

British Sky Broadcasting Group plc
The Bigger Picture Review 2008



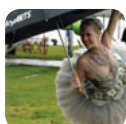
Contents

Welcome

Page 1

Our business

Page 2



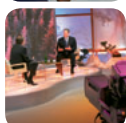
Arts

Page 4



Sport

Page 8



Environment

Page 12



People

Page 18



Taking Responsibility

Page 22

The facts and figures

Page 28

Environmental assurance statement

Page 32

Community investment assurance statement

Page 33

This review is for the period 1 July 2007 – 30 June 2008
in line with Sky's financial year.

Welcome to The Bigger Picture

Sky is a valued part of everyday life in the home of more than one in three families in the UK and Ireland.

We entertain, excite and inspire our customers with a great choice of high quality content. We make technology simple, put viewers in control of how they watch TV and bring them their favourite programmes in high definition. We connect customers to great-value broadband and telephony, and we back it all up with a commitment to exceptional customer service.

I believe that a successful and sustainable business is a responsible business; one that does the right thing, sees the bigger picture and works hard to tackle the issues its people and customers care about. This is fundamental to our culture and values and the way we do business across the company. We have focused on three areas where we believe we can make a real difference: opening up the arts to more people; encouraging participation in sport; and helping to create a healthy environment.

This year we've made progress in helping our customers to reduce their energy consumption by introducing an auto standby feature to our set top boxes. We estimate this has saved £16.5 million on home energy bills, and over 75,000 tonnes of carbon dioxide.

Our investment in sport helps to fund activities at the grass roots and encourage participation at all levels, including helping to train more than 5,000 cricket coaches through our partnership with the ECB. We have also expanded our schools initiative, Sky Sports Living for Sport, with over 17,000 young people participating to date.

Sky Arts remains the only UK channel dedicated to all areas of the arts, showing thousands of hours of programming every month. We continue to reach out beyond the screen by supporting leading organisations and events across the country including The Hay Festival, English National Opera and English National Ballet.



In the year ahead, there will be many more opportunities for our customers to join in with The Bigger Picture. Through our recently announced partnership with British Cycling, we will help one of Britain's most successful Olympic and World teams to achieve even more, develop the next generation of talent, and inspire millions of people to get on their bikes.

We will be launching a second Sky Arts channel this year, offering even more quality programming for our customers to enjoy. We will be exploring new partnership opportunities that help to bring the arts to a wider audience. And on the environment, particularly at a time when household budgets are stretched, we plan to find more ways to help our customers to save energy and money in the home.

There is always more to do. As you read through this Review, you'll find many more examples of our actions in these areas and how you can join in. I hope you will.

A stylized blue ink signature of Jeremy Darroch, consisting of a large 'J' and 'D' followed by a series of loops and a horizontal line at the end.

Jeremy Darroch
Chief Executive

Our business

Sky is one of the UK's most visible media and communications brands.

We have nearly nine million customers with a presence in more than one in three homes. We employ over 15,000 people in multiple locations mostly in the UK and Ireland. We're proud of our culture of challenging the status quo and bringing choice and change to our customers' lives.

A presence in this many homes brings responsibility and opportunity. The Bigger Picture is our way of focusing our activities on the areas of our business that are most important to our customers, our staff and people with a stake in our success.

It is working because it isn't a traditional corporate responsibility programme. It is not an apology for our success and growth as a business, it is an essential part of it. Our progress is based on the combined efforts of people across the organisation.

We regularly seek feedback on our performance. Three clear themes emerged this year:

- the need to meet our customers' expectations through quality service and responsible business practices
- the expectation of Sky as a broadcaster to use its reach to raise awareness of issues that concern us all
- the need to articulate our Bigger Picture activities effectively and to continue to find ways to enable people to join in and take action.

This Review is a snapshot of our response. We continue to find ways to ensure our customers are well served and well protected. You can read more about this in Taking Responsibility on pages 22 to 26. Our contribution is focused on Arts, Sport and the Environment and you can read more about these on pages 4 to 17. You can find out more about our investment in people on pages 18 to 21.

The Review sets out ways to join in, and the goals we've set ourselves going forward.

1 in 3

More than 1 in 3 households in the UK and Ireland have already chosen Sky

8.98m

Sky customers in June 2008

£4.95bn

Group revenue, year to June 2008

£724m

Operating profit, year to June 2008



Arts

Everyone should have the opportunity to enjoy and be enriched by the arts. So we created the dedicated Sky Arts channel and are committed to building partnerships that seek to make the arts accessible to the widest possible audience.



Sport

Sport is a great way to bring us all together. Whatever our background, whatever our age, sport can inspire and motivate. We have a range of opportunities to help individuals, schools and all the family to get active.



Environment

Climate change is one of the biggest challenges society has ever faced. Our commitment is to be a leading voice in helping people to take action, and to harness the collective energy of the Sky community to maximise environmental sustainability for everyone.



People

Sky people can and do make a difference. Our values are the core of our culture – tuned-in, inviting, irrepressible and fun – and we involve everyone in taking responsibility for the way we do business.



Taking Responsibility

Sky is in one in three homes in the UK and Ireland, and as a business we know we have responsibilities to all of the Sky community. For us taking responsibility is not about ticking boxes, it's about taking action.



Everyone should have the opportunity to enjoy and be enriched by the arts. So we created the dedicated Sky Arts channel and are committed to building partnerships that seek to make the arts accessible to the widest possible audience.

Arts for all

As one of the UK's leading entertainment companies, we want to contribute to the country's artistic and cultural heritage by bringing the arts to a wider audience in innovative and engaging ways, both on stage and on screen.

Sky Arts

In March 2007 the Artsworld channels became Sky Arts and Sky Arts HD, the UK's only television channels dedicated to all areas of the arts. Offering an eclectic and entertaining mix, from high opera to freestyle music, classic film to modern art, Sky Arts delivers programming that is entertaining but also inclusive, intelligent and relevant.

Media partnerships

To enable support and exposure to a diverse range of arts organisations right across the UK, we have created a comprehensive partnership programme to sit alongside our other sponsorship activity.

Media partnerships help us to provide an important platform for arts organisations whilst also enabling us to create exclusive content for Sky Arts viewers. This year we created media partnerships with a variety of regional and national arts organisations including the Mostly Mozart Festival and the National Theatre. A specially commissioned documentary going behind the scenes of all of these events is produced by Sky Arts and shown on the channel over the course of the year. In addition to programming we also run competitions and offers, both online and in our magazines.

“

Sky Arts' ongoing commitment to our national performances allows us to present great ballet across England as well as attracting new audiences. Their sponsorship has enabled many creative initiatives this year including ballet for commuters, a posture guide and a programme of workshops for all ages.

Craig Hassall, Managing Director, English National Ballet

”



Queen Rock Montreal, broadcast on Sky Arts in June 2008.

English National Ballet

Sky Arts has been the National Tour sponsor of English National Ballet since January 2004. Our sponsorship enables English National Ballet to visit towns and cities across the UK including Manchester, Liverpool, Bristol, Oxford and London. In addition to supporting the company's touring activities in 2008 we created an exclusive posture guide which was born out of English National Ballet providing workshops to Sky staff on performance skills as well as improving posture. The guide is available to all and can be downloaded from www.skyarts.co.uk.

Sky Arts also supported this year's spring tour of Angelina Ballerina's first ballet performance. The production, based on the bestselling children's books by Katherine Holabird, is a magical introduction to ballet for families and children of all ages.

Looking forward

We will continue to support UK arts by investing in initiatives and partnerships that seek to make the arts accessible

We will work to highlight how the arts are vital to us all and to enable people to be enriched by them in their daily lives

Support through arts sponsorships

English National Opera

Sky Arts is entering its final year as season sponsor of English National Opera. Since 2003 we will have invested more than £5 million in the company, over six seasons.

The objectives of our sponsorship have been to nurture new collaborations and productions as well as new ways of working whilst being inventive, contemporary and reaching new audiences.

As part of this commitment to new work ENO and Sky created Sky Focus, a project which has enabled ENO to make brave new works and collaborations that might not otherwise have been possible.

In 2008 as part of the Sky Focus initiative ENO undertook a new partnership with the Young Vic theatre presenting an acclaimed interpretation of David Lynch's masterpiece, *Lost Highway* as well as Harrison Birtwistle's *Punch and Judy*.

We also increased our commitment to making performances at ENO even more accessible with a new Sky Seats Extra initiative, offering 14,000 dress circle seats a season to a variety of ENO productions at just £20 a ticket.

It is also important that our customers can benefit from our relationships and so each year ENO stages an exclusive performance just for them: the Sky Subscriber's Night when every ticket in the house costs just £5. In 2008 the Sky Subscriber's Night was a sell out performance of Gilbert and Sullivan's *The Mikado*.



Gilbert and Sullivan's *The Mikado* was a sell out show at the 2008 ENO Sky Subscriber's Night.

National Trust

The arts form a core part of Sky's sponsorship of the National Trust's Discovery Programme, a series of projects and initiatives that promote lifelong learning at properties across England and Wales.

The Schools Arts Partnership programme offers opportunities for schools from different backgrounds to work together on curriculum based activities that encourage the sharing of ideas and skills in the arts. Activities in 2008 included a project in Brancaster Staithe, Norfolk, where pupils worked with Matthew Harrison, a Norfolk based animation artist, to create a film themed around the local fishing industry. And in Lancashire, pupils worked with Rufford Old Hall to create a mural painting for the property.

Outdoor Theatre is a series of performances at National Trust properties across England and Wales. Performances in 2008 included *King Arthur* at Tattershall Castle and Castle Ward and *Pinocchio* at Sutton Hoo and Stowe.

