows people who may not easily be able to access work in the media sector to gain experience at Sky. This is valuable to both the person involved and our workforce.
- **Cultural Diversity Network** Sky is a member of the Cultural Diversity Network, which further supports equal opportunities within our workforce.

Commitment: By June 2004, we aim to undertake a regular work placement programme for disabled people.

Recognising dedication

Focus: Sky is aware that the products and services that make our Company a success are delivered by the talent and creativity of our employees. Here are some examples of how we reward commitment:

Activity: Recognising dedication

- **Remuneration** We benchmark to ensure salaries are comparable to those in our market sector and are high enough to attract the experience and knowledge we need.
- **Annual leave** Sky employees are entitled to earn a maximum of 25 days of annual leave per annum.
- **Benefits** We offer a number of benefits:
 - **Healthcare** Membership of a private medical insurance scheme for staff and all their families.

- **Sharesave Scheme** We operate a Sharesave Plan for all permanent and long-term contract employees.
- **Digital satellite installation** After a probationary period, permanent employees can have digital satellite equipment and viewing card installed for free, plus free subscription to a number of Sky packages.
- **Company gym** We run a gym on site at Osterley with a nominal monthly membership charge.
- **Pension** All permanent and long-term contract employees under the age of 60 can join the Sky Pension Plan, which includes benefits for death in service, permanent disability and life assurance.

In January and February 2003 a series of 46 presentations was conducted across the Company to provide staff with information about the Sky pension plan, and encourage any questions about new investment options. The roadshows were designed to demystify the subject. Employees who were unable to attend were sent packs of information and an intranet site was created including a simple pension calculator for users to try 'what-if' scenarios. Pension uptake increased by 12% as a result of the campaign.

- **Recognition at our Customer Contact Centres** Launched in February 2003, the Focus scheme offers our customer contact centre employees in Dunfermline and Livingston rewards and recognition for developing their knowledge and job-related skills. Employees earn points for taking part in workshops, campaign launches and competitions amongst other things, and the points can be traded in for a variety of goods and services from a backpack to a plasma television.

Focus has over 5,000 members, representing all the different functions that deal with customers, and helps us achieve our marketing and business objectives. A special website lets members access their personal Focus account.

In the first four months, members earned over 5.5m Focus Points, redeemed over half a million, and claimed over 700 rewards.



Through our Focus scheme, we reward our employees for developing the skills they need to provide an even better service to our customers.

* Previously the Broadcasters' Disability Network (BDN).



Our Leadership Forum allows our senior managers to get together to discuss key business issues – and communicate them effectively with their teams.

We keep all employees in touch with the business through a variety of methods.



Keeping our field-based engineers in the loop

digiTalk is published ten times a year and is targeted exclusively to Sky field-based engineers. Both the general Sky employee magazine, *Vision*, and *digiTalk* are posted directly to their homes. The *digiTalk* magazine covers technical topics and includes unique competitions, offers and incentives.

To keep the magazine in line with reader interests, feedback is regularly asked for. There have been large numbers of suggestions that continue to influence the tone and look of the magazine.

Developing skills

Focus: We want to develop our employees' skills and knowledge, to motivate them in their roles and enable them to meet our business objectives.

Activity: Developing skills

- **Appraisal** We have now extended an appraisal system, Skyachievers, to all employees who deal with customers. It has been successful and we will continue to extend similar appraisal tools to other parts of the business.
- **Training and development** Our training and development function works throughout the business, offering training and development specific to employees' roles. The programme includes the following:
 - Corporate induction programme
 - Information systems training
 - Workplace training, coaching and professional updates
 - Senior management and leadership development
 - Analysis of training needs
 - Performance management programmes
 - Professional studies

Employees received a total of 32,262 days of training during 2002.

- **Matrix Standard** In 2002, Sky was awarded the Matrix Standard. This is a national quality standard for organisations providing information, advice and guidance services for learning and work. We offer many ways of helping people become aware of their development needs, using tools such as 360-degree feedback.

We promote national initiatives, such as 'stress at work week' and 'learning at work' days, recognising that people's needs are wider than those of their immediate job.

- **Leadership Forum** Each year, our senior managers get together with the executive team to discuss the business strategy and industry issues. We transfer the information created by the Forum onto video, CD, printed material and intranet content and broadcast it on our internal TV channel, so that managers can communicate the results with good effect to their teams.
- **Work experience** We offer voluntary work experience to over 100 people each year. The most favoured departments are Sky News, Sky Sports and Broadcast Operations.

Health, safety and wellbeing

Focus: The health and safety of employees is crucial. These include journalists travelling around the world, outside broadcast units, satellite installers and employees at customer contact centres.

Activity: Health, safety and wellbeing

- All our journalists who work overseas take on intensive hostile environment training before they travel.
- The Occupational Health department works with the business and employees to reduce the risk of work-related injuries and ill health, provide advice on reasonable adjustments for employees with disabilities, and to promote physical and psychological wellbeing in the workplace.
- In Scotland, our contact centres provide facilities for employees to relax away from the pressures of a contact centre role. The quality of the physical environment in our contact centres is paramount and we were awarded the European Call Centre of the Year 2002 – Best Call Centre Design, recognising the scale of our investment and our success in designing the most people, team and customer-orientated environment.

