

Chairman's statement



The last year has again presented a challenging environment for consumer businesses, as families are squeezed by higher prices and lower disposable income. Against that backdrop, Sky has continued to perform well, with a strong operational and financial performance across the board. Furthermore, our business is well placed to continue to grow in the future, as we take advantage of the significant potential in the entertainment and communications marketplace.

The relationships we have with our customers are the foundation on which our business has been built. That is why reaching our long-term target of 10 million customers this year was an important milestone in the Company's progress, as well as an endorsement of the quality, value and choice that we offer to our customers.

But more important than any single target is the way that the Company continues to transform itself. Since setting the goal of 10 million customers in 2004, we have moved from being largely a single-product company to become a leader in a much broader field of opportunity, with a diverse set of entertainment and communications products. In parallel, we have further developed our high-quality content offering, set the pace of innovation across the industry and grown our capabilities as an organisation by developing a strong culture of continuous improvement. Those achievements are the consequence of a clear, consistent plan and excellent execution over several years by a highly focused management team.

Today, more families are choosing Sky for a greater variety of products than ever. As we look to deepen our relationships with those customers, we recognise also the importance of making a positive contribution to the community in which we operate. Over the last year, we have continued to develop our work in three key areas of focus: helping to protect the environment; improving lives through sport; and opening up the arts to more people.

On 13 July 2011, News Corporation - where I am an Executive Director - withdrew its proposal to acquire the shares in Sky that it does not already own. In doing so, News Corporation stated that it remains a committed, long-term shareholder in Sky, proud of the success that the Company has achieved over many years, and of News Corporation's contribution to it.

As well as reiterating that commitment and support, I would like to take this opportunity to thank the excellent team at Sky and the entire Board for the focus that they have shown throughout the last year. It is because of their talent and dedication that the Company continues to deliver for customers and to achieve such strong progress for shareholders.

In reflection of the Company's continued strong performance, and our confidence in the opportunity ahead, the Board proposes a 20% increase in the full year dividend to 23.28 pence per share and intends to return £750 million to shareholders through a share buy-back programme over the next 12 months. On behalf of the Board, I would like to thank all shareholders for their continued support.

James Murdoch
Chairman
28 July 2011

CHAIRMAN'S STATEMENT



Over the course of the last year, the environment for consumer-facing businesses has again been characterised by an uncertain economic outlook and pressures on household budgets. Against this challenging backdrop, Sky has continued to do well with good progress operationally and a strong financial performance.

Our business, based largely on direct consumer subscription revenues, has proven to be more resilient to difficult economic conditions than those media businesses with greater exposure to cyclical advertising revenue. That strength, combined with the steps taken by the management team in pursuit of disciplined growth and operational efficiency, has put the Company on course to emerge from the downturn in a better position than before.

Customers are choosing Sky in greater numbers – and for a greater variety of products – than ever. At the close of the year, the Company was nearing its target of 10 million customers; a target that many observers long believed was not achievable. Furthermore, our relationships with those households are becoming increasingly valuable as more customers choose to take

additional products such as high definition, broadband and telephony.

This strong response from customers, even in more difficult economic times, is a powerful endorsement of Sky's approach to business: taking risks, investing, innovating and competing vigorously and fairly. Our belief is that companies that embrace change and open up more choice in this way should have the opportunity to enjoy the fair rewards of success. We will continue to resist regulatory intervention that risks undermining the incentives for investment and the positive benefits enjoyed by consumers today.

Our approach also includes a strong sense of responsibility in the way we do business. Making a broad contribution to the society in which we operate is a key element of durable

commercial success and we continue to expand our work in three key areas: helping to create a healthy environment; opening up the arts to more people; and encouraging participation in sport.

In June 2010, News Corporation – where I am an Executive Director – approached the Board of Sky with a proposal to acquire the shares in the Company that it does not already own. Further details of this matter are included in the Chief Executive Officer's statement. For my part, I would like to take this opportunity to reiterate that News Corporation remains a committed shareholder in Sky and is fully supportive of its talented management team and exceptional people.

In reflection of the Company's continued strong performance, the Board proposes a 10% increase in the full year dividend to 19.40 pence per share.

This performance is only possible as a result of the commitment and effectiveness of all our colleagues at Sky. On behalf of the Board, I would like to express warm thanks to them for their contribution to the Company over the last year, just as we thank all shareholders for their continued support.