We also work with the National Trust to enable people to explore their interest in other areas via a series of Lecture Lunches. These allow visitors to find out more about the history, art and wildlife of their local property through a lecture from a guest speaker and a chance to meet others with similar interests and passions.

14,000

Dress circle seats for £20 a ticket made available each Sky Arts ENO season

Arts on the ground

The Hay Festival and Hay on Sky

2008 was the second year of Sky Arts' broadcast sponsorship of The Hay Festival, one of the world's foremost gatherings of authors, artists, musicians and cultural commentators attended by 85,000 visitors over ten days. Each day Sky Arts broadcast a one hour *Hay on Sky* show from the festival presented by Mariella Frostrup in High Definition, with a repeat transmission free to air on Sky 3. *Hay on Sky* features the very best of the festival and this year's guests included Sir Salman Rushdie, US President Jimmy Carter, Christopher Hitchens, Marian Keyes, Kathleen Turner and Jo Brand. In addition Sky Arts broadcast five episodes of its new literary game panel show *What the Dickens?* presented by Sandi Toksvig and featuring team captains Tim Brooke Taylor and Dave Gorman.

Our partners English National Opera and English National Ballet were commissioned by Sky to deliver exclusive workshops for families and people of all ages. The workshops encouraged people to join in and take part in fun activities including singing, dancing, acting, story telling and song writing.

To celebrate 21 years of Hay, Sky Arts commissioned leading graphic artist Jon Burgerman to create an interactive piece of art featuring designs and characters inspired by the festival. Every visitor was invited to take a felt tip pen and colour in the piece or to add their own mark or message. Over the ten days of the festival the piece morphed and changed according to whoever took part, becoming a final reflection of the festival in 2008.



Visitors to The Hay Festival 2008 contributing to Jon Burgerman's interactive piece of art commissioned by Sky Arts.



JOIN IN



Take advantage of Sky Seats Extra and get a dress circle seat at ENO for just £20
- www.eno.org/skyseatsextra



Watch clips and explore Sky Arts' coverage of the 2008 Hay Festival - www.skyarts.co.uk/hayonsky



Book a ticket to see English National Ballet's National Tour sponsored by Sky Arts
- www.ballet.org.uk/whatson



Sky people can take part in a week of arts workshops in London and Scotland as part of Culture Connection

Sport



Sport is a great way to bring us all together. Whatever our background, whatever our age, sport can inspire and motivate. We have a range of opportunities to help individuals, schools and all the family to get active.

Sport for everyone

One of the things we are most famous for, and most proud of, is Sky Sports. Our investment in sports rights helps to fund sport at the grass roots and encourage participation at all levels. Through our programming, promotion and activities we want to encourage a healthy society by motivating everyone to get active.

Commitment to sport

Sky Sports makes the widest range of sport available to millions of homes as well as pubs, sports clubs and leisure centres across the UK and Ireland.

We offer five core channels devoted to sport, and three additional HD channels. We offer a choice of sport every day of the year, with over 40,000 hours of coverage, features and analysis from more than 100 sports.

Our multi-platform coverage provides viewers with opportunities to enjoy content via television, mobile and broadband with Skysports.com attracting ten million unique users per month.

Our impact

Sky invests heavily in sport through rights fees, airtime and promotion, and has had a positive effect from grass roots to elite level. For example Sky Sports has invested over half a billion pounds in cricket alone, and shown live events and a depth of coverage never offered before.

As well as showing England live, both overseas – for the first time – and at home, we also show every domestic County several times each season, women's and youth internationals and the amateur games.



Sky Sports has been incredibly beneficial to grass roots cricket and the promotion of the game... cricket wouldn't have been able to invest in schools and counties cricket and seen that investment pay the dividends that it has.

Richard Caborn, former Sports Minister
The Guardian, 10 September 2008



Sky Sports coaching programme with Peter Moores, England cricket coach.

Through the ECB, around £12 million each year goes directly to the grass roots of the game and in 2006-07 there was a 27% increase in participation in club and school cricket, with a 45% increase in women's and girls' cricket.

Coaching the coaches

Since 2006 Sky Sports has also directly sponsored the ECB's Coach Education Programme.

The project, a partnership with the game's governing body, trained 5,500 coaches in its first year, 50% above target.

In that first season the scheme created 2,593 Cricket Young Leaders, which taught 14-18 year olds basic leadership skills, and 272 university students benefited from teacher training and qualified as coaches whilst studying.

The scheme reached 1,500 secondary schools and 1,450 cricket clubs and took cricket to 740,000 primary school children.

Looking forward

We will work to increase participation in cycling from grass roots to elite, working with schools, clubs and the community

We will ensure every school across the UK has the opportunity to benefit from Sky Sports Living for Sport

Inspiring participation

Sport provides a powerful way to bring us all together whatever our backgrounds, whatever our abilities. We provide opportunities that develop and support people to get active.

Sky Sports Living for Sport

Building on our commitment to make sport accessible to all, Sky Sports Living for Sport, our schools programme, has continued to grow and is now open to all secondary schools across the UK. Launched in 2003 and run in partnership with the Youth Sport Trust, it uses sport to help young people aged 11 to 16 who are at risk of dropping out of education.

The programme supports the government's strategy of re-engaging young people through sport by inspiring them to take part in new and varied activities – everything from martial arts to hiking, from archery to street dance.

We have developed a free online tool that allows teachers to register and provides access to training, project planning resources and case studies from other schools involved. Schools have the chance to get sports kit for participants and potentially receive a school visit from one of our athlete mentors. These mentors are Olympic and other sporting champions who act as role models to the young people.

For the last five years the Institute of Youth Sport has been evaluating the impact of Sky Sports Living for Sport, and the results have shown continued improvements in participants' social skills and behaviour, along with attendance and punctuality levels. The latest evaluation of the scheme's effectiveness showed that 94% of participating pupils maintained improvements in their social skills for over twelve months. To see the full report go to www.skysports.com/livingforsport.



Sky Sports Living for Sport has reached more than 600 schools so far and has benefited over 17,000 young people.

Sky Sports Living for Sport volunteering

In 2008 we have teamed up with the Youth Sport Trust and the volunteering charity v to launch a new initiative for school leavers between the ages of 16 and 24. The programme was launched with an on air promotion starring Sky Sports ambassador, Darren Campbell. It ran across the Sky digital platform reaching an estimated 13 million people and inspiring hundreds of young volunteers to sign up with v.

As part of the project, our Sky Sport Living for Sport athlete mentors run inspiration days, to tap into what young people really love doing and ensure those passions can be transformed into real life volunteering opportunities.

“

They've made a fundamental life changing difference to thousands of kids and that's a pretty special thing to be able to do.

Sue Campbell , Chair, Youth Sport Trust

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94%

Pupils participating in Sky Sports Living for Sport maintained improvements in social skills

Get on your bike and join in

There are over 23 million bikes in the UK, many of them just gathering cobwebs. We want to help change this and encourage everyone to get on a bike and join in. Cycling offers ways for each of us to be leaner as well as greener.

Our commitment to cycling

In 2008 we announced two major commitments to cycling: a five year partnership with British Cycling; and sponsorship of the London Freewheel family cycling event.

Sponsorship of British Cycling

Our multi-million pound partnership with British Cycling will provide increased support for cycling in the run-up to London 2012 and beyond.

Our commitment will benefit every level of the sport from grass roots initiatives in schools and local communities, to British Cycling's talent development programmes and the elite team of World, Olympic and Paralympic cyclists. The partnership will cover all forms of the competitive sport from BMX to track cycling and road racing to mountain biking.

The partnership also aims to increase peoples' love of cycling with participation programmes in schools, youth clubs and the wider community to encourage everyone to get on their bikes.

“

Cycling is already one of Britain's sporting success stories and this is a truly exciting opportunity to grow the sport even further. Working together, we can take elite cycling to new heights and get more people involved in the sport at all levels.

David Brailsford, Performance Director, British Cycling

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Encouraging participation

In 2008 Sky Sports sponsored London Freewheel. This event encouraged people of all ages and abilities to get actively involved with cycling. An estimated 50,000 participants had the opportunity to enjoy a unique experience as they biked along a car-free central route past the Tower of London, the Houses of Parliament, Trafalgar Square and Buckingham Palace.

The event fitted well with Sky's commitment to the environment and encouraging people to live a lower carbon lifestyle. During the next two years Sky aims to develop inspiring events and experiences across the UK to encourage everyone to stay on the saddle.

JOIN
IN



Join in Sky Sports Living for Sport open to all secondary schools across the UK
- www.sky.com/livingforsport



Enjoy cycling events and experiences supported by Sky - www.sky.com/thebiggerpicture



Train to be a cricket coach with the ECB as we plan to help train thousands more this year
- www.sky.com/thebiggerpicture



Find out more about volunteering opportunities with Sky Sports Living for Sport
- www.sky.com/thebiggerpicture

Environment



Climate change is one of the biggest challenges society has ever faced. Our commitment is to be a leading voice in helping people to take action, and to harness the collective energy of the Sky community to maximise environmental sustainability for everyone.

Inspiring our nine million customers to take action

The impact of climate change affects us all. We are committed to tackling our own carbon footprint but we also have a unique ability to inspire positive action on climate change on a scale far greater than our operational footprint. With a reach to nine million homes, the smallest action when multiplied can make a real difference.

Cutting the power in set top boxes

Most of the energy used in the lifetime of our set top boxes, 83%, results from powering them in the home. Improving the energy efficiency of our products is one of the most effective ways for us to fight climate change. For our customers, it saves them money and energy, putting the power back in their hands.