Listening and learning

Focus: Sky believes that good internal communication helps its employees understand and become involved with the Company goals. We have an Internal Communications department to co-ordinate these communication channels centrally.



www.matrix-quality-standard.com



Activity: Listening and learning

- **Employee Forum** As part of our commitment to improve dialogue around the Company, we set up an Employee Forum. We received nominations from employees, and 25 representatives from around the Company attended their first meeting in March 2003 to represent the views, opinions and ideas of their divisions or departments. The Forum meets every 12 weeks.
- **Sky speakers** This is a group of employees who act as an additional communication loop between the business and employees at our contact centres in Scotland, allowing all employees at these sites to be involved regardless of the time of day or night that they work.
- **Employee satisfaction** Sky runs a regular employee satisfaction survey, measuring the views and opinions of employees.
- **Communication** We recognise that providing high quality information, advice and guidance to employees in every context is one of our key responsibilities as an employer. Our work in this area has recently been assessed as part of the Government-backed Matrix awards, and we are one of a few pilot organisations to be accredited with this national award.

We maintain good communications with geographically remote staff so they remain an integral part of the Company. Employees are given the tools to access relevant information in the formats they find most convenient. For example, installers and sports reviewers may be best served by text messages, while office-based employees may find email more useful.

Communicators in Business – Gold Winner, Internal Magazine 2003

Communicators in Business – Award of Excellence, Best use of Humour 2003

Our communication methods include the following:

- *Vision*, employee magazine
- Sky Speakers
- *digitalk*, installer magazine
- Email
- Employee Forum
- Roadshow events (Customer Contact Centre roadshows and Pension roadshows)
- The Leadership Forum for senior managers
- Satisfaction and opinion surveys

Delivering the vision – achievements 2002/03

Getting the balance right

- 2002 – Recruitment of a Disability Access Manager
- 2003 – Recruitment of a Diversity Manager
- 2003 – Accessibility audits on all Sky buildings undertaken

Recognising dedication

- 2003 – Focus Scheme launched in Customer Contact Centres

Developing skills

- 2002 – Matrix Standard awarded to Sky
- 2002 – Employees received a total of 32,262 days of training

Health, safety and wellbeing

- 2002 – European Call Centre of the Year – Best Call Centre Design

Listening and learning

- 2003 – Development of Employee Forum
- 2003 – Communicators in Business – Gold Winner, Internal Magazine
- 2003 – Communicators in Business – Award of Excellence, Best use of Humour

Summary of commitments

By December 2003, we will re-launch the Code of Conduct to all employees

By October 2003, we will launch an advice line for disabled people interested in a career at Sky

By January 2004, the plan of work required to achieve accessibility to our main sites will be in place

By January 2004, disability awareness training will be rolled out to all employees

By June 2004, we aim to undertake a regular work placement programme for disabled people

Awards

Sky is proud of its achievements and the external confirmation it has received

- 2003 – European Call Centre of the Year 2002 – Best Call Centre Design
- 2002 – Matrix Standard awarded to Sky
- 2003 – Communicators in Business – Gold Winner, Internal Magazine
- 2003 – Communicators in Business – Award of Excellence, Best use of Humour

Information

www.matrix-quality-standard.com

Broadcasting and Creative Industries' Disability Network (formerly Broadcasters' Disability Network)
www.employers-forum.co.uk

working within a community

03

in touch, within reach

Our shared vision with our local and national community:

Sky takes its commitment to the community seriously, with the aim of achieving value for both our business and the wider community by helping young people understand and realise their potential. We aim to provide clear information on our community involvement and to establish partnerships with the voluntary and public sector organisations we work with.

The bigger picture

We are a young Company with a strong youth appeal. Our customers include a growing number of families with children. Young people are therefore an appropriate focus for our community initiatives. Many of them face significant challenges as they prepare for adult life, and since 1999, Reach For The Sky (RFTS), our flagship initiative, has aimed to inspire and motivate teenagers towards creating a better future for themselves.

In 2002, we commissioned The Future Foundation to undertake research to understand the key issues, opinions and aspirations of the nation's youth. The findings showed that only 40% of 17 to 18-year-olds felt the traditional approach to school and careers advice prepared them well enough for their future.

Reach For The Sky is now in its fifth year. To ensure this initiative continues to meet the needs of our business and provide ongoing benefits for young people, we began a review of all our community involvement activities in June 2003.

Commitment: By April 2004, we will analyse the findings of our community involvement review and put a proposal to the Corporate Responsibility Forum.

Our community investment during our financial year 2002/03 is analysed below. We have broken down our support according to the recommendations of the PerCent Club, under the headings 'cash', 'staff time' and 'in-kind', such as donations of merchandise.

Breakdown of the total value of Sky's Community Involvement

For the financial year 2002/03	
Total value	£2,519,697
Total cash donations	£1,541,887
Total time donations	£20,718
Total in-kind donations	£326,133
Management, research costs and evaluation	£630,959
0.97% of pre-tax profit year ending 30 June 2003	

During summer 2002, we sent questionnaires to a number of national voluntary organisations and schools near our main sites and used the answers to draft our first shared vision with our community – shown on this page – and prioritised the areas of development shown in this section:

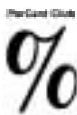
- Achieving ongoing value for both our business and the community
- Helping young people to realise their potential
- Providing clear information
- Establishing partnerships



We actively encourage our employees to get involved with initiatives in local schools.



Reach For The Sky (RFTS), our flagship initiative, aims to inspire and motivate young people towards creating a better future for themselves.



Sky has been a member of the PerCent Club since 2002.

Achieving ongoing value for both our business and the community

Focus: When Sky undertakes community initiatives, it aims to achieve the best for both our business and the community, using the skills and enthusiasm of our employees. We run several initiatives with our employees, supporting them as they help their local communities or national organisations. They can do this in a number of ways, either through cash donations to charities or more active participation. We believe this is how we can increase the value of the connection between our Company and our community.

Activity: Achieving ongoing value for both our business and the community

- **Employee Volunteering** Our Corporate Affairs department supports individual employees and teams of employees who undertake voluntary work or would like to. As with other areas of our community involvement, we focus on supporting the aspirations and achievements of young people.

