



Bigger Picture Performance 2015/16

Contents



Our approach to reporting

This Bigger Picture Performance update provides an overview of our progress for the previous financial year from July 2015-June 2016. This includes information about how we are building a better, more sustainable business for the long term and is available to everyone.



Indicates external assurance by Deloitte LLP

Overview

Sky's Bigger Picture at a glance	02
CEO introduction	03
Sky's Bigger Picture overview	04
About our reporting	22

Embedding our responsible business approach across the group



Positive contribution

Positive contribution	05
-----------------------	----

£12bn
revenue



Responsible business

Responsible business	07
Customers	08
People	09
Responsible sourcing and human rights	11
Environment	12
Environmental data	14
Inspiring action on climate change	16

10 years
of being carbon neutral








Inspiring action

Inspiring action	17
▶ in the UK and Ireland	18
▶ in Italy	19
▶ in Germany and Austria	20
Sky Cycling	21

157,700
young people supported



Guide to the navigation buttons

-  Go to main contents page
-  Go to preceding page
-  Go to next page
-  Search for content (desktop only)
-  Return to last page visited (desktop only)

Sky's Bigger Picture at a glance

Europe's leading entertainment and communications business

Positive contribution

£12bn
revenue

130,000
jobs supported
across Europe

£5.2bn
annual content
investment

£19.7m
community
contribution

30,000+
employees



Responsible business

44%
reduction in carbon
emissions in the
UK and Ireland
since 2008

38%
of Top 400 leaders
in the UK & Ireland
are women

Top 8
sustainable business
in Newsweek's
Green Rankings

Sky
Broadband
Shield
auto switched on
for new and existing
customers

Inspiring action

157,700
young people
supported

Winner
2016 Business in
the Community
Inspiring Young
Talent Award

10%
of our employees
volunteered

1m
participants in Sky
Ride and Team Sky
win Tour de France
for the 4th time

CEO introduction



Jeremy Darroch
Group Chief Executive Officer



Sky Academy Arts Scholars of 2016 with Lord Melvyn Bragg at The South Bank Awards.



Sky supported WWF's Earth Hour with the first ever Earth Hour advert.

At Sky, we understand that our success is based not just on what we do, but how we go about it. Two years on from the creation of the enlarged Sky group our responsible business strategy is deeply embedded and we are creating even more opportunities to reach beyond our business and make a positive contribution in our communities.

Our responsible business strategy is focused on areas that we know matter to our customers: providing safe and sustainable products that are accessible for everyone; managing our environmental impacts across our business; strengthening our work with suppliers to improve their standards and keeping our customers' data safe. Because our culture and our brilliant people are fundamental to Sky's sustained success, we're also creating an inclusive workplace for the future.

As Europe's leading entertainment and communications business, we have the opportunity to reach beyond our business to make a positive impact on society. We use our strengths and passion for TV, creativity and sport to help young people develop skills and unlock their potential. This year, more than 157,700 young people have participated in exciting opportunities across the group including Sky Academy in the UK, Sky TG24 for Schools in Italy and Sky Foundation in Germany.

Through our eight year partnership with British Cycling, and the success of Team Sky, Sky has inspired the nation to get back on their bikes. This year we celebrated our millionth participant in Sky Ride whilst Team Sky won its fourth Tour de France title. In the year that saw world leaders coming together to pledge climate action at COP21, we also inspired our customers to take action against climate change, through our support of WWF's Earth Hour.

I'm extremely proud of the business we have built today. But more than that, I am excited about the future as we continue to create and grasp opportunities to better serve our customers, make a positive impact on society and make our business successful for the long term.

Jeremy Darroch
Group Chief Executive Officer



Sky's Bigger Picture overview

Developing our Bigger Picture strategy

- ▶ We listen to and learn from our people and our wider stakeholders
- ▶ We assess the material sustainability risks to our business
- ▶ We identify the opportunities we have as a leading media and communications company to make a positive impact on society

From this we build our Bigger Picture strategy and determine our material areas of focus.

The difference we make

Positive contribution

- ▶ Creating jobs and helping economies grow
- ▶ Acting as a powerhouse for the creative industries in Europe
- ▶ Investing in communities across Europe

Responsible business

- ▶ Reducing our impact on the environment and inspiring action on climate change
- ▶ Making the Sky experience safe and accessible for everyone, including families and our customers with disabilities
- ▶ Working with suppliers to improve environmental, ethical and social standards
- ▶ Creating an inclusive place to work
- ▶ Keeping personal and commercial data safe and secure

Inspiring action

- ▶ Unlocking potential in young people, helping them to develop the skills they need to succeed
- ▶ Inspiring the nation to get on their bikes

Making our business successful for the long term

Seeing the bigger picture is an integral part of how we create value alongside:

- ▶ Investing for the long term – We invest over the long term because we want to build a business that is durable. This means ensuring that we create the conditions for sustainable success whilst also delivering results in the short term
- ▶ Driving efficiency – We underpin everything that we do with a rigorous focus on operating efficiency. By ensuring that we have an efficient and agile operating model, we consistently drive down costs to allow us to invest more where customers see greatest value
- ▶ Investing in our people – We invest in our people because we recognise that their talent and commitment are critical to our success. We aim to foster a culture which encourages our people to fulfill their potential and to strive for continual improvement in all that they do, enabling us all to achieve great things together

Bigger Picture governance

Sky's Board of Directors is responsible for the stewardship of the Company and ensures that its strategy is aligned to the interests of investors, taking account of the interests of all the Company's stakeholders. This includes our responsible business approach and our work with our customers and communities to inspire action and create opportunities.

Sky's formal Committee of the Board, our Bigger Picture Committee, has responsibility for the oversight of the social, environmental and ethical impacts of the Company's activities, including approving the Bigger Picture strategy, monitoring progress and approving our Bigger Picture Performance update. The Committee meets twice a year and is chaired by James Murdoch and its two other members are Tracy Clarke and Dave Lewis. The Committee is joined by members of Sky's Executive team who also support the development of the Bigger Picture strategy. The strategy is implemented by a number of steering groups and teams in each territory.



Find out more about our approach at [sky.com/biggerpicture](https://www.sky.com/biggerpicture)

Positive contribution

As Europe's leading entertainment and communications business, we provide our millions of customers with the very best TV experience. Whilst doing so we also make a positive impact through our contributions to economies and by investing in the arts and sport.