James Murdoch
Chairman
28 July 2010

Chairman's statement

This has been a challenging year for customers and for businesses alike. As turbulence in the financial markets has been followed by pressures in the broader economy and on household budgets, consumer-facing businesses have experienced a tougher environment than has been seen for some time.

While no business is immune from these pressures, Sky has stood out for its strong performance against this difficult backdrop. Unlike many companies in the media sector, our business has been built on direct relationships with customers, and our focus on quality, choice and value has positioned us well to meet their needs in hard times as well as good.

2009 has been a year of achievement, with more customers choosing Sky for a broader range of entertainment and communications services than ever. Twenty years on from our launch in February 1989, we have passed the milestone of nine million customers and we are deepening our relationships with those families through our expansion into broadband and telephony.

Everyone associated with Sky should take pride in the achievements of the Company's first two decades. We have built one of the UK and Ireland's leading businesses by continually challenging the status quo and striving to bring more choices to more people.

In an industry that has often relied on public intervention and subsidy, our story is a demonstration of how risk-taking and investment by private enterprise delivers good outcomes for consumers. Sky has been a constant force for change and progress: opening up choice in television; investing in high-quality content; innovating to improve the customer experience; and adapting to embrace new opportunities as entertainment and communications come together.

With our commitment to customers comes a sense of responsibility in the way we do business. In particular, we are making good progress in expanding our contribution in three key areas: helping to create a healthy environment;

encouraging participation in sport; and opening up the arts to more people. We believe that seeing this bigger picture is a key part of durable success and long-term value creation.

On behalf of the Board, I would like to express gratitude for the contribution of the two Non-Executive Directors who stepped down during the last year. Chase Carey retired from the Board in February 2009 after six years' valued service. Lord Jacob Rothschild stepped down in September 2008 after acting as a committed and independent Deputy Chairman of our Board for more than four years. Both have provided leadership, support and counsel through challenging and important periods for the Company. Personally I will miss them both, as I know will the whole team at Sky.

I would also like to welcome Tom Mockridge to the Board following his appointment as a Non-Executive Director in February 2009. As Chief Executive of Sky Italia and Chief Executive, European Television at News Corporation, Tom brings further experience of international pay television to the Board.

In my first full year as Non-Executive Chairman, I would like to give thanks for the commitment and expertise with which the entire Board continues to guide the Company. I would also like to thank all of our 16,000 colleagues at Sky for the passion and dedication they have brought to the Company and its customers over the last year.

In a reflection of our strong performance in challenging conditions, the Board proposes a 5% increase in the full year dividend to 17.6 pence per share.

We thank all shareholders for their continued support as we look ahead with optimism to the next 20 years.

James Murdoch
Chairman

29 July 2009

Chairman's statement

Over the last year, we have continued to position our business to take advantage of fundamental changes in the way in which customers consume media and communications. These changes are creating significant opportunities for companies that have the capability and the appetite to adapt their businesses.

The steps that we have taken are delivering results. We have gained exposure to an enlarged growth opportunity in the broad marketplace for entertainment and communications. The expansion of our product set has provided more tools than ever to meet the needs of our existing and future customers, and our focus on quality, choice and value is being met by increased demand. As a consequence, more customers are choosing Sky for a broader range of products and services than ever before.

Sky is a business that makes a positive contribution to life in the UK and Ireland: through the products chosen by millions of customers; through our investment in much-loved content; and through our commitment to innovation. A further dimension of that contribution is the sense of responsibility that we bring to the way we do business. We continue to make progress in our work to contribute to a healthy environment and to develop our activities in sport and the arts.

After serving for 18 years on the Board of the Company, Rupert Murdoch decided to step down as Chairman and as a Director in December 2007. On behalf of the Board and shareholders, I would like to express our gratitude for his unparalleled contribution and tireless dedication to Sky. His spirit and vision have been instrumental in growing the business from a standing start to reach more than one in three households across the UK and Ireland.

Having stepped down as Chief Executive in December 2007, I am pleased to have the opportunity to continue to serve the Company in a new role as Non-Executive Chairman. I am delighted to have been succeeded as Chief Executive by Jeremy Darroch, who is the first person from within Sky to have been appointed to that role.

Jeremy has been a key part of the Company's leadership team since joining Sky as Chief Financial Officer in August 2004 and has been instrumental in our progress over that period. The Board considered Jeremy to be the outstanding candidate for the role of Chief Executive and I am certain that under his leadership the Company will continue to grow and prosper.