We offer support in several ways, including identifying a charity to work with where our employees live or work, matching time volunteered with a cash donation, and setting up and supporting team challenges with colleagues.

- **Match Funding** If an employee takes part in a fund-raising event and raises a minimum of £100, we will match the amount raised, up to £600 if it's raised for Sky's Charity of the Year or £300 for any other UK registered charity.

During 2002/03, Sky match funded employee fund raising by £74,018.

- **Payroll Giving** Employees can donate to up to three charities tax-free every month. We deduct the amount from their gross salary and make an additional contribution of 50% of their donation. As at April 2003, 4.5% of our employees participated in payroll giving.

Commitment: In 2003, Sky committed to aim for The Giving Campaign's target of 10% of employees participating in payroll giving.

- **Community Relations Forums** Our employees meet at least six times a year in Scotland to manage a community budget for local charities helping young people in Livingston and Dunfermline.

In 2002/03 Sky's Community Relations Forums donated over £60,000 to local charities.

The Forum's responsibilities also include fundraising for Sky's Charity of the Year.

Commitment: By January 2004, we will set up a Community Relations Forum in Osterley, our London site.

- **How does it make our employees feel?** Below is an extract from a letter from an employee who acted as a mentor on Reach For The Sky Live.

Helping young people to realise their potential

Focus: Investing in young people through Reach For The Sky, a unique community investment initiative, which uses the youth appeal of the Sky brand, strategic partnerships and the expertise of our employees to help young people understand and realise their potential.

Activity: Helping young people understand and realise their potential

- **Reach For The Sky Live** This is a series of two-day residential courses held across the UK, focusing on careers in sport, entertainment and journalism. 15 and 16-year-olds have the opportunity to meet and talk to people in the business, gain hands-on experience of relevant activities and find out about job opportunities they may otherwise not have been aware of.

In 2002, 706 young people attended RFTS Live in six different locations.

I would just like to say how much I enjoyed being a mentor at Reach For The Sky Live in Bournemouth. It was definitely not just an exciting and empowering experience for the young people, but also for me. I came away feeling refreshed. The children put us to shame with their own enthusiasm for the event and it was overwhelming watching them bond and take on every task wholeheartedly. Again my thanks for allowing me to participate.
Thank You!

A letter from an employee at Sky's Dunfermline site who attended Reach For The Sky Live in 2002.



The Reach For The Sky website encourages young people's creativity, and introduces the realities of the media business.



A brand new initiative to inspire and motivate young people through sport.



During 2003, Reach For The Sky was awarded a DTI/Business in the Community Big Tick.

Professionals from Sky News, Sky One and Sky Sports attend the courses, so the participants can talk directly to people who have made it in the industry and learn about the many varied support roles.

We run the courses during the summer holidays, with support from a partner. In 2002, this was Television and Young People (TVYP), the educational arm of the Guardian International Television Festival, and the leading forum for young people who want to break into the TV industry.

Commitment: In 2003, we aim to have 1,200 young people attend RFTS Live.

- **Reach For The Sky On Tour** This is a one-day roadshow, visiting locations throughout the UK. Participants are mostly between 16 and 17-years-old and have the opportunity to get involved, build their confidence and learn new skills in motivating surroundings. There are five zones – journalism, media, drama, music and dance.

Nearly 5,600 young people have attended RFTS On Tour in 26 locations since March 2002.

In 2002, we ran Reach For The Sky On Tour with two partners. The Learning & Skills Council aims to raise participation and achievement through high quality education and training to provide young people and adults with knowledge and skills. Weston Spirit is a dynamic youth charity co-founded by Falklands veteran Simon Weston that aims to promote confidence and self-esteem in young people and help them fulfil their potential.

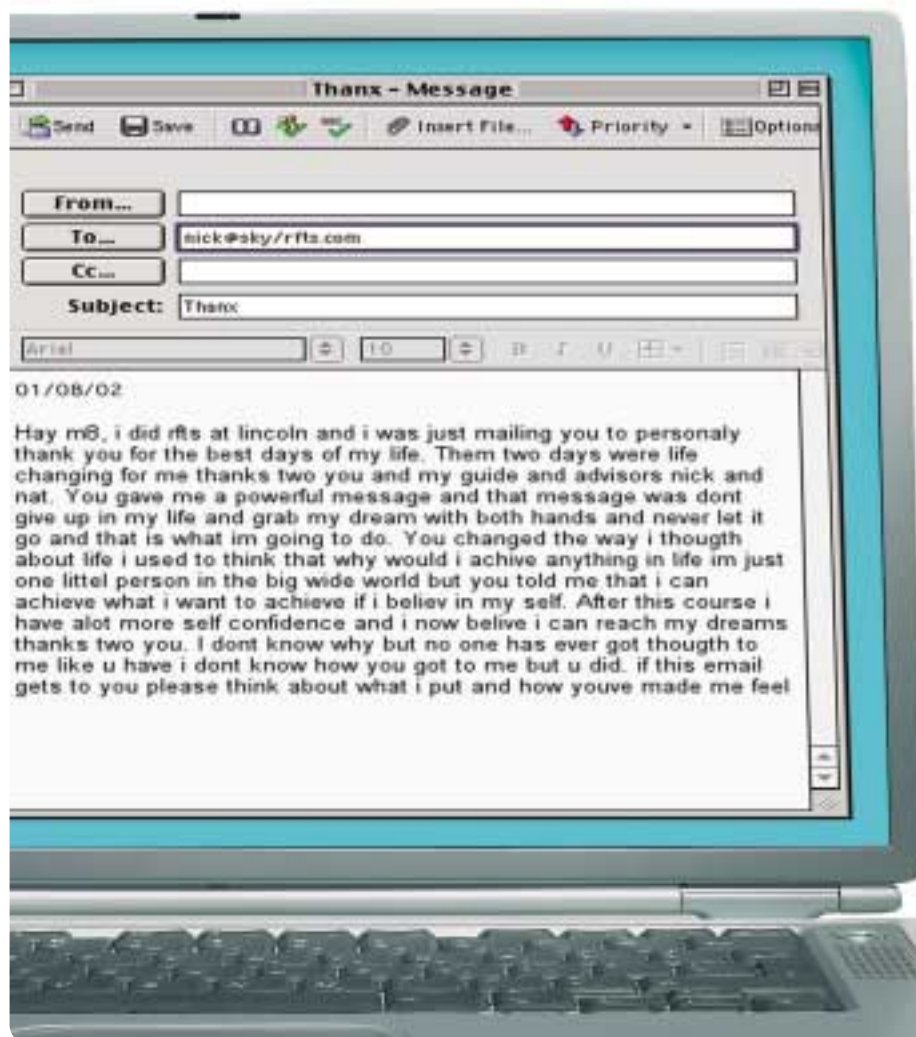
- **Reach For The Sky Living for Sport** This is a brand new sports initiative we are developing in two phases. It operates as part of Reach For The Sky and will target young people whose behaviour suggests they are under-performing at school. Working with the leading school sport charity, Youth Sport Trust and the Department for Education and Skills (DfES), the first phase of the project will give teachers a 'sports toolkit'. This will be loaded with suggestions, ideas and advice on developing interpersonal, leadership and coaching skills to inspire and motivate young people through sports.