'You, Me and the Apocalypse'
Sky 1



£1.6bn operating profit



£7.6bn contribution to GDP across our five territories



30,000+ employees



£19.7m community contribution

Positive contribution

2016 has been another excellent year for Sky, as we build on our leading position in Europe, we make important financial, economic and community contributions to the countries in which we operate.

As an enlarged group operating across territories at different stages of development, and in markets and segments with different structures, we measure our success by how the group comes together to deliver consistent long-term growth. This year we have achieved another very strong performance across all of our markets, which has enabled us to close the year with group revenues up 7% to £11,965m and a 12% increase in operating profit to £1,558m. We contribute £7.6bn to GDP across the UK, Ireland, Germany, Austria and Italy, and we generate £1.8bn in tax revenues. A total of £1.2bn goes to the UK Exchequer, meaning we continue to be one of the UK's biggest tax payers.

	2014/15	2015/16
Financial¹		
Adjusted Revenue (£m)	11,283	11,965
Adjusted Operating Profit (£m)	1,397	1,558
Tax contribution²		
Taxes borne		
On profits (e.g. corporation tax) (£m)	235	188
On transactions (eg. duties and levies) (£m)	38	14
On labour (eg. employer's NIC) (£m)	147	199
Other taxes and levies (£m)	30	21
Total taxes borne (£m)	450	423
Taxes collected		
On transactions (eg. net VAT) (£m)	927	955
On labour (eg. PAYE, employees' NIC) (£m)	357	461
Total taxes collected (£m)	1,284	1,417
Total tax contribution (£m)	1,733	1,839
Community contribution³		
Cash (£)	14,501,773	13,184,918
Time (£)	541,178	1,162,224
In-kind (£)	321,686	2,361,333
Management (£)	2,673,426	3,058,364
Total Community Contributions (£m)	18,038,063	19,766,839
Community Contributions as a percentage of revenue (%)	0.2	0.2
Employees giving to charity through payroll giving or matched funding (%) (UK and Ireland) ⁴	-	7.4%
Employees		
Number of employees (headcount)	29,297	30,714
Total employee costs (£m)	1,334	1,514

All figures are group total including Germany and Italy unless otherwise stated. All figures, except for community contribution can be found in our **Annual Report**.

1 Unless otherwise stated, all growth rates and comparative amounts are presented on an adjusted like-for-like basis and on a constant currency basis using current period exchange rates though include 53 weeks of trading in the current year compared with 52 weeks in the previous year. The financial results of Italy and Germany are translated into sterling at a constant currency rate of €1.34: £1.

2 Corporation tax figures are on a cash basis and include continuing and discontinued operations as well as tax on exceptional items. All other tax figures are on an accruals basis.

3 Figures audited by London Benchmarking Group. The community contributions of Italy and Germany are translated into sterling at a constant currency rate of €1.34: £1.

4 Reporting for the first year on employees giving to charity through payroll giving or matched funding in line with our internal measures of employees engaged in charitable giving through Sky. This is measured in the UK and Ireland only as this is where we have payroll giving and match funding mechanisms in place.

Our contribution to the community

Sky understands the importance of making a positive contribution to the communities in which we live and work. We use the London Benchmarking Group model to analyse our community contribution. For the first time, this year we have assessed our group wide community contribution. Our total community investment this year is £19.7m. For more about Sky's work to make a positive impact in our communities please see our **Inspiring action** section from page 17.



Mama Youth

As part of Sky Academy Starting Out, Sky works with Mama Youth to equip young people with the skills and experience needed to work in the media.

£5.2bn annual investment in the creative industries



£1.8bn tax paid



Responsible business

At Sky, acting responsibly and being successful commercially go hand in hand. 22 million customers across Europe choose to do business with Sky. They have high expectations of us and trust us to do the right thing, from keeping the information they share with us safe and secure to reducing our environmental impact.



We published our first
Modern Slavery Statement



44% reduction in carbon emissions
against our 2008 baseline in the UK
and Ireland



38% of our Top 400 leaders in the UK
and Ireland are women



87% of our programmes are subtitled
across 25 channels in the UK

Customers

Customer service and satisfaction

At Sky we have 22 million customers and want to ensure we always offer standout customer service. The way in which many customers want to interact with us is changing. More than one-third of our customer service interactions and over 50% of our sales in the UK are being made online. This increased digital interaction is leading to improved customer satisfaction, with Net Promoter Scores at an all-time high. We also achieved the highest customer satisfaction levels in the industry, as ranked in Ofcom's customer service report.



For more on our customer service see our **Annual Report**

Safe and accessible

We are proud of what we do to make the Sky experience safe and accessible for everyone, including families and our customers with disabilities. To help make Sky the safest place for families to enjoy content we offer PIN protection across all of our products and earlier this year **Sky Broadband Shield** was automatically switched on for all new and existing customers. In Germany, we provide a dedicated Kids Zone on Sky Go which is safe and secure. For our on demand content, we offer designated sections where children can watch their favourite programmes at any time.

We are making the Sky experience more accessible for those with disabilities through our content, innovative products and market-leading customer service. Our team of specialised customer service agents support 75,000 of our customers and we continue to exceed our regulated quotas for accessible content, offering subtitles and audio description on over 23 Sky channels. We audio describe our own programmes in our studios and hand pick the audio describers so we can bring to life the Sky experience for visually impaired

customers. There is a growing level of interest from our customers and stakeholders in the need for subtitles On Demand. We have been working on this over the year and have announced our ambitious plan to deliver subtitling on at least 80% of Sky on demand content. We are making good progress in Italy with our linear subtitling provision, offering more than 70% subtitling on Sky Cinema and 60% on Sky Atlantic and we offer the capability to switch languages between Italian or original subtitles.

Data governance

We are responsible for safeguarding personal and commercial data and as the threats of cyber security and data breaches evolve, we continue to focus on keeping our customers data and our business safe. That is why we have strong governance in place and continue to invest in industry leading security methods. This year, we've continued to embed our existing privacy approach across the group.

Programming complaints and investigations

We are committed to maintaining the highest content standards on our TV channels and online services, following the Ofcom Broadcasting Code.