We have already halved the power consumption of the standard Sky box since its launch and signed up to the Voluntary European Code of Conduct on Energy Efficiency in Digital TV Services. In March 2007 we launched auto standby - a world first software innovation, which detects whether the box is still being used at 11pm and automatically puts it in standby. By June 2008, auto standby had reduced our customers' household emissions by over 77,500 tonnes CO₂e, saving more than Sky's own 2007-08 carbon footprint of 53,701 tonnes.

More than four million Sky+ and Sky+HD boxes now have this function, saving our customers £16.5 million on their electricity bills. We are committed to rolling out this software further, and to seeking new ways to pioneer green technologies to save our customers energy and money.

53,701

Sky Group's carbon footprint in 2007-08
(tonnes CO₂e)

77,500

Savings from auto standby in Sky customers' homes since March 2007 (tonnes CO₂e)

Inspiring action

In 2006-07 we promised we would inspire one million environmental actions over the next five years. Our initiatives in 2007-08 included:

Green Shoots A customer competition, which invited people to submit short video clips through SkyCast that would encourage others to tackle climate change. The winning entries were broadcast on Sky Movies.

Sky News Green Britain Update Sky News delivered a week of UK climate change reports in Green Britain Week (January 2007). One year on, Sky News returned to a school and family in Lutterworth to track the results, and reported significant savings in energy and money and a reduction of over 14 tonnes of CO₂e.

Al Gore meets Clive Anderson An exclusive one-on-one interview with Al Gore in our Osterley studios. Vice President Gore reflected on the global environment movement since his Oscar-winning film was released, how the public can tackle climate change, the part Hollywood has played in spreading the green message, and his vision for the future. This was screened on Sky Movies along with the UK television premiere of *An Inconvenient Truth*.

Sky Arts at The Hay Festival To enable visitors to leave their cars behind, we provided The Hay Festival with a Sky Shuttle Bus. Our environment partner Global Action Plan went along with their carbon gym, and we sent The Bigger Picture Pod for visitors to calculate their carbon footprint.

“

There is no other television network on this planet that has done what Sky has done.

Al Gore

”

Looking forward

We will continue to review our environment targets to make sure they challenge us

We will extend auto standby and seek new ways to pioneer green technologies to save our customers energy and money in the home

Multiplying actions in partnership with others

As part of our commitment to do more for our customers and the environment, we selected Global Action Plan as our environment partner.

We'll work with Global Action Plan, the practical environment charity, to inspire the Sky community and help more people to save energy, save money and tackle climate change. Over the next three years, through donations, fundraising and in-kind support, Sky will invest over £1 million in the charity.

Who are Global Action Plan?

The Global Action Plan team has helped hundreds of thousands of people to cut their carbon footprint by tackling issues such as energy and waste. The focus is on creative, engaging and fun projects that inspire sustained, positive environmental changes – believing we can all make small changes which together have a big impact.



With Sky, we have the potential to inspire millions of actions to help people make positive changes in their daily lives. By working together and making small changes, we can have a big impact on climate change.

Trewin Restorick, Founder and Director, Global Action Plan



What are we planning to do?

Appetite for Action - Together with Global Action Plan we have created a sustainable food programme for schools aimed at getting children to think about the environmental impact of what they eat. From reducing waste and using composting or wormeries, to DIY vegetable gardens, all children throughout the country can get involved. Visit www.appetiteforaction.org.uk

EcoTeams - Global Action Plan's flagship programme leads households and individuals to work together to reduce their impact on the environment. Sky employees will be trained to run their own EcoTeams, exploring issues and taking personal action on waste, shopping and food, energy, water and travel. Through the programme we hope Sky employees' households cut carbon emissions by 15%, as well as making savings on water and waste.

This year in partnership with others we also ...

- renewed our commitment to the **Together** campaign, an initiative from twenty one of the UK's favourite brands and The Climate Group to offer customers carbon and money saving products.
- became a partner of the London Development Agency's **Green Homes Concierge Service** to encourage our customers and employees in London to reduce their carbon footprint. We will be helping them to reach the target of lowering carbon emissions in the capital by 17,000 tonnes.
- supported **HRH The Prince of Wales Rainforest Trust**. Its mission is to work with 'governments, business, NGOs and individuals to find solutions to the deforestation of the world's tropical rainforests in such a way that the trees are worth more alive than dead'.
- supported the **May Day Climate Change Business Summit** held at eleven regional events around the UK. This brought together over a thousand top businesses, including British Telecom and Marks & Spencer, to create a single action plan on climate change.



Global Action Plan
creating the climate for change

Reducing our own footprint

Our environment strategy drives operational improvements, is integral to our product development process, inspires actions by Sky people and customers, and involves our partners and supply chain.

We have continued to track our operational progress in absolute terms and against our targets. Our environmental programme is supported by our environment policy and management system, and selected environmental performance data are independently assured (see ERM's Independent Assurance Report on page 32). In 2006 Sky became the world's first carbon neutral media company, but it's the work we do day-to-day reducing our footprint that is the real story.

CO₂e emissions¹

Our operational carbon footprint in 2007-08 of 53,701 tonnes CO₂e represents a 2% increase (821 tonnes CO₂e) in like-for-like emissions compared to last year². Whilst we have reduced our emissions from air travel and electricity compared to last year, our emissions from business car travel, our van fleet and gas use have increased. We will work to address this.

Following international guidelines, our operational footprint includes energy used to power our fleet and our sites (scope 1 and scope 2) and emissions from business air travel and waste going to landfill (scope 3)³.

Full details of Sky's energy consumption and CO₂e emissions by scope can be found on page 30 and our year-on-year performance on pages 28 to 31. Independent assurance of our performance can be found on page 32.

Carbon neutral

We are continuously working to reduce our energy use through energy efficiency measures and we source electricity for many of our sites from a supplier that has acquired Climate Change Levy exemption certificates for the electricity supplied to the national grid. We offset our remaining, unavoidable, CO₂e emissions by calculating our carbon footprint each year and purchasing the appropriate number of selected offsets which maintains our carbon neutral status. We offset areas within Sky's operational control – all our scope 1 and 2 emissions, and scope 3 emissions from waste and business air travel, in line with The Carbon Neutral Company's definition of a CarbonNeutral® organisation.

We invested in several verified (to VCS standard Version 1) projects for 2007-08⁴: a hydro project in Guizhou, China; a wind power project in Inner Mongolia, China; the Tirunelveli wind power project in India; and the Kotmar waste heat recovery project in India.



Our Cool Cat TV advert screened for three months in 2007.

This year our carbon neutral status has been independently assured (see ERM's Independent Assurance Report on page 32). For further information on our carbon neutral status visit www.sky.com/environment.

Sky and the Advertising Standards Authority (ASA)

In 2008 Sky was challenged via the ASA on our claim to being carbon neutral, after five complaints about our advertising. As a result of detailing our rigorous Environmental Management Systems, our carbon inventory methodology and the extensive external independent assurance of our data, the complaints were not upheld.

Not only did the ASA conclude that our claim in those adverts to being carbon neutral is fully substantiated and not in breach of any advertising standards, its appointed independent expert found we had proactively gone above and beyond the best practice minimum in our measurement of emissions and calculation of our carbon footprint.



As a media company, Sky can both act and inspire. They are making real changes as a company and playing a role in inspiring consumers to understand what action they can take to address some of the challenges.

Steve Howard, Chief Executive, The Climate Group



¹⁻⁴ See page 31 for footnotes.

Using less and recycling more

As well as minimising our use of fuel and electricity, we focus on recycling paper, plastics, batteries, CDs, DVDs, mobile phones, printer cartridges, metal and wood from props.

B30 biodiesel trial

This year we ran the UK's first commercial trial of the Vauxhall Vivaro B30 biodiesel van. Our 514 trial vans ran on the 30% biodiesel blend of recycled vegetable oil and rapeseed oil, sustainably sourced from within the UK. This fuel has a carbon intensity of 15-18% less than conventional diesel, and we plan to expand its use.

Customer product recycling

In line with the UK WEEE regulations, and best practice, Sky customers can give our engineers old electrical equipment during home visits or send it to us by freepost, and we will have it recycled. This year we took back 830,409 set top boxes and routers for refurbishment and recycling. To extend this further, we piloted sending bags along with remote control and router consignments for customers to post back, free of charge, their old or unwanted Sky equipment for repair, re-use or recycling. Last year we received around 5,350 items, and two-thirds of customers surveyed said the bags had helped them realise the importance of re-using or recycling electrical equipment.

Supporting renewable electricity

This year we extended our commitment to renewable energy by signing a new ten year deal with Scottish and Southern. They will supply all our Sky-owned UK sites with electricity from 100% renewable sources, through the National Grid, and include the equivalent energy output of Scottish and Southern's Isle of Skye wind farm.

Some recently acquired properties in the UK, Italy and Germany have also switched to electricity generated from 100% renewable sources.



We've started a trial of a zero emissions electric van in the Slough area.

Waste minimisation

Across the company, total waste disposed for 2007-08 was 1,847 tonnes. The volume of waste we recycled increased by 14% and diverted an additional 277 tonnes of waste from going to landfill compared to 2006-07. The recycling figure includes 114 tonnes of hazardous waste (such as batteries, fluorescent tubes and cleaning products). Our Osterley site this year installed wormeries to take organic food waste from our canteen, and our Scottish sites recycled an average of 82% of all waste generated during the year. This rate of recycling has been achieved at our Scottish sites through the removal of under-desk bins, awareness raising initiatives, and by working closely with our local waste management provider.

Water

We are continually monitoring our consumption of water and seek to reduce use wherever possible. This year our total water consumption was 135,471m³, or 9.58m³ per employee (full time equivalent). That's down from 11.50m³ (or 11.87m³ including new acquisitions) per employee last year. We use water mainly in our canteen kitchens, showers and toilets.