Andrew Griffith joined the Board in April 2008 on his appointment to succeed Jeremy as Chief Financial Officer. Andrew was previously Sky's Director of Group Finance, M&A and Investor Relations and his appointment is further evidence of the strength in depth of our management team. I would also like to welcome Daniel Rimer to the Board following his appointment as a Non-Executive Director, also in April 2008.

Finally, I would like to thank all my colleagues at Sky, including those at Amstrad who have recently joined the Group, for their hard work and commitment over the past 12 months. The opportunity for Sky has never been greater and we are well positioned to achieve continued growth on behalf of shareholders. That confidence is reflected in the proposed 8% increase in the full year dividend to 16.75 pence per share.

James Murdoch
Chairman

30 July 2008

Chairman's statement

It is without question that the world of media and communications is changing at a faster pace than ever before. New generations of consumers are demanding content on their terms. The boundaries between traditional media and adjacent sectors, such as broadband and telephony, are disappearing and this is creating an unprecedented change in the competitive landscape.

This convergence of media and communications has created a dynamic, fast moving sector that not only brings significant opportunities, but also a degree of uncertainty. That has manifested itself in the recent under performance of global media stocks, as investors have been unsure how the sector will evolve, and at what cost. Media companies that expected historical performance to protect their business models from this overlap have failed, and will continue to fail. To them the social and technological changes we are experiencing are a threat, not an opportunity. Today, though, investors can see successful companies emerging.

These companies have adapted their strategies to the changing environment and embraced the values and culture necessary for success. Sky is one such company - no other company in the UK has achieved more in the past year to position itself for the future and set the pace of change to meet the needs of its existing and future customers.

One year ago, Sky was one of the UK's leading TV companies - today, not only have we built on that leading position but we have also become a major challenger to established players in the telecoms sector, creating a combined industry forecast to be worth £25 billion by 2010. We have transformed ourselves into a multi-product business that offers customers Sky+, Sky HD, Multiroom, Sky Mobile TV, Sky Anytime, Sky Broadband and Sky Talk. No other company can provide consumers with such control and flexibility over how they watch, download or record content. By widening our product range, we have broadened the appeal of Sky and unlocked an unprecedented level of demand. We offer superior choice, quality and value to our customers and will remain a champion of choice and innovation in our expanded market place.

In addition, a sense of responsibility is ingrained across the organisation. Sky is the first major media company and only the second company in the FTSE100 to become carbon neutral, finding ways to help customers save energy in their homes and contribute to the environment. More broadly, we are continuing to make a sustained and significant contribution to the arts, sport and education.