Between July 2015 and June 2016, there were a lower number of complaints relating to content of Sky owned TV channels than in the previous year, with complaints about Entertainment channels being the lowest for three years. This demonstrates that we are managing our audience expectations through our editorial policy and compliance processes. Four complaints have been upheld across Sky Sports and Sky News. These were a result of uncharacteristic human error, misleading information in a programme-related promotion and a technical error. We have put in place processes and extra checks to avoid similar issues.

We audio describe three times the amount of programming we are required to in the UK across 23 channels



Sky Broadband Shield our online protection tool has been switched to 'default on' for all new and existing customers



Sky Kids App

Launched in March 2016, our new **Sky Kids App** offers a free, fun and safe way for pre-schoolers to nine-year-olds in the UK to enjoy the widest range of the most popular kids' TV programmes. Hundreds of children and their parents were involved in its development. The result is an app that kids love, supported by features that parents want; it allows multiple age-appropriate profiles and a sleep mode setting, giving parents the ability to limit viewing time.

	Target	2014/15	2015/16	Progress
Accessibility (A)				
Subtitling (across 25 channels)	72%	90%	87%	⬆
Audio description (across 23 channels)	9.43%	27%	28%	⬆
Ofcom's audio description and subtitling quotas are for the calendar year 5 January 2015 - 3 January 2016.				
Complaints relating to Sky programming reported to Ofcom				
Complaints	n/a	107	74	n/a
Investigations concluded and upheld	n/a	1	4	n/a
Key: ⬆ Achieved ⬇ Not achieved ⬆ On track				

All Accessibility and Ofcom complaints data refers to UK performance.



For more about our work with customers see sky.com/biggerpicture

People

Inclusivity

From designing new and innovative products, to coming up with ideas for great TV programmes, our business needs the very best people to come together every day to make great things happen. We know we will be better placed for success if we have a diverse and balanced workforce that reflects the societies in which we operate. We believe that everyone should have full and fair consideration for all vacancies, promotions, training and development. That's why we are committed to championing inclusivity and promoting a culture of opportunity for all.

Here are some of our highlights:

- Over the past year, we have had a particular focus on **Women in Leadership** and we are proud that in the UK and Ireland we have increased the proportion of women who are part of our Top 400 leaders by 4% to 38% (2015:34%). We were finalists at the Business in the Community Gender Equality Awards and also ranked in the Times Top 50 Employers for Women. In Germany, we held an event with senior women from the world of broadcasting and sport to discuss how women can overcome potential barriers to careers in media.
- We launched our **'Get into Tech'** training programme to provide free specialist training for women seeking careers in technology, at Sky or anywhere else.
- All of the UK-based independent production companies that we work with on our entertainment programming signed up to the **Creative Diversity Network** (CDN) pledge for the second year running. The CDN pledge is a public commitment by independent production companies, in-house producers and other suppliers to take steps to improve diversity in the TV industry.

38% of our
Top 400 leaders
in the UK and Ireland
are women



100% of our UK and Ireland
production companies
signed up to the Creative
Diversity Network



We know there's more we can do to have a workforce which truly reflects the societies in which we operate and so over the coming year we will be driving our progress further. We are focused on creating a fully inclusive culture to allow everyone, no matter what their background, gender, age or abilities to do their best work at Sky.



Find out more about our Women in Leadership work at sky.com/biggerpicture



50/50

Two trapeze artists demonstrate that with perfect balance, great things can happen. We're aiming for a 50/50 balance in our Top 400 Leadership group as part of our Women in Leadership initiative in the UK and Ireland.

Group performance:

	2014/15				2015/16			
	Male		Female		Male		Female	
	Number	%	Number	%	Number	%	Number	%
Gender ^(A)								
Board of Directors ^{1,4}	12	86%	2	14%	9	82%	2	18%
Senior managers ^{1,2,4}	278	76%	86	24%	270	75%	91	25%
All employees ^{1,3,4}	18,072	63%	10,809	37%	19,298	63%	11,416	37%

UK and Ireland performance:

	2014/15		2015/16	
	Number	%	Number	%
BAME Total number of black and ethnic minority employees ⁴	2,873	13	3,179	14%
Disability Total number of disabled employees ⁴	1,114	5	1,148	5%

Notes to People data on following page.

People

Great place to work

We want Sky to be a great place to work, with a culture and environment that attracts the very best employees, facilitates the flow of brilliant ideas and creativity, and supports people to be their best.

Over the past few years we have been developing the Sky campus, our group headquarters in Osterley. This summer saw the opening of our new Sky Central building. We've also moved into our new headquarters in Vienna and Milan. We continue to improve the working facilities across all our sites as this helps us to recruit and retain the very best talent.

We listen to our people through our people survey and benchmark our results externally using data from Aon Hewitt. We continue to experience high levels of participation in our people survey, averaging 77% across the two surveys this year and high levels of engagement amongst our UK and Ireland employees that are 10% above the external benchmark.*

We continue to work to create the safest environment for our people to work in. This year we launched a campaign for our field based teams promoting improved ways of accessing safety information and highlighting the importance of incident reporting. Our aim is to ensure that every incident is reported.

Our new, easy-to-use online incident reporting tool has encouraged better incident reporting giving us more opportunities to prevent accidents from happening in the first place. In the coming year, we will continue to build on and drive our culture of safety with the aim of reducing the incident rate below 0.2 and ultimately towards a target of zero reportable incidents across our operations.

Developing talent

Our people want to do their best and be their best, and we want to support them by investing in their development. Across the group we offer a range of opportunities, from courses and support for professional qualifications, to e-learning and mentoring along with on-the-job learning opportunities through projects and internal secondments.

Because we know that the quality of our leaders and managers has a big influence on performance and engagement, we provide them with a range of tailored programmes that we offer across the group.

The opening of a new technology centre of excellence at Leeds Dock in the UK has created 400 new jobs in the north of England and marks another milestone in our plans to further expand our capabilities and welcome a new talent pool into the business.

400 new jobs in our Leeds technology centre



Find out more about working at Sky at workforsky.com



Sky employees at our new technology centre of excellence in Leeds Dock.

UK and Ireland performance:

	2014/15	2015/16
Health and safety (A)		
Incident rate per 100,000 hours worked ^{1,5}	0.18	0.20
Total number of reported incidents	74	82

Notes to People data:

1 2015/16 data is independently assured by Deloitte LLP.