830,409

Set top boxes and routers refurbished or recycled

Working together

Sky employees and suppliers play a vital role. In January 2008 we re-launched our environment website to keep everyone up-to-date with news on climate change and how to live a low impact lifestyle.

Employee incentives

We have schemes to help employees reduce their carbon footprint, including ongoing money-saving offers such as £1,300 cash-back when buying a hybrid car, and discounts on bikes and for switching to renewable energy. We also provide loans for the purchase of season tickets for public transport.

Business travel

Technology also helps us to reduce our environmental impact by providing alternative ways of working. We encourage all our people to use the video conferencing suites across our sites. This reduces our reliance on air travel and gives our people back time previously lost through travelling.

To demonstrate the benefits of such technology to a wider audience, the Minister of State for the Environment, Phil Woolas MP, delivered a keynote speech at the 2nd Annual Climate Change Summit in Sydney, Australia, from our video conferencing suite in London. Using this technology saved 6.2 tonnes of CO₂e emissions on air travel, and highlighted to 150 international delegates that video conferencing does more than just improve communications and productivity - it is also a critical green technology.

Employee travel to work

In June 2008, our transport survey showed a 12% reduction in employees driving on their own to work. That's around 200 fewer Sky people driving. Our lift-sharing intranet site has supported a growing membership, with nearly 750 registered members.

The numbers of people walking or cycling to work, or taking public transport, have also increased. We provide personal planners on site to offer free advice on the journey to work. A shuttle bus ferries employees between main local transport hubs and our Osterley site. The number of people using the shuttles has doubled since 2006, with over 5,000 passenger journeys every week.

Helping our suppliers take action

We ran workshops in late 2007 to help our suppliers improve their environmental performance. Six of the ten suppliers involved have developed more structured environmental management systems.



Our state-of-the art video conferencing suite in action.

5,000

Passenger journeys every week on Sky shuttle buses

**JOIN
IN**



Send your old Sky equipment, remote controls and routers back to us by freepost for repair, re-use or recycling - www.sky.com/environment



Calculate your carbon footprint and find out what you can do to live a lower carbon lifestyle - www.sky.com/environment




Get involved with Global Action Plan - www.sky.com/environment or www.globalactionplan.org.uk



Opt out of paper billing from Sky and switch to electronic communications - www.sky.com and select My Sky

People



Sky people can and do make a difference.
Our values are the core of our culture – tuned-in,
inviting, irrepressible and fun – and we involve
everyone in taking responsibility for the way we
do business.

Making talent shine

Delivering great service to our customers and meeting our responsibilities to the wider Sky community relies on our people. So we employ the best and make sure they can give their best.

Sky people

There are over 15,000 people working at Sky, delivering the best in entertainment and communications.

We put huge effort into attracting the most talented and determined people to work with us so they can help us to continue growing and improving.

Our values are the foundation of our culture and embedded through performance development plans, training programmes and recognition schemes.

Joining the discussion on our business and our future

Each year we ask everyone at Sky for their views and opinions through an employee Survey. This year 10,894 (73%) of our people took part. We learnt that people want their loyalty to Sky to be recognised so in 2009 we will be introducing a long service award.

People were also feeling more encouraged to stay fit and healthy and they wanted Sky to provide more opportunities to support them on this. So the Health and Well-being team have created a programme of more regular events including health assessments.

Sky Forum

On a more regular basis the Sky Forum enables effective internal communication.

The Sky Forum is an elected group of 71 employees from across all areas of our business. A wide range of topics are discussed at the Forum, from day to day matters to new business plans. Business owners across Sky play an active role in responding to topics raised. The Chief Executive, other senior executives and relevant managers regularly attend Forum meetings.



Sky's values are the foundation of our culture, defining our products and services and the way we relate to each other and our customers. They are:

TUNED-IN

We're in tune with our customers, our people and society

IRREPRESSIBLE

Our energy and innovation is reflected in everything we do

INVITING

We work together in an open way to engage customers and each other

FUN

We love what we do and we think that shows through

Looking forward

We will invite people to join in and become an active part of The Bigger Picture – bringing benefits for themselves, for the community and for Sky

We will create training and development opportunities for employees to discover and develop new skills and talents

Looking after our people

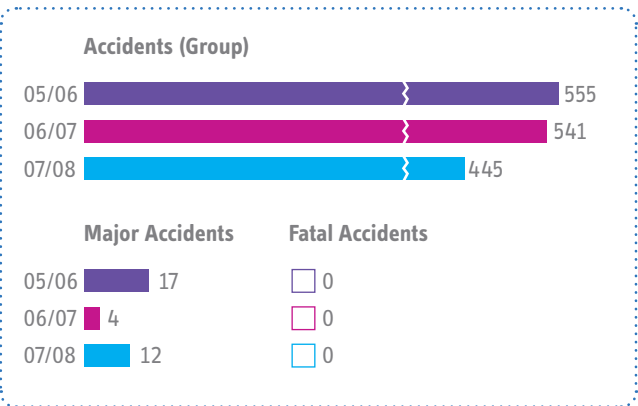
Supporting our people

Through an online and telephone counselling service Sky people can get assistance with life issues including debt, child or elderly care management. This service also provides access to financial and legal advisors.

Our well-being strategy also provides opportunities for our people to get active. Sky Keeping Karma is a recognised programme that gives people the tools and understanding to lead a healthy lifestyle by knowing their key numbers such as their BMI, weight and blood pressure levels.

Health and safety

Sky's occupational health teams key objective is to make sure that as a business we are reducing any risk of work impacting on the health of our people and in making sure that any rehabilitation back into the workplace following an absence due to ill health is considered and well managed.



Diversity at Sky

Sky recruits the best people and we are committed to ensuring that our internal community reflects the wider community we serve.

We recognise that there is always more that can be achieved but we are pleased to have increased the percentages in two specific areas of diversity: disability and ethnicity. The percentage of Sky people from ethnic backgrounds has risen to 14% from 10% in the previous year and the percentage of disabled employees has also risen from 1.3% last year to 1.8%. The number of female managers decreased this year from 46% to 41%. We will work in the coming year to understand the diversity gaps at Sky and deliver plans to bridge these.

Ethnic minority employees	14%
Disabled employees	1.8%
Female employees	41%
Female managers	41%

Sky is a member of the Cultural Diversity Network (CDN), chaired during 2007-08 by Sophie Turner Laing, Managing Director of Sky Entertainment. This year the CDN launched a new initiative, a mentor scheme, offering twenty talented people in the industry the support of a senior industry mentor for twelve months. The scheme aims to help address the lack of ethnic diversity at the most senior levels of our organisations.

We also support The Network, an organisation that offers free workshops and career advice, to give a head start to young people seeking a career in TV.

Sky is a member of the Broadcast and Creative Industries Disability Network and a Gold Forum member of the Employers Forum on Disability.

Investing time in the community

We inspire our employees to take an active part in The Bigger Picture by bringing their resources, commitment, time and skills to make a positive impact in our local communities.

Make a Difference

Make a Difference allows Sky people to get involved with their local community and support the charities and groups they care about. The initiative supports staff to volunteer their time, fundraise and payroll give with matched funding from Sky.

We give all Sky's permanent employees up to 16 hours paid leave to do volunteer work for any charity, school or community organisation. Over 1,000 people have been involved since 2005, sharing skills with a wide range of voluntary organisations. Last year, we nearly doubled the number of volunteers, involving 505 new people for the first time.

In 2007-08 we contributed £6.9 million to the community through cash, time, in-kind donations and management costs.

Team Challenges

Team Challenges enable Sky people to get involved in volunteering, and a number of departments across Sky are working with local community partners on projects:

Project Green Sky enters its second year as employees from across the Broadcast Operations department extend their commitment to working with eight local schools on environmental projects.

Greenhouse Schools charity saw over 120 employees from Sky's Finance department work with them to deliver Celebration Days for over 230 young people on their summer sports programmes.



Members of the Sky Broadcast Operations team working on a school environmental audit.

The **Sky Property and Facilities Management** team in partnership with West London YMCA are transforming their garden and working with their Green Team to help improve environmental standards.

YourStory, a charity based in South London, and staff on Sky's Leadership Development Programme, continue to work in partnership on various initiatives including mentoring. YourStory also hosted Sky News for a day of reports on knife crime.

£6.9m

Contribution to the community in 2007-08
in cash, time, in-kind and management costs

**JOIN
IN**



Sky people can take 16 hours paid leave to volunteer in the community and help charities and groups they are involved with



Sky people can raise money for their favourite charities and get this matched (up to £300) by Sky




Sky people can make their own donations go even further with our payroll giving scheme, matching employees' contributions by 50%



Sky people can get involved in the community by running team challenges - www.sky.com/thebiggerpicture

Taking Responsibility



Sky is in one in three homes in the UK and Ireland and as a business we know we have responsibilities to all of the Sky community. For us taking responsibility is not about ticking boxes, it's about taking action.

Taking responsibility

Our reputation as a business people can trust is influenced by many factors. By day-to-day experiences of our products and services, how we respond to issues that concern our customers, how we operate as a business and the way we support and develop our people. As a business we know that we have responsibilities to all of the Sky community.