Working with sports colleges and youth organisations, the second phase is a competition to enable participating organisations in towns across the UK to access various sports, resources and local facilities. We are currently piloting the project with 20 areas in England from September 2003.

- **Reach for the Sky Website** The site has been developed to cater for any 14 to 19-year-old looking for advice and information on life and work and to provide an ongoing support relationship with the 12,000 teenagers who have already taken part in RFTS events.

The content is straight-talking and optimistic and is aimed at a wide range of teenagers – from the focused and determined, to the demotivated and disengaged.

Online users can explore the realities of working in the entertainment, media and sport industries, through video profiles, articles and insider interviews



An email from a Reach For The Sky Live participant 2002.

throughout the different zones: Journalism, Music, Movies and TV, Sport, On The Road, Work It, Clued Up and Chat n'Chill. Teenagers can showcase their own work and give feedback on others. Support and advice comes from the Dilemma Doctor and Job GP. Plus, users can explore training and courses or chat in the RFTS online community, a safe community environment for teenagers.

Providing clear information

Focus: Sky aims to provide clear information on its community involvement initiatives. This helps our internal and external audiences to understand the focus of our activity and support and to judge whether their application for support will be successful.

Activity: Providing clear information

- **Community Involvement Policy** This has four main priorities:
 - Developing young people's creativity
 - enhancing young people's communication skills
 - Helping young people make career choices
 - Building young people's confidence



Charities that assist the development of young people can apply to Sky for a Community Investment Funding Grant.

Commitment: By June 2004, we will develop systems to measure and share our community involvement initiatives.

- **Employee information and literature** With over 10,000 individuals working at Sky, we need to communicate our community involvement initiatives effectively. We use email to support poster and leaflet campaigns and our partner organisations, such as Charities Trust and our Charity of the Year, visit our sites in England and Scotland.

Establishing partnerships

Focus: From the beginning, Reach For The Sky had to be more than just a cash-giving exercise. The whole infrastructure of the three initiatives is based on three-way partnerships between Sky, voluntary organisations and Government departments. We believe this approach gives Reach For The Sky strength and sustainability.

Activity: Establishing partnerships

- **Reach For The Sky** We run our RFTS Live, On Tour and Living for Sport initiatives through strong partnerships with voluntary organisations and Government departments.

Both RFTS On Tour and Living For Sport support the DFES policy to raise achievement, cut truancy and increase participation in further education and training by helping young people who might not otherwise realise their potential.

- **The Learning and Skills Council (LSC)** aims to raise the number of 16 and 17-year-olds participating in education and training. RFTS On Tour helps them achieve this by jointly funding an initiative that:
 - Uses the Sky brand to attract young people not involved in, or likely to drop out of, education and training
 - Identifies participants, via Weston Spirit, who are unable to realise their aspirations because of a lack of basic skills
- **Weston Spirit** is a charity that aims to tackle issues of social exclusion in young people through personal development programmes and projects. They lead the recruitment drive for RFTS On Tour and after the workshops work with participants to help them plan their personal development. RFTS On Tour has benefited Weston Spirit by:
 - Drawing on the appeal of the Sky brand to target disaffected young people
 - Using the workshops to make initial contact
 - Raising the profile of Weston Spirit

Applying for sponsorship

Children's Express is a charity that aims to help young people express themselves publicly on vital issues that affect them, to raise their self-esteem and develop their potential.

Children's Express first approached Sky in September 2002 to part-fund a new project to help youngsters to undertake research, and learn communication and team skills by developing a series of articles on media representation of young people.

Our Corporate Affairs department assessed the application against our four funding priorities. It was clear the project would help develop the creativity of young people, enhance their communication skills, prepare them for the world of work and build their confidence.

Children's Express received the requested £4,570 from us in November 2002, enabling them to include 100 more young people on their project. The Head of Sky News had this to say:

'The young journalists from Children's Express bring a unique perspective... their interviews show an admirable directness and lack of inhibition.'