2 As defined in the Companies Act 2006. At Sky, Senior Managers are represented by the Reward Leadership Bonus Group.

3 Based on headcount. This year we have moved from reporting all employee numbers based on FTE to headcount, as a more accurate and consistent reflection of diversity in the business. This means that the total number of female employees in 2014/15 is 10,809 (from 9,567).

4 Based on a headcount as at 30th June 2016.

5 As defined by RIDDOR.

* The engagement scores are for the UK and Ireland only, comparable surveys have not been run in other territories. The external benchmark is set by Aon Hewitt.

Responsible sourcing and human rights

Responsible sourcing

Our business relies on strong partnerships with many suppliers and distributors. We want to be a good partner to all that we work with. This year we have focused on implementing our responsible sourcing strategy across the group. Our approach includes setting high ethical, environmental and social standards for suppliers, detailed in our **Responsible Sourcing Policy**, and working in partnership to help them improve. We have a strong target to drive transparency in the supply chain and understand potential risks and opportunities.

We repeated our annual inherent risk assessment with all suppliers that we spend more than £100k/€100k per year. This is the first step in our risk-based approach to responsible sourcing. We use these findings to decide which suppliers we need to engage with further. We ask these suppliers to complete an independent self assessment questionnaire through our Supplier Ethical Data Exchange (SEDEX) audits. This may be followed by further Sedex Members Ethical Trade Audits, face-to-face meetings and capacity building.

We are committed to collaborating with suppliers and other stakeholders to raise working standards. This year, we extended this to tier two, or component product suppliers. We choose to work with our suppliers to resolve any potential issues rather than terminating the supplier contract and leaving an issue unresolved.



Ethically sourced cotton

Each year, thousands of young people take part in Sky Sports Living for Sport, each one receiving a t-shirt, along with our Sky Academy volunteers. We set out to find a supplier for the t-shirts with a traceable supply chain who shared our values and high standards of responsible sourcing. That's why we're working with Rapanui, who met our criteria and now provide the certified organic cotton t-shirts for our volunteers and participants. The cotton is processed at a factory where workers are looked after by the Fair Wear Foundation and then the t-shirts are sewn at a factory in Tamil Nadu which is powered by wind turbines and is also ethically accredited. These then travel by boat to the UK.

All of our suppliers that we spend more than £100k or €100k per year are independently assessed for inherent risk



Human rights

We aim to ensure our commitment to human rights is upheld across and beyond our business and we've put in place clear governance structures to support this. The three main groups we impact are our own people, the people in our supply chain and our customers.

We are committed to upholding the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Our approach is to carry out effective and robust due diligence to prevent, mitigate, remedy and account for adverse impacts of our activities.

We monitor and evaluate our internal processes, our suppliers and our interactions with customers to ensure we are on track. As we learn from our experiences, we regularly review our policies and monitor the new risks and opportunities that emerge. This year we have conducted a specific modern slavery risk assessment, developed action plans and we have published our **Modern Slavery Statement** online.

We listen to our people, our customers and those working in or affected by our supply chains, by giving them the necessary tools and support to raise issues and the reassurance that these are taken seriously.



See our policies at sky.com/biggerpicture

Our approach to human rights



We published our first
**Modern Slavery
Statement**



Environment

Our approach

The approach we take on the environment and climate change includes reducing our environmental impacts, creating better, more sustainable products and inspiring our customers and suppliers to take action on environmental issues.

In the ten years since Sky became the world's first carbon neutral media company we have set ourselves ambitious long-term goals. We've made significant progress by reducing our energy and waste, investing in on-site renewables and developing more energy efficient buildings. This year we've focused on embedding our environment strategy across the group. Since 2014/15 we've measured our environmental performance as a group in addition to continuing to report on our UK and Ireland targets.

We use our position as a leading media and communications company to raise awareness and drive positive change of environmental issues, show leadership and inspire action. To find out more see page 14.

Carbon emissions performance

Since we began reporting on our environmental performance for the group in 2015, we have reduced our carbon intensity from 11.52 tCO₂e/£m (2015) to 10.57 tCO₂e/£m in 2016, a reduction of 8%. Our reduction this year has largely been driven by energy efficiency improvements and improved use of on-site renewables. This year we plotted our performance using a science based benchmark, against a 2010 baseline, which will help inform our future target setting for the group in support of the global effort to reduce warming by 2°C.

All our new buildings are designed with energy efficiency at the heart and have been certified through the **LEED** or **BREEAM** environmental assessments. New buildings at our campus in Osterley are BREEAM Excellent and Sky's Austrian headquarters is now part of the first building in the country to be awarded the international Gold Standard and along with the studios in Austria, run solely on renewable energy.

Looking forward to next year, Italy will be investing in on-site renewables including a combined cooling, heating and power generation system. This is a highly efficient way of producing electricity and heat simultaneously.

Sustainable products

We also continue to develop better, more sustainable products, using less materials within a smaller set-top box. For example, our new **Sky Q** box is over 50% smaller than the Sky+HD model. This also helps to reduce transport emissions and the amount of packaging needed. We've also improved design to help us to refurbish more products including the ability to replace parts without dismantling the box. We ensure that all the products returned to us are reused or recycled. Our new ownership model for Sky Q, where boxes remain the property of Sky, means that more products will come back to us. We are also working on developing a European facility to take back all our products across the group for reuse and recycling.



To find out more about our work on the environment visit sky.com/environment



Milan Office

Sky Italy headquarters in Milan are designed with efficiency in mind including LED lighting and intelligent building management and we have applied for the international LEED Standard certification. On-site renewables will be enabled in the coming year.

Sky Central

Sky Central at our Osterley campus has sustainability at its heart. Its foundations are made from a demolished Harrods' warehouse and all the wood that forms a huge part of the structure is sustainably sourced and **FSC**® certified. Photovoltaic cells on the roof provide 75% of the building's electricity.



The Sky Q box is **50% smaller** than the Sky+HD model reducing the use of materials and the space required to transport them



We have reduced our carbon intensity across the group to **10.57 tCO₂e**



Environment

Our performance in the UK and Ireland

Carbon emissions

Since 2008, we have reduced our carbon emissions relative to turnover by 44%. Improving our operational efficiency and investment in renewables are key to achieving our target to halve emissions by 2020.