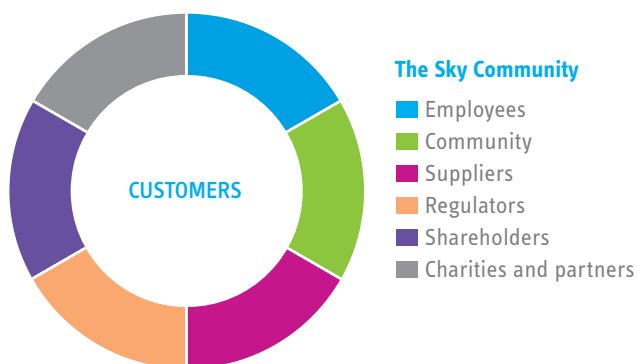
Focusing on the right things

To make sure we are getting this right each year we ask those that have a stake in Sky's success what they expect from us. We share with them our existing plans and seek their feedback on our activities. We have focused our initiatives in The Bigger Picture on arts, sport, environment as well as taken responsibility in areas such as child safety.

Our actions

Taking responsibility is not about ticking boxes, it is about taking action and consistently doing the right thing for the Sky community. This is not the responsibility of one team at Sky. We work through our internal governance structures, such as our Board level Corporate Responsibility Steering Group which provides direction and is chaired by one of our non-executive directors, Gail Rebutck.

Through this years engagement process we were told that we could use our influence as a broadcaster to a greater extent; that delivering great service to our customers is essential; that we need to continue to provide the tools to our customers to help them use our products responsibly and safely; and that as a major UK company we should help our suppliers become more sustainable.



The comments below were made by our customers and partners during our engagement process.

'Sky have got such a great medium by being a broadcaster.'

The Sky community sees our influence as a broadcaster and its potential positive impacts. With dedicated arts and sports channels it was seen as appropriate to focus our strategy on accessibility to the arts and participation in sport. Our ability to influence millions makes it clear we can really make a difference in encouraging people to take environmental action.

'... they need to start thinking quite seriously about their supply line and all of the sort of CSR things that are associated with that ...'

The Sky community noted our scale and multiple supplier relationships. This year we worked with some of our suppliers to help them reduce their environmental impact and we are extending this work to include the development of an ethical procurement standard.

'... gambling can always be risky but Sky do their best to make it safe ...'

The Sky community expects us to ensure that all our products and services can be enjoyed responsibly, and this extends to Sky Betting and Gaming. This commitment is reflected in our award of the GamCare Kitemark. To find out more about the tools available to ensure we keep things fun across all our betting services visit www.skybet.com/help

'... because we're so reliant on Sky, when it doesn't work it's a nightmare, but they do respond quickly ...'

For the Sky community great customer service is essential. We score highly on customer satisfaction and have increased customer loyalty but we know there is always more that can be done. So this year we have invested in over 300,000 hours of training for our 6,000 contact centre advisers and we've sought new ways for customers to get the information they need, when they need it. For instance customers can check their bills online or by using the red button on their remote. Through our innovative customer closeness programme we will continue to listen and respond to our customers.

Looking forward

We will continue to provide the tools that our customers need to enable them and their families to use all our products and services responsibly and safely

We will seek ways to use our influence as a broadcaster to raise awareness of the issues that affect us all

Giving families the tools they need

Today more than ever we benefit from greater access to information and entertainment made possible through advances in technology. From multi-channel TV, which brings hundreds of new channels and programmes into our lives, to the internet which can open up the world to children but could also presents risks to them.

With so much going on we know our customers want to make sure they can manage what their families watch on TV and access online.

Parental controls and PIN protection on TV

Sky provides market leading controls to help families manage what their children watch. Our parental control features include age rating filters to prevent the viewing of selected programmes. They also let customers restrict access to specific channels completely or from 8pm, and the adult channel can be completely removed from the listings screen. Parental control can also monitor spending on Sky Box Office and online. Access to classified films broadcast during the day is also protected via a PIN.

Helping families stay safe online

As the UK's fastest growing broadband provider we decided this year to include McAfee parental control software free to all our broadband customers for life.

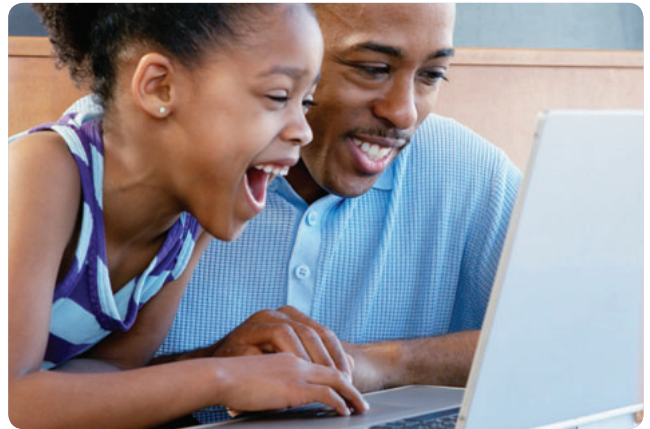
Our internet child safety strategy covers three main areas: blocking illegal or harmful images; providing advice and education to families and children on safe use of the internet; and providing the tools to families to enable them to make choices on how they use the internet.

We are a member of the Internet Watch Foundation, the only authorised organisation in the UK which provides an internet hotline for the public to report their exposure to illegal content online. It also aims to minimise the availability of potentially illegal content.

Future focus

We are also building a relationship with Childnet International, a charity that works with others to make the internet a great and safe place for children. With their support, the Sky Child Safety, Security and Policy forum that was established this year will be able to ensure child safety remains central to all our operations.

This forum will focus on areas that concern our customers such as internet bullying, user generated content, our moderation policies and social networking sites. This constant focus will ensure we are able to offer our customers the advice and tools they need to enjoy the internet safely.



Ensuring parents and children know how to use technology safely is a vital part of child protection. With support from Sky, Childnet produces important online resources for children, parents and teachers, and we share best practice in keeping young people safe.

Stephen Carrick-Davies, Chief Executive, Childnet International



Learning and education

We have used the Sky platform and technology to bring the information families want to them. We upgraded and relaunched Sky Learning Explorer in January 2008. This dynamic online resource recommends TV programmes linked to curriculum subjects and a variety of interests, from across hundreds of channels on our digital platform.

This year we also ...

Raised awareness - we created revision clips with Sky Learning ambassador Konnie Huq, which we uploaded to BEBO and YouTube sites. We also created an online advertising campaign to motivate learners as well as forging links with other websites for students and parents including The Student Room, Revision World, I village and 50Connect.

Inspired careers in the media - the Sky Young Journalist Award is now in its third year. This year we also added online journalism to the TV, radio and print categories, all judged by Sky News presenter Kay Burley and a team of Sky News experts to find one overall winner.

Forged educational partnerships - with The Open University we screened OpenLearn study units as a taster of the courses people can pursue.



Sky Learning ambassador Konnie Huq.

“

There are two kinds of company responsibility. For some it is a reaction to outside pressure. For others, like Sky, it starts with the values in the company's veins and flows from there into every limb and every behaviour. This is the foundation of Sky's impressive impacts.

Mark Goyder, Founder Director, Tomorrow's Company

”

JOIN IN



Use Sky Learning Explorer to find programmes that support your studies and interests
- www.sky.com/learning



Find out more about the media industry and visit our virtual newsroom
- www.sky.com/reachforthesky



Download free McAfee parental controls
- www.sky.com/security



Try the Know it All educational tool on how families can use the internet safely
- www.sky.com/thebiggerpicture/takingresponsibility

Choice and access for everyone

We broadcast some of the most diverse, exciting, challenging and entertaining content on the planet and we are committed to ensuring that everyone can enjoy all the programmes and products available through Sky.

Meeting our obligations

To enable greater access we are committed to meeting and exceeding percentages set by Ofcom, the regulator for the UK communications industry, for subtitling, audio description and sign interpreted programming.

Hours of subtitling 429,000

Hours of audio description 26,000

Hours of signed interpreted programmes 5,000

We met and exceeded all requirements as set out by Ofcom, with the exception of Sky Sports 1 where we delivered 5.5% audio description against a target of 6%. We have now doubled our performance in this area achieving 11.1% audio description against a new target of 8%. We are committed to maintaining this performance.

Accessible customer support and service

We have a dedicated Accessibility Service team of 80 specially trained advisors who support a wide range of customer queries and needs. They answer over 4,000 calls a week, dealing with requests from customers with disabilities that require letters or bills from us in different formats such as Braille or large print, through to more vulnerable customers requiring assistance in the digital switchover process.

Email: accessibility@bskyb.com

Textphone: 08442 410 535

Phone: 08442 410 333

Listings for programmes with subtitling, audio description and signing are available in Braille, large print, on CD, via email and online.

Raising awareness

Audio description, a valuable service for people who are blind or have a visual impairment, is available to all Sky customers and is easily enabled through the remote control. This year we ran an on-air campaign across all Sky channels highlighting the benefits and availability of audio description. Along with our other access services, this is free to all our customers.

We want to help our customers get the most from Sky so we continued to attend accessibility exhibitions this year including e'Access 2008 in London, the Mobility Roadshow in Edinburgh, Naidex in Birmingham and Disability Awareness Day in Fife.

Innovating to improve access

Our accessible remote control designed for customers with visual or dexterity problems is now offered free to customers. Launched in 2007, it was designed with the relevant charities and consumer representatives to deliver the best possible product.

We are now working with the Royal National Institute for Blind People to develop a product that will enable users to hear some of the screen text, enabling easier navigation through the channels on the Sky platform.

We have also been leading the development of the British Sign Language Broadcasting Trust, making television more accessible by delivering programmes in British Sign Language. Broadcasting is due to begin in early 2009 on the Community Channel.

Website accessibility

We are working with Shaw Trust, a national charity for people who are disadvantaged in the workplace, to make our websites as accessible as possible. Shaw Trust carried out an accessibility audit of our Bigger Picture website this year and we will implement all of their findings, as well as extend the learning to other Sky websites over time.



We are particularly pleased to be working with enlightened companies like Sky, who as a major media owner are committed to ensuring their services are available to all members of society.