- **Youth Sport Trust** is the partner involved in RFTS Living for Sport, which we launched in 2002 to help teachers motivate young people through sport, using a teaching 'toolkit', and competition. The partnerships will help:
 - The Youth Sport Trust to promote sport to young people with negative views of sport and school more generally
 - The DfES to raise participation in sport and to raise the profile of sport as a positive education tool
- **Charity of the Year** Each year, we nominate a Charity of the Year to receive the proceeds of our corporate fundraising activity. In late 2002, we asked our employees to nominate their Charity of the Year 2003 and put the top four charities to a vote. Our Charity of the Year for 2003 is the NSPCC and Children 1st, its Scottish sister organisation.
- **Community Channel** Sky was the first platform to carry the Community Channel (owned by The Media Trust), the first dedicated charity television and internet channel. It attracted over 1.5m viewers in just over a year, generating awareness and revenues for good causes.

We provide the broadcasting capacity free of charge. During 2002/03, the direct cost to us of providing this facility was over £300,000.

Since August 2002, Tony Ball, Chief Executive of Sky, has been a board director of The Media Trust.

Commitment: In 2003, we will renew our commitment to provide broadcasting capacity to the Community Channel free of charge.



During 2002/03, the direct cost to Sky for providing broadcasting capacity to the Community Channel was over £300,000.

Delivering the vision – achievements 2002/03

The bigger picture	<ul style="list-style-type: none"> • 2002/03 total value of support £2,519,697 • 2002/03 total value of support – 0.97% of pre-tax profit • 2002 Membership of the PerCent Club
Achieving ongoing value for both our business and the community	<ul style="list-style-type: none"> • 2002 – Sky match funded employee fundraising by £74,018 • 4.5% of employees participated in payroll giving as at April 2003
Helping young people to realise their potential	<ul style="list-style-type: none"> • To date over 12,000 young people have attended RFTS Live and On Tour • 2002 – RFTS Living for Sport launched with Youth Sport Trust
Establishing partnerships	<ul style="list-style-type: none"> • 2002/03 our new and renewed partnerships: <ul style="list-style-type: none"> – Department for Education and Skills – GamCare – Learning and Skills Council – The Community Channel (The Media Trust) – TimeBank – Weston Spirit – Youth Sport Trust

Summary of commitments

By April 2004, we will analyse the findings of our community involvement review and put a proposal to the Corporate Responsibility Forum

In 2003, Sky committed to aim for The Giving Campaign's target of 10% of employees participating in payroll giving

By January 2004, we will set up a Community Relations Forum in Osterley, our London site

In 2003, we aim to have 1,200 young people attend RFTS Live

By June 2004, we will develop systems to measure and share our community involvement initiatives

In 2003, we will renew our commitment to provide broadcasting capacity to the Community Channel free of charge

Awards

Sky is proud of its achievements and the external confirmation it has received

- 2002 – PerCent Club member
- 2003 – DTI/Business in the Community Big Tick for Reach For The Sky

Information

Reach For The Sky website
www.sky.com/rfts

Weston Spirit
www.westonspirit.org.uk

Learning and Skills Council
www.lsc.gov.uk

Department for Education and Skills
www.culture.gov.uk/sport

Youth Sport Trust
www.youthsport.net

The Giving Campaign
www.thegivingcampaign.org.uk

GamCare
www.gamcare.org.uk

TimeBank
www.timebank.org.uk

supply partnerships

04

high standards
because we
set them

Our shared vision with our suppliers:

Sky enhances shareholder value by spending its money strategically and responsibly. We see our suppliers as part of our business and so build partnerships with them to make continuous improvement in all areas of our business.

The bigger picture

At Sky we spend more than £1bn annually with our suppliers, all managed by our group procurement department based at Osterley. Through partnerships with our suppliers, we aim to enhance shareholder value by providing professional, proactive and innovative services across the Company.

In the 12 months to March 2003, Sky used over 4,500 suppliers.

In November 2002, our procurement team won the Kelly's Chartered Institute of Purchasing & Supply award for 'Most Improved Purchasing Operation'. Also, our Director of Procurement won the overall award of 'Purchasing & Supply Management Professional of the Year'.

Commitment: Ongoing – We will continue to benchmark our procurement operations against other organisations.

During summer 2002, we interviewed a number of suppliers, which helped us draft our first shared vision with suppliers – shown on this page – and prioritised the areas of development shown in this section:

- Strategic and responsible procurement
- Building partnerships
- Continuous improvement



Sky will continue to benchmark its procurement operations against other organisations.

Strategic and responsible procurement

Focus: Sky aims to bring responsible best practice into its procurement function.

Activity: Strategic and responsible procurement

- **Supplier review** Since April 2001, we have systematically reviewed our suppliers, starting with our larger accounts. This ongoing initiative has so far looked at approximately 70% of what we spend as a Company.

The main objective of this review is to ensure we are using the best suppliers for all goods and services across the Company. It also helps us make sure we get the best quality, service and value for money.

- **Supply chain reviews** We take seriously our responsibility to ensure that our suppliers follow all relevant legislation and obligations regarding their workforce, their environment and their business ethics.

As part of this approach, we visit the manufacturing sites of our major equipment suppliers globally (this includes the UK, Europe and the Far East). We look at working processes and conditions, how employees and plant are used, product and staff development plans, and sub-contractor relationships.

- **Procurement handbook** This details our procurement process and policies, such as those covering business conduct, conflicts of interest, business gifts and entertainment. It also provides information on our key account managers and procurement-related training. The handbook is available to all employees on our intranet.

Building partnerships

Focus: To help build valuable partnerships, Sky invests time and money in understanding more fully our suppliers' businesses. This makes the relationship more sustainable for both parties, meeting more effectively the objectives of both companies.

Activity: Building partnerships

- **Tendering** When potential suppliers tender for business with us, we ask them to complete a Request for Information form, covering areas such as turnover, number of employees, financial status and the services they offer.

This helps us understand the markets our suppliers operate in, and their environmental and working practices. We can then ensure we maintain a responsible partnership that meets the expectations of both parties. It also helps us to benchmark our suppliers.