Better building management, more energy efficient buildings and on-site renewables have contributed to reductions. These include our biomass Combined Cooling and Heating Plant which was fully operational this year, photovoltaic cells and our wind turbine. We have redeveloped our contact centres in Dunfermline and Livingstone to include the installation of more efficient LED lighting and automatic light sensors, greatly improving the energy efficiency of the buildings.

We exceed the industry benchmark for the energy efficiency of our data centres, measured in Power Usage Efficiency (PUE) with an average PUE of 1.3 compared to an industry average of 2.

A fifth of our emissions are made up of our fleet of engineer's and other vehicles and this has been a big focus area for reducing emissions. We are piloting new lower carbon technologies and have invested in Telematics as part of our commitment to making the fleet 15% more energy efficient by 2020. We have seen a reduction in efficiency this year which we are looking into and with our Telematics provider to ensure we continue progress towards our target in the coming year.

Waste

We are committed to eliminating waste to landfill. Our latest internal waste campaign engaged employees in the types of recycling that are available including food waste, paper recycling and other recycling and encouraging the correct separation of waste. This campaign, alongside our ongoing efforts to reduce waste has meant we have continued to see an increase in performance against our waste targets, with only 1% of waste across our main sites sent to landfill. Tonnes of waste recycled having increased by 9% since last year and we are well on track to reach our target of zero waste to landfill by 2020.

Water

We have a target of maintaining our water use at our sites in line with good practice of 9-11m³ per employee. In 2015/16 we outperformed our target with water use at 6m³ per employee.



Working with WWF on Wood and Paper

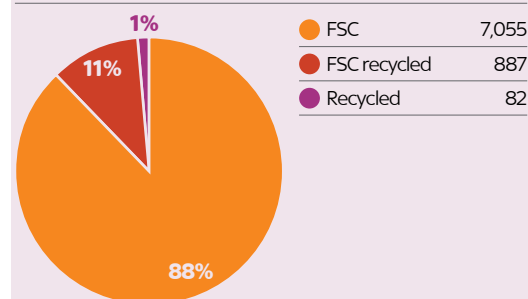
As part of our continuing commitment to responsible sourcing, Sky has signed **WWF's Sustainable Timber pledge** and are publicly committed to sourcing all our wood paper from sustainably managed sources by 2020. Through the campaign, we're supporting the call for the EU to close the loopholes in the EU Timber Regulation and for the transition to a sustainable market by 2020. Our Paper and Wood purchasing policy requires all paper

and wood supplied to Sky to either be recycled or come from Forest Stewardship Council (FSC®) or Programme for the Endorsement of Forest Certification (PEFC) sources. The largest amount of paper Sky sources is our marketing and transactional communications. We source this paper directly from mills in Finland, Sweden and Germany and the material is all FSC® certified. The cardboard used to package our routers and set-top boxes is also FSC® certified or recycled.

Sky's data centres are **65%** more efficient than the industry average: 1.3 (Sky) vs 2 (industry average)



Sky paper and packaging use tonnes



Only **1%** of waste across our main sites was sent to landfill



Group environmental data

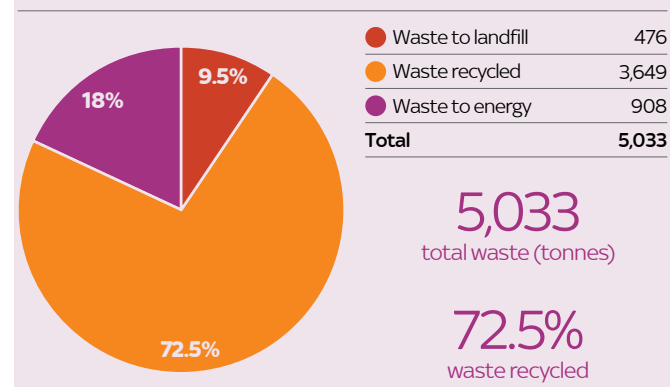
Sky's environmental performance measures cover the whole group. Data presented here is shown for the group and separate countries as appropriate. UK and Ireland data is shown in more detail on [page 15](#).

Sky group carbon emissions and carbon intensity 2015/16^{1,2}

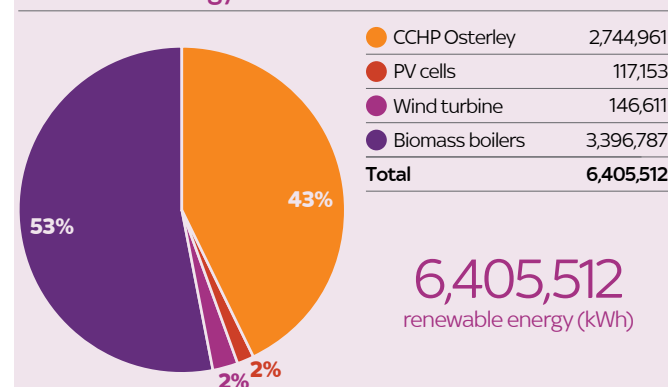
	Sky group	UK and Ireland	Italy	Germany and Austria
Carbon Emissions (tCO₂e) ^(A)				
Scope 1	29,582	24,284	3,062	2,236
Diesel	255	188	63	4
Fuel Oil	39	n/a	n/a	39
Gas	3,974	3,910	64	n/a
Vehicle Fuel	23,892	19,687	2,059	2,146
Refrigerants	1,422	499	876	47
Scope 2 (location-based)	96,916	72,226	21,205	3,485
Purchased district heating gross (location-based)	428	0	168	260
Purchased electricity (location-based)	96,488	72,226	21,037	3,225
Scope 2 (market-based)	39,921	16,726	22,662	533
Purchased district heating (market-based)	428	0	168	260
Purchased electricity (market-based)	39,493	16,726	22,494	273
Total Scope 1 and Scope 2 (location-based) CO₂e (tCO₂e)	126,498	96,510	24,267	5,721
Total Scope 1 and Scope 2 (market-based) CO₂e (tCO₂e)	69,503	41,010	25,724	2,769
Joint Ventures contribution to total Scope 1 and 2 (location-based) CO ₂ e (tCO ₂ e) ³	740	740	n/a	n/a
Carbon Intensity ^(A)				
Revenue (£m)	11,965	8,371	2,082	1,512
Carbon intensity (tCO ₂ e/£m revenue)	10.57	11.53	11.66	3.78

Notes to environment data on following page.