Cam Nicholl, Shaw Trust

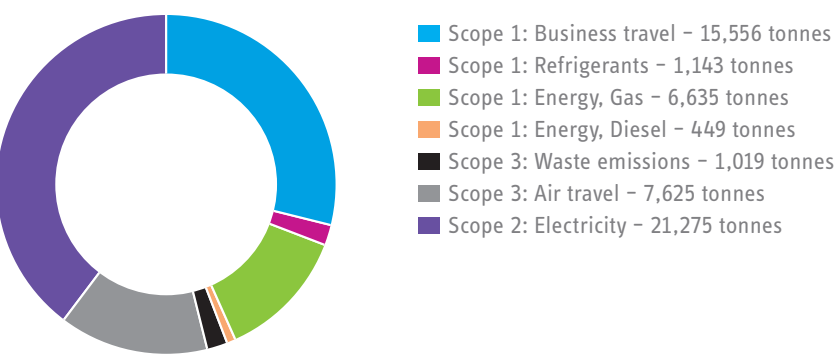


The facts and figures



Our environmental performance

CO₂e emissions by scope



Notes on emissions data

Emissions have been rebaselined so that a like-for-like comparison can be made. This follows the WRI/WBCSD GHG Protocol methodology. The process for recalculation involved adding 2007-08 Easynet, 365Media, Optimus, Amstrad, YouMeTV and Mykindaplace to the Sky figure from 2003 onwards. CO₂e emissions from refrigerants and waste sent to landfill were also added. The emissions calculated during previous years were also recalculated using the Guidelines to DEFRA's GHG Conversion Factors for Company Reporting (June 2008) and WRI/WBCSD (v3) emissions factors.

For 2006-07 the data collected for Easynet has been included rather than the rebaselined estimate calculated using 2007-08 data. The emissions have been recalculated using the Defra GHG Reporting Guidelines (June 2008) and WRI/WBCSD (v3) emissions factors.

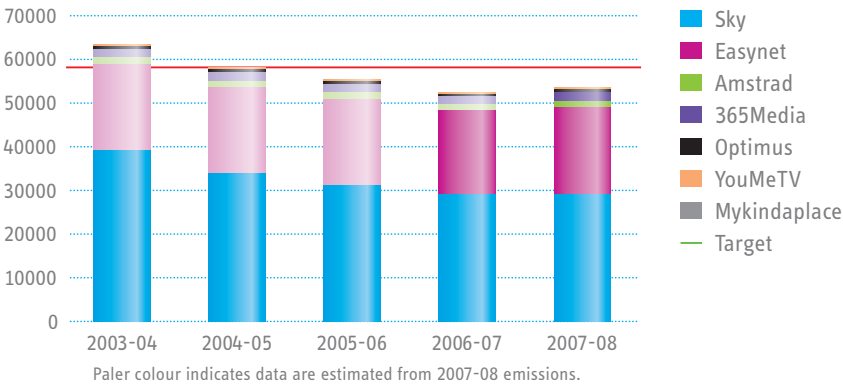
For 2003-04 the percentage change between figures reported for 2004-05 has been used to estimate the change associated with the revised emissions factors. This is due to the absence of a reliable breakdown of data for the 2003-04 reporting period. The data for the rebaselined 2003 emissions have also been recalculated in this way.

The total CO₂e emissions over time graph includes the rebaselined target, which is a 10% reduction in CO₂e emissions on 2003 emissions by 2010. This has been recalculated by adding CO₂e emissions from Easynet, 365Media, Optimus, Amstrad, YouMeTV and Mykindaplace to the 2003 calendar year CO₂e emissions baseline. Emissions from refrigerants and from waste sent to landfill have also been added. This has then been applied for each year. The graph demonstrates that we have exceeded our target of achieving a 10% reduction in CO₂e emissions by 2010, based on 2003 emissions.

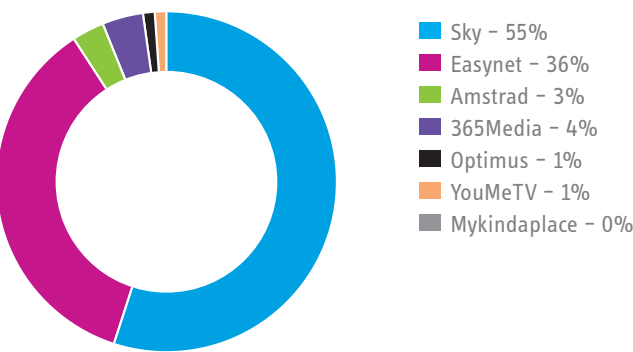
CO₂e emissions from waste sent to landfill and from refrigerants have been incorporated into the CO₂e emissions of each business unit where applicable. Emissions from refrigerants have been calculated for Easynet UK, Sky Osterley, Sky Chilworth and Sky Scotland only. Emissions from waste sent to landfill have been calculated from the total waste sent to landfill by Sky and subsidiaries.

All figures are rounded to zero decimal places.

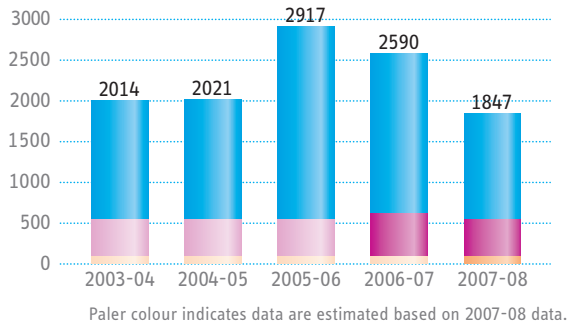
Total CO₂e emissions (tonnes)



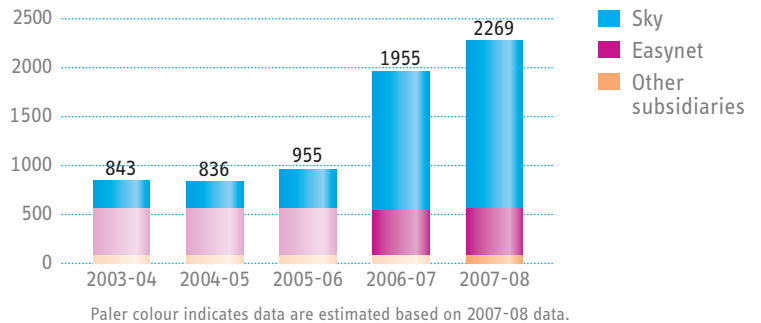
Sky CO₂e emissions by business unit



Waste to landfill 2003-04 to 2007-08 (tonnes)



Waste recycled/re-used 2003-04 to 2007-08 (tonnes)



Notes on waste

We are working to improve the quality of our data each year. As a result, the methodology of data collection for some sites has been refined in 2007-08. This has resulted in variations in the data which are not a result of actual changes in waste generation levels, but rather reflect improvements in accuracy of our data reporting.

Waste and recycling graphs do not include data for waste generated during internet infrastructure works. We will endeavour to include this next year.

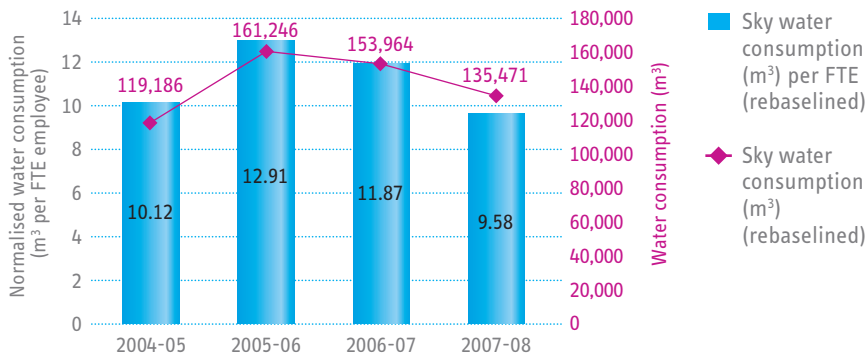
Total waste sent to landfill and waste recycled/re-used have been rebaselined so that a like-for-like comparison can be made across Sky. The process for recalculation involved adding 2007-08 Easynet, 365Media, Optimus,

Amstrad, YouMeTV and Mykindaplace waste data, to the Sky data from 2003 onwards.

For 2006-07 the data collected for Easynet has been included rather than the rebaselined estimate.

'Other subsidiaries' refers to Amstrad, 365Media, Optimus, YouMeTV and Mykindaplace.

Water consumption 2004-05 to 2007-08



Notes on water consumption

Sky includes Sky, Easynet, Amstrad, 365Media, Optimus, YouMeTV and Mykindaplace.

Water consumption has been rebaselined so that a like-for-like comparison can be made. The process for recalculation involved adding 2007-08 Easynet, 365Media, Optimus, Amstrad, YouMeTV and Mykindaplace water consumption to the Sky data from 2003-04 to 2005-06. The overall use per FTE employee was then worked out from this.

For 2006-07, actual data collected for Easynet have been included rather than the rebaselined estimate. The 2007-08 estimates for the other subsidiaries have been included.

Data are estimated for a number of our sites. We will work to improve the accuracy of data for 2008-09. Estimates are based on water consumption at sites where data are available.

Key Directives and Regulations we comply with relate to:

- Waste Electrical and Electronic Equipment (2003)
- Packaging and Packing Waste (1994) (as amended)
- Hazardous Waste (1991) (as amended)
- Certain Fluorinated Greenhouse Gases (2006)
- ROHS (2003)
- Batteries (2006)
- Energy-using Products (2005)

Waste Electrical and Electronic Equipment Regulations (WEEE) 2006 (as amended)

These regulations aim to minimise the impact of waste electrical and electronic equipment (WEEE) on the environment, by increasing re-use and recycling and reducing the amount of WEEE going to landfill.