The way we review tenders is open for all participants to see, and we tell everyone who has tendered, their rankings, and what we think are their strengths and weaknesses, so they can understand our decisions.

- **Building new relationships** During any review process, we invite suppliers to attend a presentation at Sky, which gives a detailed overview of our business, and of the procurement practices we expect. At this meeting we also encourage suppliers to give us a similar presentation, to help us understand their business and expectations more clearly.

Commitment: During 2003/04, we will develop ways to help suppliers meet contractual service level agreements and to continuously improve our supplier partnerships.

Continuous improvement

Focus: As anyone involved with Sky would expect, we are constantly striving to become more efficient, especially as the challenges of the business are always changing.

Activity: Continuous improvement

We made many improvements in 2002.

- **Structure, profile and communication** We established a new procurement team and structure to co-ordinate and support all the different business units involved in spending money. The internal and external profile of the procurement department has risen as a result, and this has been helped by letting everyone know how we work.
- **eProcurement** This paperless ordering system includes electronic requests for information from suppliers, electronic auctions, electronic ordering and invoice processing through to payment, and we are now successfully implementing the system where appropriate. We were also one of the



first companies in the UK to use the full Ariba Buyer process, a new system that has increased efficiency by making requisition, approval, invoicing and payment simpler and faster.

- **Payment policy** Our policy is to agree terms of payment with suppliers before entering into a contractual relationship. In the absence of a specific agreement, it is our policy to pay suppliers monthly.

At 30 June 2003, the Group had 20 days' purchases outstanding based on the total amount invoiced (excluding programming suppliers).

- **Environment** Our strategic review process includes reviewing the environmental policies of our major suppliers and working with them to ensure they do not compromise our own environmental objectives.

When choosing suppliers we ask them to provide details of their environmental plans and procedures. If other rankings such as service and quality are equal, then we view those with a pro-active awareness of their environmental impacts more favourably.

Commitment: By December 2003, we will have increased our expectations of environmental issues when we communicate with suppliers.



During any review process, we invite suppliers to a presentation to share information on our business and our procurement practices and to better understand our suppliers' business.

Delivering the vision – achievements 2002/03

The bigger picture

- 2002 – Sky's procurement team won the Kelly's Chartered Institute of Purchasing & Supply award for 'Most Improved Purchasing Operation'
- 2002 – Sky's Director of Procurement won the Kelly's Chartered Institute of Purchasing & Supply award for 'Purchasing and Supply Management Professional of the Year'

Strategic and responsible procurement

- 2002 – Procurement handbook published for employees involved in purchasing decisions and made available on the intranet
- 2003 – Supplier reviews – we have reviewed 70% of our total spend

Building partnerships

- 2002 onwards – We continue to undertake reviews on a responsible, joint basis with our suppliers

Continuous improvement

- 2002 – Improved structure, profile and communication of the procurement function within the business
- 2002 – Launch of Ariba Buyer, an electronic purchase order system
- 2002 – e-payment system launched

Summary of commitments

Ongoing – We will continue to benchmark our procurement operations against other organisations

During 2003/04, we will develop ways to help suppliers meet contractual service level agreements and to continuously improve our supplier partnerships

By December 2003, we will have increased our expectations of environmental issues when we communicate with suppliers

Awards

Sky is proud of its achievements and the external confirmation it has received

- 2002 – Sky's procurement team won the Kelly's Chartered Institute of Purchasing & Supply award for 'Most Improved Purchasing Operation'
- 2002 – Sky's Director of Procurement won the Kelly's Chartered Institute of Purchasing & Supply award for 'Purchasing and Supply Management Professional of the Year'



Sky was one of the first companies in the UK to use the new Ariba Buyer process, which makes requisition, approval, invoicing and payment simpler and faster.

our environmental impacts

05

thinking about tomorrow, can't wait until tomorrow

Our shared vision with our environment:

Sky is developing a managed approach to minimising the impact we have on the environment, by reducing the energy resources we consume, decreasing waste and reviewing the environmental performance of the products and services we provide.

The bigger picture

As a broadcaster, Sky has a limited environmental impact. But we believe it is important to be aware of the impact we do have, and to set ourselves targets to reduce it.

In June 2003, we recruited an environmental manager to help us achieve the targets in our environmental policy. We have made progress in a number of areas, including:

- Reviewing and pro-actively responding to the impact forthcoming environmental legislation will have on our products and suppliers;
- Reviewing and ensuring legislative compliance at our sites;
- Establishing long-term targets from which we will be able to demonstrate sustained improvements in our environmental performance;
- Improving our environmental monitoring so we can improve the quality of our information;
- Working with our suppliers to minimise the environmental risks associated with the services and products we use.

In 2002 and this year, Sky has published a separate Environmental Report, with a summary contained within our corporate responsibility reporting. From 2004, we will include the environmental report within our corporate responsibility reporting.

During summer 2002, we interviewed Government departments, voluntary organisations and accounting bodies. The results helped us draft our first shared vision with the environment – shown on this page – and prioritised the areas of development shown in this section:

- A managed approach
- Reducing energy and resource consumption
- Waste management
- Purchasing and the environment



A managed approach

- **Environmental policy** You can view Sky's environmental policy within our second Environmental Report, available in the corporate section of our website www.sky.com/responsibilities
- **Environmental Committee** Sky's Environmental Committee comprises members from different functions across the business, including procurement, health and safety, facilities management, internal communications, corporate affairs, product development, IT, and travel and transport. Over the last year, the committee has discussed and reviewed processes and practices that can reduce our impact on the environment. They have also set targets appropriate to our Environmental policy and established a more consistent approach to collecting data.

Reducing energy and resource consumption

Focus: Sky is aiming to reduce energy use across the business, both in our buildings and in our day-to-day operations.