Total waste tonnes



Renewable energy kWh



UK and Ireland Environmental data

UK and Ireland carbon emissions and carbon intensity

	2008/09	2013/14	2014/15	2015/16
Carbon emissions (tCO₂e)^{1,2,4}				
Scope 1 (A)	20,322	20,633	24,406	24,284
Diesel	62	606	607	188
Gas	4,817	4,149	4,593	3,910
Vehicle fuel	13,621	15,496	18,459	19,687
Refrigerants	1,821	382	747	499
Scope 2 (location-based) (A)	85,517	73,787	76,633	72,226
Purchased district heating (location-based)	0	3	1	0
Purchased electricity (location-based)	85,517	73,784	76,632	72,226
Scope 2 (market-based) (A)	15,614	1,806	16,361	16,726
Purchased district heating (market-based)	0	3	1	0
Purchased electricity (market-based) ⁵	15,614	1,803	16,360	16,726
Total Scope 1 and 2 (location-based)	105,839	94,420	101,039	96,510
Total Scope 1 and 2 (market-based)	35,935	22,439	40,767	41,010
Carbon Intensity (A)				
Revenue (£m)	5,121	7,632	7,820	8,371
Carbon intensity (tCO ₂ e/£m revenue)	20.67	12.37	12.92	11.53
Reduction in CO ₂ e emissions relative to revenue (%)	0%	-40%	-37%	-44%

		2013/14	2014/15	2015/16
Scope 3				
Upstream explanation	Purchased goods and services³	270,839	247,092	240,912
	Capital goods	148,167	123,088	155,618
	Employee commuting	15,995	14,536	14,633
	Transportation and distribution	16,726	13,448	12,497
	Business travel	13,279	15,018	11,784
	Leased assets	n/a	n/a	n/a
	Fuel- and energy-related activities	9,823	8,324	16,655
	Waste generated in operations	96	133	266
	Total Upstream	474,943	431,637	452,366
Downstream explanation	Use of sold products	2,381,385	2,364,108	1,929,913
	Transportation and distribution	12,557	14,199	15,894
	End-of-life treatment of sold products	82	81	95
	Total Downstream	2,394,024	2,378,388	1,945,902
Total Upstream and Downstream		2,868,967	2,810,025	2,398,268

Notes to environment data:

1 2015/16 data independently assured by Deloitte LLP. See previous reports for details on historical assurance.

2 We measure our CO₂e emissions according to the Greenhouse Gas Protocol, the global standard for reporting greenhouse gas emissions.

3 Our total gross CO₂e emissions include all Scope 1 and Scope 2 location-based Greenhouse Gas emissions; and our market-based emissions are those remaining after emissions factors from contractual instruments have been applied. Our energy providers retain, on our behalf, the Guarantees of Origin (GOs) and Renewable Energy Guarantee of Origin (REGOs). In addition, we offset our total gross emissions, including Scope 1, location-based Scope 2 and selected Scope 3 emissions, through the purchase of Voluntary Carbon Standard offsets.










4 Joint ventures include an enterprise or business where Sky is the majority shareholder (>50%). 2014/15 has been restated to reflect the most up-to-date data set.

5 Financial years up to 2014/15 use Defra location-based emission factors in place of Re-Diss factors where no renewable energy tariffs are procured.

UK and Ireland targets

Reduction in CO ₂ e emissions relative to revenue (%)
Increase in energy efficiency across all buildings (%)
Energy obtained from owned or controlled renewable energy at Sky-owned sites (%)
Increase in fleet fuel efficiency (%)
Reduction in CO ₂ e emissions from travel per full-time equivalent (FTE) employee (%)
Waste sent to landfill from our main offices (%)
Waste recycled from all Sky sites (%)
Food waste recycled from our main offices (%)
Water consumption (m ³ /FTE)

Key:  Achieved  Not achieved  On track *baseline established in 2011/12

Target	2008/9 baseline	2013/14	2014/15	2015/16	Progress
-50%	–	-40%	-37%	-44%	
20%	–*	8%	3%	8%	
20%	–*	7%	5%	6%	
15%	–*	11%	11%	8%	
-20%	–	10%	-11%	-12%	
0	36%	6%	6%	1%	
65%	60%	65%	64%	73%	
100%	–*	100%	100%	100%	
9m³-11m³	8	7	9	6	

Inspiring action on climate change

Climate Leadership

We use our position as a leading media and communications company to raise awareness and drive positive change of environmental issues, show leadership and inspire action. Sky is committed to reducing our own impacts and inspiring others to take action in order to have a better, more sustainable world.

This year, we've signed up to **RE100**, helping to drive the clean energy revolution and enhancing our existing commitment to renewable power. Since 2009 we have been committed to 100% of our electricity either being produced by on-site renewables or procured from renewable sources in the UK and Ireland. We are now working towards the same targets for Sky Italy and Sky Germany and Austria.

We continue to work with the **Prince of Wales' Corporate Leaders Group** and the **Aldersgate Group**, which are made up of world-leading businesses supporting the call for a productive, efficient, low carbon economy.

Our commitment to climate leadership has been recognised in a number of investor indices including The Climate A List by the **Carbon Disclosure Project** (CDP) and in the top 8 of **Newsweek's Green Rankings**.

Playing our part

In December 2015, the historic **COP21** climate negotiations in Paris resulted in a binding agreement which committed countries to limit global warming below 2°C. We want to ensure that we are playing our part to stay below the 2°C limit so have worked with environmental consultants Trucost to benchmark Sky's group carbon emissions performance against the global decarbonisation pathway set out by the **GEVA science-based target methodology**.

The GEVA methodology sets a 5% year-on-year reduction in carbon intensity from a 2010 baseline, expressed as a company's carbon emissions relative to its contribution to gross domestic product (GDP). The graph shows that Sky, at a group level, has been reducing its emissions at a rate well within the reduction required to meet the 2°C warming limit agreed at the Paris climate negotiations. This reflects our work to drive energy efficiency and invest in renewables and will inform our strategy going forward.