Sky is registered as both a producer (for a limited number of products) and distributor, and is a member of a national distributor take-back scheme.

The Producer Responsibility Obligations (Packaging Waste) Regulations 2005 (as amended)

This year two of Sky's subsidiary companies, Easynet and SNS, were audited by the Environment Agency against these regulations. This is standard practice and the Environment Agency's findings were that both companies are complying with the requirements of the Regulations and have taken adequate steps to discharge their recovery and recycling obligations.

Emissions data

Scope 1 - Direct impacts (Operational)										
Greenhouse gases source	Definition	Data source	Energy use (kWh or litres)				Tonnes CO ₂ e			
			2004-05	2005-06	2006-07	2007-08	2004-05	2005-06	2006-07	2007-08
Building operations ^{1,2}	Gas used in utility boilers	Fuel bills	23,828,075	27,625,258	25,127,849	32,208,791	4,528	5,249	4,774	6,635
Building operations ¹	Diesel used in standby generators	Fuel bills or generator meters	2,006,214	973,331	1,875,998	1,707,081	478	243	469	449
Vehicle fuel	Company car use, Sky engineer fleet and employee business travel	Fuel card reports and employee expense claims					9,073	11,149	14,178	15,566
Refrigerants ³	Refrigerants used in air conditioning systems	Refrigerants used and recorded in F-Gas Register								1,143
Total Scope 1 CO ₂ e emissions							14,079	16,641	19,421	23,783
Scope 2 - Indirect impacts (Operational)										
Greenhouse gases source	Definition	Data source	Energy use (kWh or litres)				Tonnes CO ₂ e			
			2004-05	2005-06	2006-07	2007-08	2004-05	2005-06	2006-07	2007-08
Building operations ^{1,4}	Purchased electricity	Fuel bills	77,090,031	90,656,417	173,738,618	192,043,983	10,854	7,407	19,653	21,275
Total Scope 2 CO ₂ e emissions							10,854	7,407	19,653	21,275
Scope 3 - Selected indirect impacts (Supply chain) included in our carbon footprint										
Greenhouse gases source	Definition	Data source	Energy use (kWh or litres)				Tonnes CO ₂ e			
			2004-05	2005-06	2006-07	2007-08	2004-05	2005-06	2006-07	2007-08
Air travel ⁵	Business travel in commercial planes and air freight	Distance travelled (km) obtained from corporate travel company reports	37,619,709	36,493,787	48,690,262	44,844,095	5,612	4,830	6,481	7,625
Emissions from waste sent to landfill ⁶	CO ₂ e emissions from waste sent to landfill	Tonnes of waste sent to landfill								1,019
Total Scope 3 CO ₂ e emissions ⁷										8,643
Total CO ₂ e emissions ⁸							30,545	29,056	45,555	53,701
CO ₂ e emissions target ⁹							34,079	34,079	51,032	58,394

Notes to emissions data table

CO₂e emissions shown in this table for 2004-05, 2005-06 and 2006-07 have been calculated using Defra's Guidelines for Company Reporting on Greenhouse Gas Emissions (July 2005) and WRI/WBCSD GHG Protocol Initiative Indirect CO₂e emissions from consumption of purchased electricity head and/or steam calculation tool (version 2). CO₂e emissions for 2007-08 have been calculated using the Defra Guidelines for Company Reporting on Greenhouse Gas Emissions July 2008 and version 3 of the WRI/WBCSD GHG Protocol electricity calculation tool.

All figures are rounded to zero decimal places.

1. All energy data for 2007-08 were converted to CO₂e using Defra's Guidelines for Company Reporting on Greenhouse Gas Emissions (July 2008), except for the European electricity consumption figures which were converted to CO₂e using the WRI/WBCSD GHG Protocol Initiative Indirect CO₂e Emissions from the Consumption of Purchased Electricity, Heat, and/or Steam Calculation Tool. Sites which are supplied by a renewable electricity tariff which is Climate Change Levy exempt have an emissions conversion factor of zero.

2. The increase in gas consumption during 2007-08 has partly been due to changes in the data measurement and estimation processes. We will work to further improve the quality of the data for next year.

3. Refrigerant use for Osterley, Livingston, Dunfermline, Chilworth and Easynet UK ONLY are included. Emissions have been estimated from refrigerant use which has been recorded in the sites' F-Gas registers. The Defra Guidelines have been followed to estimate emissions. Refrigerant R22 has not been reported as it is listed in the Montreal Protocol rather than the Kyoto Protocol listed greenhouse gases. We will endeavour to include data on refrigerant use at our other sites next year.

4. Approximately 20% of building operation energy consumption data has been estimated. This is generally for small sites where energy use is included in rent. Estimations have been based on known energy use at similar sites, apportioned based on the size of the buildings.

5. Emissions from air travel not booked through the corporate travel booking company are not included. It is expected that this would account for an insignificant amount of additional travel. The distance travelled figure only includes business travel in commercial planes, however the emissions figure also includes air freight of goods that were sent from China to the UK for a three month period from January to March. This event was outside of usual business practice but we felt that this should be included in our overall footprint. The total tonne-km was estimated to be 1,934,676.

6. Emissions from waste sent to landfill have been estimated using an emissions factor provided by Edinburgh Centre for Carbon Management and The Carbon Neutral Company, which is 0.024 tCH₄/t waste. Methane has a global warming potential of 23 (IPCC, 2001) and this was used to convert methane emissions to CO₂e.

7. Emissions for air travel and from waste sent to landfill have been rounded up for reporting purposes. As a result, the sum of the actual data for 2007-08 results in 8,643 rather than 8,644.

8. Total CO₂e emissions covers scope 1 and 2 emissions and scope 3 emissions from air travel and waste sent to landfill. Total CO₂e emissions for 2005-06 include emissions from business travel in a non-company owned helicopter (consumption and emissions data for this source are provided in the following table).

9. The CO₂e emissions target has been recalculated in 2007-08 to take into account the addition of 365Media, Optimus, Amstrad, YouMeTV, Mykindaplace and emissions from refrigerants and waste sent to landfill. The process for recalculation involved adding 2007-08 365Media, Optimus, Amstrad, YouMeTV, Mykindaplace and CO₂e emissions from refrigerants and waste sent to landfill to the rebaselined 2003 baseline figure and then subtracting 10%.

Third party suppliers which we are working with to measure and reduce carbon emissions										
Supplier group	Definition	Data source	Energy use (kWh or litres)				Tonnes CO ₂ e			
			2004-05	2005-06	2006-07	2007-08	2004-05	2005-06	2006-07	2007-08
Outside broadcast operations ¹⁰	Outside broadcast operations contracted to 3 rd party suppliers	Sample of outside broadcast companies - site energy and fuel used on Sky jobs							971	3,717
Outdoor advertising ¹¹	Outdoor advertising procured from 3 rd party suppliers	Electricity use (kWh) associated with outdoor adverts obtained from size and number of billboards used			5,402,302	7,455,450			2,323	4,004
Outsourced customer contact centres ¹²	Customer contact services procured from 3 rd party suppliers	Sample of outside broadcast companies - site energy and fuel used on Sky jobs								8,961
Outsourced service and installation engineers ¹³	Service and installation engineers procured from 3 rd party suppliers	Sample of outside broadcast companies - site energy and fuel used on Sky jobs								6,073
Hay ¹⁴	Sky Arts activities at the Hay Festival	Data obtained from supplier and from expense claims								15
Helicopter ¹⁵	Business travel in non-company owned helicopter	Number of flying hours used (litres)		70,500	62,800	58,750		178	158	148
Total CO ₂ e emissions ¹⁶								178	3,452	22,918

Emissions shown in the table above have not been externally assured.

10. Raw data are estimates provided by suppliers and conversion to CO₂e emissions were calculated by Sky following the WRI/WBCSD GHG Protocol. The increase in emissions in 2007-08 is likely to be due to changes in the reporting methodology and improvements to the overall quality of data provided.

11. 100% of emissions from Sky's outdoor advertising are offset by our supplier. Raw data have been provided by our supplier, with the exception of electricity consumed by projections and digital screens which have been estimated by Sky. Emissions have been calculated by Sky using the WRI/WBCSD GHG Protocol.

12. Raw data are estimates provided by suppliers and conversion to CO₂e emissions were calculated by Sky following the WRI/WBCSD GHG Protocol. Air travel is not included as these data were not available.

13. Raw data are estimates provided by suppliers and conversion to CO₂e emissions were calculated by Sky following the WRI/WBCSD GHG Protocol.

14. Emissions included in the calculations are: diesel used in the two on-site generators; gas used by the canteen; fuel used by Sky Arts staff travelling to, during and from the event; and fuel used by the shuttle bus which was provided by Sky Arts for visitors. No electricity was used on site by Sky Arts and no air travel was undertaken by Sky Arts staff to get to the event. Travel undertaken by Sky Arts staff is reported in the travel data for Sky and is therefore included in the carbon footprint. The diesel and gas raw data were supplied by our suppliers. This year we have also offset our activities at The Hay Festival 2008.

15. 100% of emissions from Sky's use of a helicopter are offset by the supplier of this service. Data are estimated from the number of hours spent flying.

16. These data relate to selected suppliers which we measure and monitor but are not considered to be under our direct operational control. We therefore exclude them from our carbon footprint. We have, however, included emissions from air travel and from waste sent to landfill in our carbon footprint. Although these are not considered to be under our direct operational control, we feel we can take an active role in reducing these emissions through employee behaviour. This follows the WRI/WBCSD GHG Protocol. We continue to work with our supply chain to obtain accurate data.