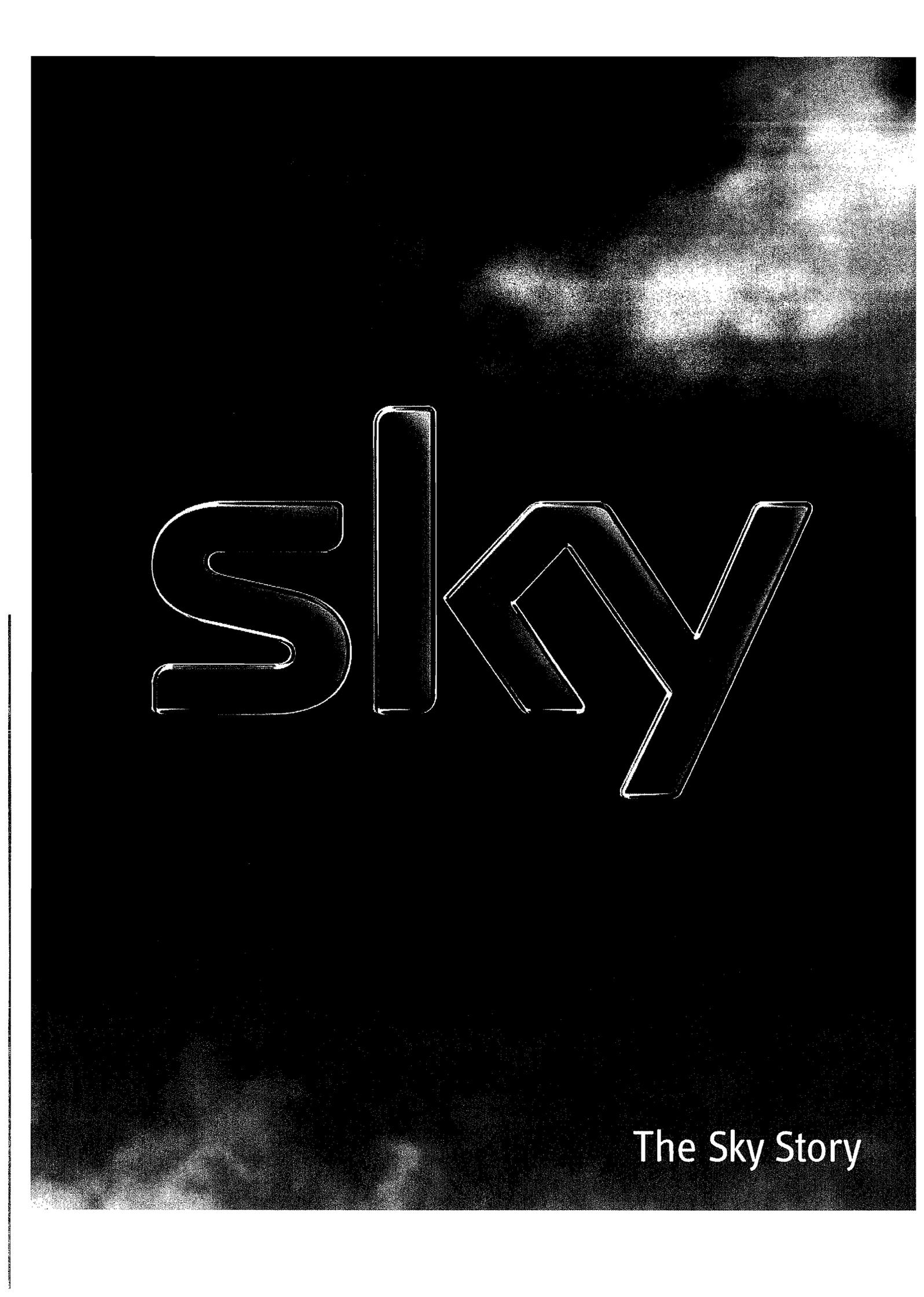
I would especially like to thank all of the non-executive directors for the time they have invested and for their continued support. In particular, I would like to thank Lord St John of Fawsley, who retired from the Board this financial year, for his contribution over many years of service.

One of Sky's greatest attributes is the quality of the people we employ. This year, we paid tribute to the 234 pioneering men and women who helped to launch the company against well established broadcasters nearly two decades ago. Our people's qualities then, of entrepreneurship and challenging the status quo, are equally apparent in our organisation today.

I want to thank all my colleagues for the hard work and dedication over the past twelve months that has positioned Sky as a leader in entertainment and communications. The proposed 27% increase in the full year dividend to 15.5 pence per share reflects the confidence the Board has in the current, and future, performance of the business.

Rupert Murdoch
Chairman

27 July 2007



slay

The Sky Story

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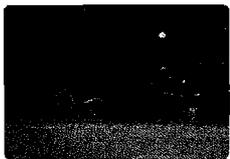
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In the beginning

We've come a long way since 1989. A long way from a largely untested analogue satellite TV service, a handful of customers and a staff of a few hundred hardy pioneers.

It is difficult to imagine now, but back then, there were only four TV channels in Britain. Hardly enough to lift 50 million imaginations.

We believed in individual choice. That people deserved more and would demand more.

It's no different today. What we do changes as the world changes. But who we are and what we believe has stayed the same.

We have never stopped working to provide what people ask for. Better choice. Better opportunities. More freedom for more people. We are always ready to challenge conventional wisdom and fight against complacency, because customers expect it of us.

We're always pushing. Sometimes in small ways, sometimes through giant steps forward. We're accountable to our customers. That's why we're always striving to do more for them.

At Sky we believe in better.



Consumers take charge

The communications world is changing, and changing for the better. People – not governments, regulators, or even businesses like us – have more power, more choice and a greater voice than ever before. This is a great thing.

Consumers take charge

How did this communications revolution happen? Because new technology and growing prosperity have given us all the power to access a virtually unlimited wealth of information, to choose what we want from it, to share it with one another, to add our own contribution, to build real communities that ignore all the old geographical and class boundaries – and to grow and develop as societies and citizens.

For many decades, there had been very little choice on our TV screens. While the system had produced some great programmes, its weaknesses were increasingly apparent. Almost no choice of news providers; a handful of blockbuster films but not much else; some mainstream, but little niche, sport. The broadcasting system neither encouraged nor rewarded innovation.

We believed that people deserved better, that British viewers would welcome a greater amount of choice and control, and that competition would drive up quality and standards across the board.