Sky Rainforest Rescue

In September 2015, we celebrated the completion of **Sky Rainforest Rescue**, our six-year partnership with WWF, through which we helped to raise over £9m, save one billion trees in the Amazon and raise awareness of deforestation among 7.3 million people. This unique partnership between Sky and WWF started in 2009 with the ambition to save one billion trees, because deforestation and forest degradation cause up to a fifth of all greenhouse gas emissions globally. Over the duration of the partnership Sky customers and employees, schools and the general public all came together to raise funds and awareness. This made it possible to support a range of conservation work in Acre, Brazil, designed to give local people ways of making a sustainable living from the rainforest without having to cut down trees. It inspired more than 1.5 million people to take action against climate change. The partnership was recognised at the National CSR Awards for Best International Sustainable Community Legacy. We are proud

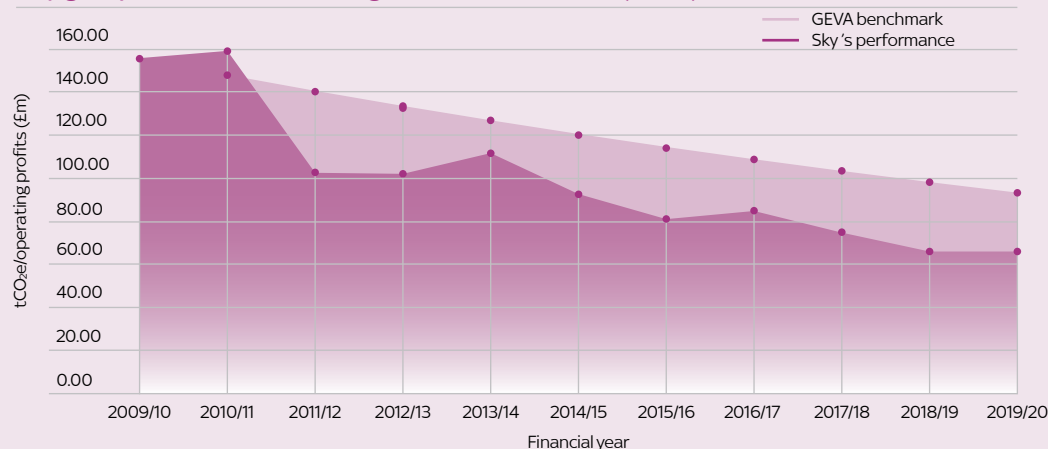
that the impacts are continuing to be felt, with the Acre State Government and the Brazilian National Government committing to zero net deforestation at COP21 as a result of Sky Rainforest Rescue.

Earth Hour

In the Spring we supported WWF's Earth Hour with a European campaign. The campaign shared the message that 'small changes make the world of difference' and encouraged millions of people around the world to switch their lights off. In support we reached out to more than 24 million people across Europe with the first ever Earth Hour TV advert and a social media campaign encouraging people to get involved.

We brought **Earth Hour** into customers homes with a hand-picked collection of programmes including Sir David Attenborough's *Conquest of the Skies* and Richard Hammond's *Jungle Quest*.

Sky group carbon emissions against science based (GEVA) benchmark



Richard Hammonds' *Jungle Quest* on Sky 1.



Inspiring action

As Europe's leading entertainment company, we have the opportunity to reach beyond our business to make a positive impact on society and inspire others. It's something we know our customers value and it's an important part of making sure our business is successful for the long term.



157,700 young people have taken part in initiatives across the group to unlock their potential



141,000 young people have taken part in Sky Academy in the UK and Ireland



10,300 young people have taken part in opportunities including TG24 for Schools in Italy



5,400 young people joined year round sports programmes in Germany



Inspiring action in the UK and Ireland

Working for Sky was an amazing experience and it enabled me to really learn a lot about myself – not only as a person, but about my abilities too. I can certainly say that doing work experience at Sky was one of the best things I could have ever done.”

Sky Academy Starting Out work experience student.

Sky Academy

Sky Academy uses the power of TV, creativity and sport to unlock the potential of young people. Since the launch of **Sky Academy** in the UK and Ireland in 2013, more than 370,000 young people have been involved. Last year we had record levels of participation with more than 141,000 young people taking part across our initiatives and more than 3,000 employees volunteered, more than 10% of our employees. Here are some of our highlights:

- **Sky Sports Living for Sport** has a team of over 135 athlete mentors delivering multi-week and one-day sports projects with our partner Youth Sports Trust. The initiative reaches one-third of secondary schools, inspiring more than 114,000 young people a year. 85% of students felt their skills had improved as a direct result of taking part last year.
- **Sky Academy Skills Studios** had its biggest year ever, with Sky Academy Skills Studios in Livingston celebrating its first birthday and record numbers of young people participating at Sky Academy Skills Studios Osterley – more than 25,000 eight to 18-year-olds took part across the two studios, making their own TV report linked to topics they're studying at school.

- **Sky Academy Careers Lab**, which offers a full-day careers experience 16- to 19-year-olds, tripled its participation over the year with over 6,400 young people taking part, moving from two days a week to five days a week in Osterley and running a pop up offering in Livingston and Dublin.
- **Sky Academy Starting Out** saw more than 1,200 people take part in graduate, apprenticeship and work experience opportunities and we won the Inspiring Young Talent award at the Business in the Community Responsible Business Awards 2016.
- **Sky Academy Scholars:** Our Sports Scholars receive mentoring, training and financial support in the four years leading up to the Olympics. Our scholars celebrated success through the year and we're proud that five of them competed in the Rio Olympics and Paralympics. We received more than 1,100 applications for one of six Arts scholarships, offering mentoring and £30,000 of financial support. We were thrilled to see previous scholars go on to do great things, such as exhibiting in galleries like the Tate and winning a South Bank Sky Arts Award.



Find out more about how we're inspiring action in the UK and Ireland at sky.com/inspiringaction



Sky Sports Living for Sport Awards

Sky Academy Ambassador Sir Chris Hoy presented Bo'ness Academy student Abbie McCallum with the Sky Sports Living for Sport Student of the Year for Scotland award. The annual awards recognise the successes of teachers and students who took part during the year.

77% Sky Academy Skills Studios participants felt their skills had improved as a direct result of taking part



Sky Academy Confidence Month

Sky Academy ambassadors such as Jessica Ennis-Hill and Melvyn Bragg shared their experiences and advice on confidence, in response to a survey which revealed a third of young people don't feel confident.