Activity: Reducing energy and resource consumption

- During 2002, we introduced the use of low-energy light fittings in new buildings, as part of our maintenance and replacement programme, helping to reduce our day-to-day energy use.
- We use the heat generated by amplifiers at our satellite broadcasting sites to heat the antennas in the winter. This prevents them from icing over and

replaces the need for gas heaters to do the same job. See figure 1 for our total energy usage.

Commitment: By December 2003, we will have completed our move from 150 watt to 50 watt desk-top PCs.

- **Water usage** We reviewed our water management during the first half of 2003. The findings indicate that we need to become more efficient in this area and raise awareness of water usage within the business.

During the second half of 2003, we will employ a water efficiency consultant to provide baseline data on water usage and help us to reduce the amount of water the business uses, in line with the commitment in our policy.

Commitment: By June 2004, we will have set a reduction target against our baseline figures of water usage.

For further information on how we are reducing the energy resources we use, view our Environmental Report on our website.

Waste management

At Sky we use large amounts of paper and other office consumables such as toner cartridges. Paper is used for studio scripts, contact centre briefs, confidential customer information, our customer magazine, and customer marketing and billing. These consumables need to be either re-used, recycled or disposed of.

We have recently received approval for an on-site cardboard bailer which will increase the amount of recycled waste. See figure 2.



You can view Sky's latest environmental policy and Environmental Report, on the corporate section of our website www.sky.com/responsibilities

Figure 1
Total energy usage electricity, gas and oil
2001 and 2002

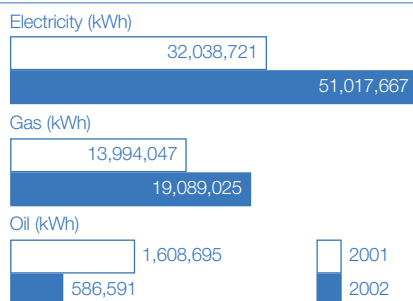


Figure 2
Waste management
2002



Low-emission output was a consideration when we chose our Citroën Berlingo installation vans.



Purchasing and the environment

Focus: Sky aims to increase the proportion of environmentally preferable goods including paper, furniture, electrical equipment, transportation and signal transmission and reception equipment we purchase. The Procurement department openly assists in this aim and reviews our supply contracts regularly to find improved commercial or environmental benefits.

Activity: Purchasing and the environment

- **Environmental performance of our suppliers** Part of the strategic review process includes reviewing the environmental policies of our major suppliers and working with them to ensure that they do not compromise our own environmental objectives.

We assess many criteria, starting with service and quality, but if all other rankings are equal, we view suppliers with environmental plans and achievements more advantageously.

- **eProcurement** We now use eProcurement to increase efficiency and reduce paperwork. This is a paperless ordering system, including electronic requests for information, online auctions and electronic order processing through to invoicing and payment.
- **Paper usage** In 2002, we used approximately 44,367,500 sheets of paper. Throughout 2003, recycling initiatives have been piloted and will be rolled out by 2004.

Commitment: By 2005, all paper products will contain a minimum of 60% post-consumer waste paper, and where this option is not viable, the paper will come from sustainable sources.

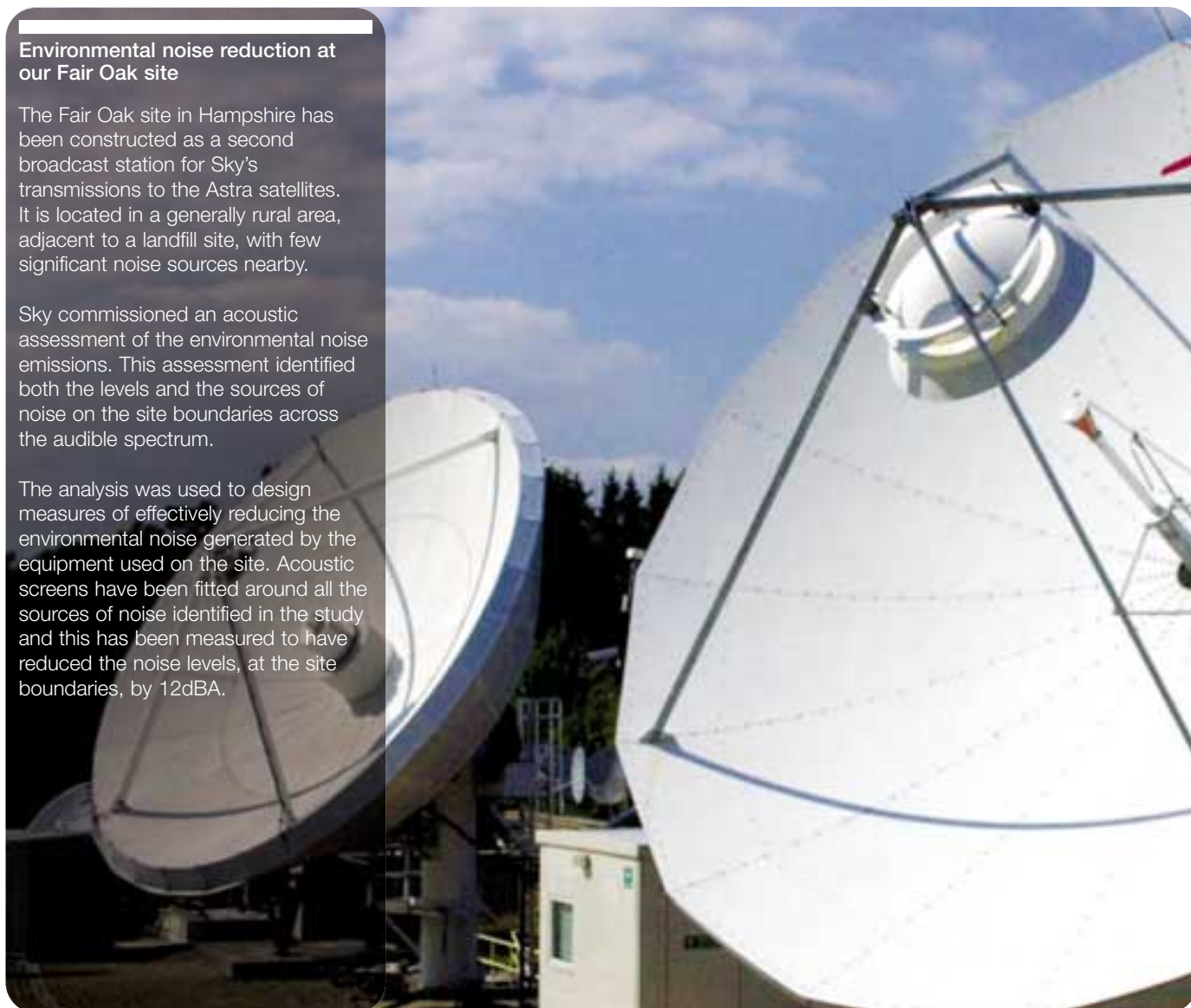
From October 2002, we reduced the size of the Sky customer magazine, saving approximately 1,200 tonnes of paper a year, and, each month using five fewer lorries carrying raw material and five fewer delivering the finished goods.