We invested billions of pounds on the back of this vision. Many people thought we would lose the lot. We nearly did.

But our instinct was right. We found that people really want the freedom to choose: to select their personal favourites from a wider range of channels and a variety of programming that suits every kind of taste.

Now our customers have the opportunity to select their personal favourites from over 500 channels. We have moved from a world of a few hours a day of news programming at fixed times, to over a dozen dedicated news channels from a wide variety of sources. Our viewers can watch the sports that they care for, discover the arts that enrich their lives, sit down with their children to learn together – or simply, happily, be entertained.

We are bringing that freedom of choice to other parts of the communications world. Broadband internet access is a gateway to infinite sources of entertainment and information, and



Compelling drama, outstanding arts, quality sports, breaking news on Sky

> 1 in 3

Families in the UK and Ireland
choose Sky today

now almost every family can afford it. We saw the same opportunity to offer choice and value in telephone services.

The world we operate in is fiercely competitive and we have to work hard to stay ahead of our rivals. We do so vigorously and fairly. We believe that competition spurs innovation and choice for consumers, and promotes healthy businesses that provide social benefits in creating wealth and jobs.

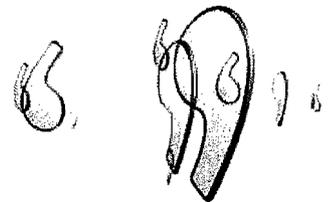
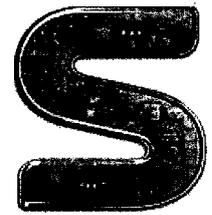
We also see the bigger picture and respond to important social issues. We have taken a leadership role on climate change, worked with schools to improve participation, and launched an on-line resource to help children, parents and teachers find programming that will support educational work.

Some are frightened by the speed of change in media and communications. The competition is certainly tough – it's tough for us too. But it's great for customers. Overall take-up of digital TV and broadband is soaring, and we are sharing in that growth. Sky Broadband and Sky Talk are the fastest

growing internet and voice services in the country. People are exercising choice and we are grateful that quite often they choose us.

Now that we've been around for almost two decades, our commercial success in attracting over 8 million customers is acknowledged, and some of the benefits that multichannel television and our broadband and talk services bring to consumers are recognised. But there are still people who question the contribution we have made to life in the UK.

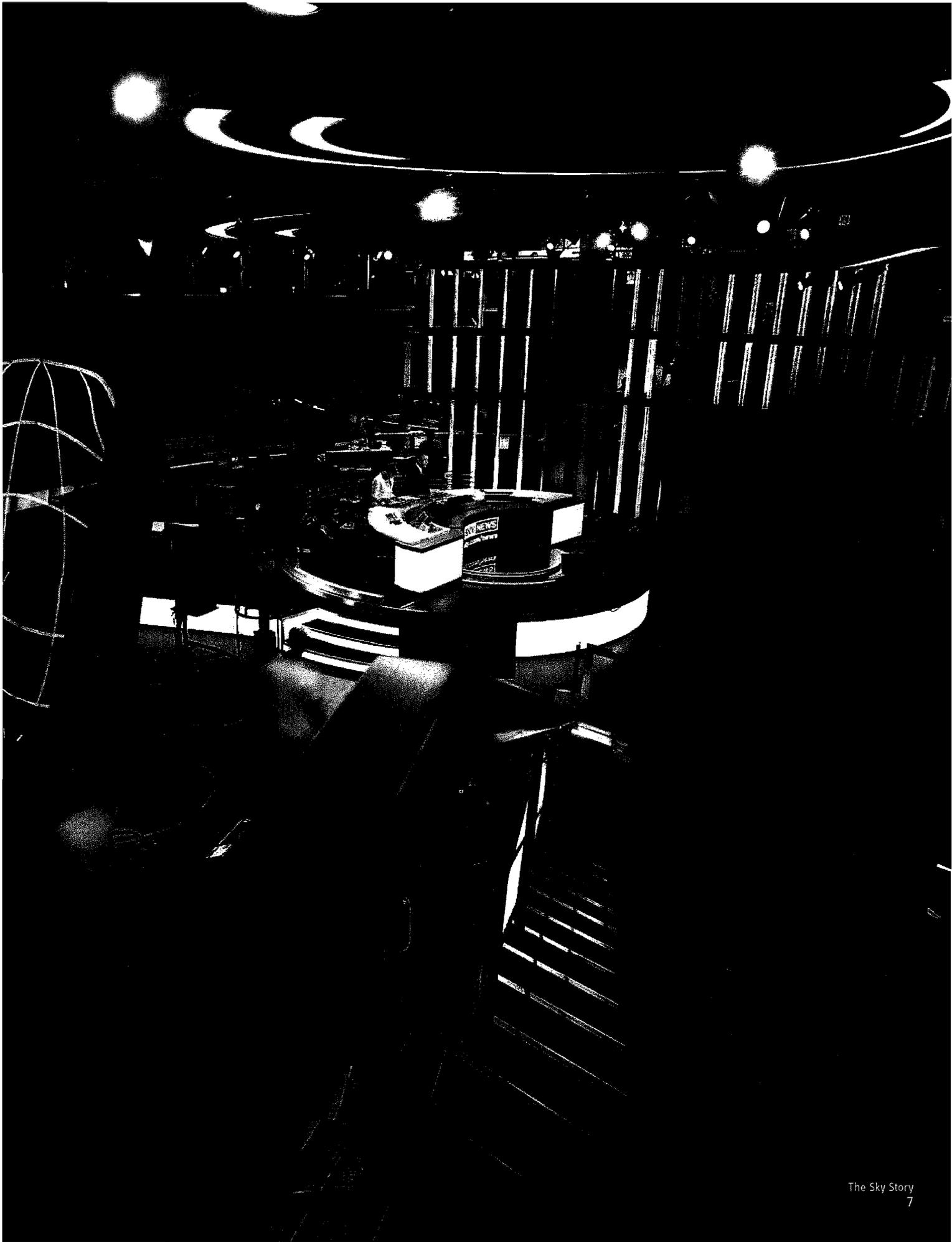
Yes, we shake things up, and that's not always popular. We haven't got it right every time: there have been the bad calls and mistakes along the way that are an essential part of business life. But we are proud of what we have achieved, proud that more than one-third of British and Irish homes choose Sky.