Inspiring action in Italy

It was a really wonderful experience, visiting the studios was exciting and especially learning about careers as a journalist, I would recommend this experience to everyone. From now on, every time I watch the news, I'll do it with different eyes because I had the opportunity to see behind the scenes and understand how it all works."

Student participating in Sky TG24 for Schools

Sky TG24 and ArteVisione

In Italy, we focus on supporting young people to build their skills and experience through art and TV and this year more than 10,300 young people have taken part. Our two main projects are:

- **Sky TG24 for Schools** which invites secondary school students to come to the Sky TG24 news studios to see behind the scenes, and produce their own news report. Each class works together to plan, film and edit their report and in the process the students build their skills such as communication, teamwork and media literacy.
- **Sky ArteVisione** offers a training workshop for ten emerging young Italian artists and subsequently supports one artist for a year with mentoring.

Here are some of our highlights:

- 258 schools across the country took part in Sky TG24 for Schools and more than 75% of young people who took part thought their media literacy skills had improved as a result.
- The number of applications to Artevisione grew again this year, with more than 65 applicants.
- We launched an App to introduce 7- to 12-year-olds to the world of art in Italian museums. The App has been downloaded more than 8,500 times to date.
- This year we have been working towards the launch of Sky Academy opportunities in Italy, applying learnings from the group and building a brand new Sky Academy Studio in Milan. It will open at the end of 2016 and thousands of young people will take part each year.



Sky TG24 for Schools

A group of students spend the day behind the scenes at Sky TG24.



Find out more about how we're inspiring action in Italy at sky.com/inspiringaction



Inspiring action in Germany and Austria

Thanks to Active Learning I graduated from secondary school and I will continue my education. 🗨️

Mohammed, Active Learning participant

Sky Foundation

Sky Foundation in Germany supports young people who have a disability or are from disadvantaged backgrounds, to help them develop their skills and lead an active life. **Sky Foundation** is built on the belief that every child should have the chance to exercise and that it can positively impact on a young person's life, from promoting healthy development, to building friendships, to learning key life skills such as fairness, respect and tolerance.

The projects are year-round or one day sports programmes run through charities across Germany, including:

- ▶ Buntkicktgut engages young people from diverse social and cultural backgrounds to take part in football events.
- ▶ Active Learning supports young people from disadvantaged backgrounds through education and sports.
- ▶ Kids auf Schwimmkurs is an initiative to help improve water safety.

Here are some of our highlights:

- ▶ More than 5,400 young people took part in opportunities throughout the year.
- ▶ Our employees continued to support Sky Foundation projects through volunteering and fundraising. This year, along with our customers, we raised over €100,000 for Sky Foundation through our Charity Advent event. Over 200 of our employees also volunteered with charities who were supporting refugees in Germany.
- ▶ Our Kids auf Schwimmkurs initiative has given more than 6,000 children from over 40 schools basic swimming safety training. We're proud that the initiative has also helped to develop a better method of teaching swimming to children with disabilities, which has now become part of the core teacher training programme for special needs schools in the German federal state Sachsen Anhalt.



Sky Foundation

Children taking part and playing sports as part of a Sky Foundation project.



Find out more about how we're inspiring action in Germany and Austria at sky.com/inspiringaction



If I can do it then everybody can. 🗣️

Sky Ride participant

Sky has been inspiring the nation to get back on their bikes for the past eight years and 2016 has been our biggest year yet. Not only has Team Sky won its fourth Tour de France but we also reached the milestone of more than one million participants having taken part in Sky Ride.

In 2008, Sky set out with the aim of increasing participation at all levels of the sport. We knew we couldn't do this on our own, which is why we worked with British Cycling, the Great Britain Cycling Team and Team WIGGINS. The successes of this collaboration have been unprecedented.

Sky Ride is now one of the UK's most successful mass participation events. We have opened up the streets of major cities across the country, encouraging people to ride around traffic-free streets with family and friends, in more than 100 events since 2009.



Team Sky following their fourth Tour de France win.

We've also created a great environment for our employees to enjoy cycling, which has resulted in 40% of our people cycling regularly. Some of the activities include a cycling club, free bike hire and an on-site cycle shop at our Osterley campus with free servicing. Our employees also had a chance to have their questions answered by Team Sky, when Chris Froome, Sir Dave Brailsford and the team came to our new campus building in Osterley, following their fourth Tour de France win.

Our support for Team Sky is a key part of our commitment to cycling and we are delighted that it is now one of the most successful cycling teams in the world. Since its creation in 2009 the team has won the Tour de France four times – with Sir Bradley Wiggins in 2012 and Chris Froome in 2013, 2015 and 2016.

Along with Team Sky, Sky has supported cycling heroes through its sponsorship of the Great Britain Cycling Team, as well as those that have inspired the next generation, with Sir Chris Hoy and Sir Bradley Wiggins, and his Team WIGGINS.



Find out more about how we're inspiring the nation to get back on their bikes at sky.com/biggerpicture

Sky cycling



Sky Ride

At Sky, we love cycling and are proud that our summer wide campaign, Sky Ride, has opened up the streets of major cities for more than one million people to get cycling since 2009.

1 million participants
in Sky Ride



Team Sky win
their fourth Tour de
France in five years



40% Sky employees
cycling regularly




About our reporting

About our reporting

Unless otherwise stated, the information covered in this year's report refers to all sites and operations for Sky plc companies across the group in the UK and Ireland, Germany, Austria, and Italy for the 2015/16 financial year ended 30 June 2016.

Whilst we consider that reporting is most effective if it is based around a framework of the issues most relevant to our business and to our stakeholders, we have conducted a **Global Reporting Initiative (GRI) Content Index** with this report to ensure that our performance can be measured accurately against other companies.

Assurance

In addition to our internal audit function, we engaged Deloitte LLP to carry out independent limited assurance procedures in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000 Revised) on selected key performance indicators defined as material through our strategy, these are denoted by .

Based on the scope of Deloitte's work and the assurance procedures performed, nothing has come to their attention that caused them to believe that the corporate responsibility performance indicators listed in the full assurance statement table are materially misstated.

You can find out more about the scope of our performance measures in our **basis of reporting** documentation and **Deloitte's full assurance statement**.



Indicates 2015/16 external assurance by Deloitte LLP

Working together

Here's a selection of some of our partners. For more on our partnerships see sky.com/biggerpicture.



Independent recognition



FTSE4Good



sky.com/biggerpicture



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