Environmental noise reduction at our Fair Oak site

The Fair Oak site in Hampshire has been constructed as a second broadcast station for Sky's transmissions to the Astra satellites. It is located in a generally rural area, adjacent to a landfill site, with few significant noise sources nearby.

Sky commissioned an acoustic assessment of the environmental noise emissions. This assessment identified both the levels and the sources of noise on the site boundaries across the audible spectrum.

The analysis was used to design measures of effectively reducing the environmental noise generated by the equipment used on the site. Acoustic screens have been fitted around all the sources of noise identified in the study and this has been measured to have reduced the noise levels, at the site boundaries, by 12dBA.





greener

By reducing the size of our customer magazine we are saving approximately 1,200 tonnes of paper a year.

We will be encouraging employees to play their part in environmental initiatives such as video and CD recycling.



Delivering the vision – achievements 2002/03

The bigger picture	<ul style="list-style-type: none"> • 2003 Recruitment of an Environmental Manager
A managed approach	<ul style="list-style-type: none"> • 2002 First Environmental Report published • 2003 Setting of targets against our environmental policy • 2003 Second Environmental Report published
Reducing energy and resource consumption	<ul style="list-style-type: none"> • 2002 Implementation of an eProcurement system
Purchasing and the environment	<ul style="list-style-type: none"> • 2002 Reduced the size of the Sky customer magazine saving approximately 1,200 tonnes of paper a year

Summary of commitments

By December 2003, we will have completed our move from 150 watt to 50 watt desk-top PCs

By June 2004, we will have set a reduction target against our baseline figures of water usage

By 2005, all paper products will contain a minimum of 60% post-consumer waste paper, and where this option is not viable, the paper will come from sustainable sources

Information

www.sky.com/responsibilities



Glossary of terms

Accessibility

Making sure people can access our products or services.

Audio description

A spoken explanation of what's happening on the screen.

Churn

The number of subscribers who cancel their subscription each year.

Community involvement

An organisation's involvement with the community close to its business premises, or nationally through voluntary organisations and charities.

Corporate citizenship

The creation by a company of relationships with people affected by its activities to understand its responsibilities within society better.

Dialogue

Two-way discussion, held in a variety of ways.

Digital television

The transmission of digital services for viewers with the appropriate reception equipment, delivered through a conventional aerial, satellite dish or cable and converted through a digibox.

Diversity

Acknowledging and valuing all the ways in which people differ.

Encryption

A technology that can restrict digital television access to authorised users.

Partnership

A mutually beneficial relationship with an outside party, often to provide goods or services.

Sky+

The facility to watch one satellite programme while recording another, auto record every episode of a series and pause and rewind live TV.

Stakeholder

Any individual, group or other organisation that affects or is affected by the activities of an organisation.

Subtitling

Text representing what is being said shown with the picture on the screen.

Terrestrial television

TV channels delivered to households by a conventional aerial.

Want to know more?

Sky produces a comprehensive suite of literature covering virtually every aspect of its operations. Copies of these documents can be obtained on request from Sky by post or, in most cases, can be downloaded from www.sky.com as pdf files.

For the latest information on Sky's Corporate Responsibility initiatives, go to www.sky.com/responsibilities or write to our Group Head of Corporate Affairs, British Sky Broadcasting Group plc, Grant Way, Isleworth, Middlesex TW7 5QD.

Tell us what you think

To give us your feedback on this Review or to comment on the work we are doing, email us at corporateaffairs@bskyb.com or go to www.sky.com/responsibilities and leave your message.

For further information

For further information on BSkyB as a Company, just head for the website www.sky.com

Within our Corporate Information section you will find financial information such as Annual Reports, Interim Results, the latest share prices and press releases and also a Corporate Responsibility section.



We are mindful of the environmental impact of the production of our Corporate Responsibility Review and have sought to minimise the resources used whenever possible.

The paper used is Dutchman and is totally chlorine-free, fully recyclable, acid free and fully bio-degradable. It is the mill's policy to buy the wood pulp from sustainable forests.

No film or film processing chemicals were used and 95% of the cleaning solvent was recycled.

Vegetable-based inks were used throughout.

The printer is registered to environmental management systems ISO 14001 and EMAS, the Eco Management and Audit Scheme.

On average over 84% of any waste associated with this review will be recycled.

sky.com

Go »





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