Footnotes for page 15

1. Carbon dioxide equivalent (CO₂e) includes the emissions of other greenhouse gases. The emissions of greenhouse gases other than CO₂, are obtained by establishing what amount of CO₂ would have the same effect on warming of the atmosphere as the greenhouse gas is understood to have. This is calculated by multiplying CO₂e emissions of greenhouse gases by the relevant global warming potential. CO₂ has the GWP of 1 and CH₄ has the GWP of 23 (IPCC, 2001).

2. To allow comparison over time, the emissions for previous years have been recalculated using the Defra GHG Reporting Guidelines (June 2008) and WRI/WBCSD (version 3) emissions conversion factors, as these were used for the 2007-08 CO₂e emissions calculations. The emissions for previous years have also been recalculated to include estimated emissions from 365Media, Amstrad, Optimus, YouMeTV and Mykindaplace, waste sent to landfill and from refrigerants (from Sky Osterley, Scotland and Chilworth and Easynet UK only). We have also recalculated our emissions target from the rebaselined 2003 figure.

This rebaselining process is in line with the WRI/WBCSD GHG Protocol (Chapter 5 – Tracking Emissions Over Time) and enables a like-for-like comparison to be made

Both our CO₂e emissions for 2006-07 and 2007-08 have been independently assured by ERM.

3. Scope 1 (Direct Greenhouse Gas Emissions) are emissions from sources a company owns or controls. This includes fuels combusted in Sky's owned vehicles, generators and heating equipment. Scope 2 (Indirect Greenhouse Gas Emissions) are emissions from the generation of purchased electricity that a company consumes in its equipment or operations it runs or controls. Scope 3 (Other Indirect Greenhouse Gas Emissions) are emissions from activities that are relevant to a company but not within its direct control, such as transport activities in vehicles not owned by the reporting entity and outsourced activities. (Source: World Resources Institute and World Business Council for Sustainable Development Greenhouse Gas Protocol). For more information on Sky's operational carbon footprint and our carbon neutral status, visit www.sky.com/environment.

4. To maintain our status as a CarbonNeutral® company during 2007-08, we purchased carbon credits that have been verified to The Climate Group's Voluntary Carbon Standard (Version 1). This is an international standard that provides companies with guidance on buying voluntary offsets.

Environmental assurance statement

Independent Assurance Report to BSKyB Limited

British Sky Broadcasting Limited (BSkyB) appointed Environmental Resources Management Limited (ERM) to provide independent assurance on selected information presented in The Bigger Picture Review 2008 (the Report).

Scope of our work

We were asked to provide assurance as to whether the following are appropriately reported in the Report:

A. Selected environmental performance data set out below:

- **Carbon dioxide equivalent emissions (CO₂e):** CO₂e (tonnes) for BSKyB's scope 1, 2 and selected scope 3 activities as referred to in the WBCSD-WRI Greenhouse Gas Protocol (revised edition March 2004), and as presented in the Report on page 30;
- **Water:** water usage (m³ and m³/FTE) as presented in the Report on page 29; and
- **Waste:** hazardous/non hazardous waste recycled/re-used and sent to landfill (tonnes) as presented in the Report on page 29.

B. Carbon neutral status: BSKyB's declaration of carbon neutrality for its 2007-08 reporting period in relation to its scope 1, 2 and selected scope 3 CO₂e emissions from waste and business air travel as presented in the Report on page 30.

Objectives, basis of our work and limitations

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions as to whether the reported information and data set out in the 'Scope of our work' was appropriately reported.

We undertook assurance work at BSKyB corporate level and at a number of its operations based in the UK, Holland and Germany. In relation to BSKyB's carbon neutral status, we also undertook work at the premises of BSKyB's carbon offset provider.

If we had been asked to conclude on whether the reported information on the selected assurance topics is materially accurate, we would have needed to conduct more work at corporate, site and offset project levels and to gather further evidence to support our assurance opinion.

The reliability of the reported information and data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Reporting criteria and assurance standards

BSkyB applies its own internal approach to managing and reporting the assurance topics outlined above. These are described on pages 15 and 16 for the selected environmental KPIs, and on page 15 for its carbon neutrality status.

We performed our work in accordance with ERM's assurance methodology which is based on the international assurance and audit standards: ISAE 3000, ISO 19011 and, where appropriate to our scope of work, AA1000 AS. We also have referred to BS ISO14064-3:2006 specifically for scope B of this engagement.

Respective responsibilities and ERM's independence

BSkyB's management is responsible for preparing the Report and for the collection and presentation of information within it. ERM's responsibility is to express our assurance conclusions on the selected scope of work agreed with BSKyB.

During 2007-08, ERM has worked with BSKyB on other consulting engagements. ERM operates strict conflict checks and we have confirmed our independence to BSKyB for delivering this assurance engagement.

Our team and assurance activities

A multi-disciplinary team of environmental, corporate responsibility and assurance specialists performed the engagement.

We conducted the following assurance activities:

- Face-to-face interviews at corporate level to understand the processes in place for reporting environmental data and underlying data management system. This was followed-up with a review of relevant documentation;
- Site visits to the main UK BSKyB operations (Osterley and Livingston; Easynet UK operations in Slough, Chancellor House and Brick Lane; 365Media; Amstrad; and Sky Talk Operations in London) involved face-to-face interviews with the environmental data owners for the UK operations; testing on a sample basis the measurement, collection, aggregation and reporting processes in place; assessing internal audit/control processes; and reviewing relevant supporting documents;
- Site visits in Germany and the Netherlands involved face-to-face interviews with the environmental data owners for Easynet Germany and the Netherlands, and testing of the associated data system and documentation review;
- Reviewed and sample tested BSKyB's internal processes and controls to ensure that it has

purchased sufficient and appropriate carbon credits;

- Interviews with BSKyB's carbon offset provider to sample test their systems and processes in place to source and retire appropriate carbon credits, and to review supporting offset project related documentation;
- Reported our assurance findings to management as they arose to provide them with the opportunity to correct them prior to finalisation of our work; and
- Reviewed the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

Our conclusions

Based on our work undertaken as described above, we conclude that, in all material respects BSKyB has appropriately reported:

- The above selected environmental data for the 2007-08 financial year set out on pages 28 to 31; and
- Its carbon neutral status for 2007-08 as set out on page 15.

Our key observations and recommendations

Based on the assurance activities set out above, and without affecting our assurance conclusions, we provide the following observations and recommendations for improvement.

Improvements made since 2006-07:

- Initiatives introduced have helped BSKyB to achieve notable environmental performance improvements, including around increased waste recycling/re-use and reduced business air travel; and
- BSKyB has increased the scope of environmental performance management and reporting, to include CO₂e emissions from refrigerants and waste sent to landfill.

Areas to consider for future improvements:

- Continue to work with recently acquired businesses to further develop environmental data collection processes and fully implement the corporate data management system; and
- Continue to develop processes to capture and report BSKyB's main contractors' environmental practices and performance.

Environmental Resources Management Limited London, UK, 25th September 2008

ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. Over the past 4 years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs.

Community investment assurance statement

LBG Assurance Statement – BSkyB

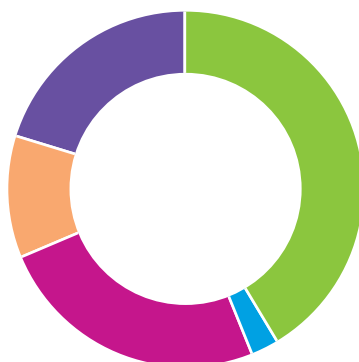
BSkyB is an active member of the LBG (London Benchmarking Group). The LBG model helps businesses to improve the management, measurement and reporting of their corporate community involvement programmes. It moves beyond charitable donations to include the full range of contributions (in time, in-kind and in cash) made to community causes, and assesses the actual results for the community and for the business. (See www.lbg-online.net for more information).

As managers of the Group, we have worked with BSkyB to ensure that it understands the LBG model and has applied its principles to the measurement of community involvement programmes during the year to 30th June 2008. Having conducted an assessment, we are satisfied that this has been achieved. Our work has not extended to an independent audit of the data.

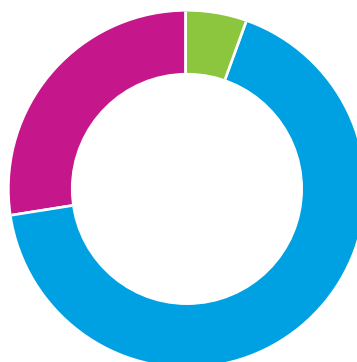
Corporate Citizenship
www.corporate-citizenship.co.uk
 August 2008



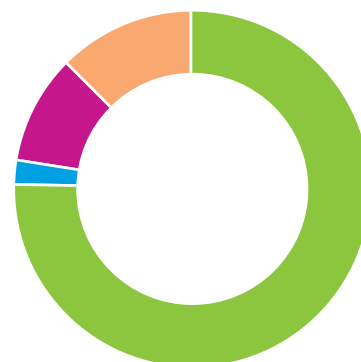
We use the LBG reporting model to calculate our contributions to charities and community organisations. The LBG model provides a standardised way of managing and measuring a company's community involvement.



Contribution by subject (%)	
Education and young people	41.5%
Environment	2.5%
Arts and culture	24.8%
Social welfare	11.0%
Other	20.2%



Contribution by motivation (%)	
Charitable gifts	5.6%
Community investment	67.0%
Commercial initiative	27.4%



Contribution by type (%)	
Cash	75.3%
Volunteering	2.4%
In-kind	9.8%
Management costs	12.5%

Total £6.9m including cash, time, in-kind and management costs.



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BSkyB has offset all CO₂ emissions generated by the production, paper and distribution of this Review.