Sky Broadband and Sky Talk –
the fastest growing internet and
phone services in the UK

For the record

Sky was born from a simple belief that is just as relevant today as it was in 1989. The belief that people benefit from increased choice. That principle has inspired us ever since. Our first broadcast was on 5 February 1989. Overnight, the number of TV channels available across the UK doubled from four to eight, including Sky News, the country's first 24-hour news channel.



> 10,000

First run movies shown on Sky Movies since launch

For the record

Because it was built from scratch, our business incurred huge start-up costs, and these, combined with initially low viewer numbers, led to massive losses. By the time Sky merged with fellow – and equally loss-making – satellite company BSB in November 1990, the two companies had lost over £1.4 billion between them.

But customers liked the increased programming choice we offered. The response to our coverage of the English cricket team's winter tour of the West Indies in 1990 – the first time an overseas cricket tour had been broadcast live – showed that there was a huge appetite amongst British viewers for high quality live sport. The acquisition of the rights to the newly-formed Premier League in 1992 gave extra impetus to our sports offering. We transformed the way these sports were presented and gave fans a far better viewing experience.

Not just sport. Sky Movies met the previously untapped demand for a wide choice of quality movies every

night. Before we began our service, access to the best in film was limited and late-night – and often interrupted by news breaks and advertising.

In 1993 we launched our Multichannels package, bringing together a range of entertainment, documentary, music and children's channels appealing to the varied tastes of our customers.

By 1995 over three million people had chosen Sky.

Time to relax? Not really.

We saw that the provision of entertainment was moving inexorably towards digital technology, and that we might be able to accelerate the pace of that change.

That meant suspending our dividend, and spending £2 billion developing an entirely new digital platform, underwriting the launch of a fleet of new satellites, and replacing all the boxes we had installed in our customers' homes with new ones.

People liked having better picture and sound quality, they liked being able to pick from more channels via an easy to use on-screen programme guide, and they liked the interactivity that digital offered.

The remainder of the UK will go fully digital only in 2012.

There was more to come.

Sky+, introduced in August 2001, allowed people to pause live TV and record their favourite shows at the touch of a button. It is now in nearly a third of our customers' homes. People who have it, rave about it. They are in charge as never before – choosing not just what, but when they want to watch.

We are now transforming the TV viewing experience yet again through the launch of High Definition. We did so in the face of predictions that HD was a needless luxury. It has since seen the fastest take-up of any of our additional TV services to date.

> **70%**

Broadband network coverage
of UK homes

The world of television has changed immeasurably for the better since 1989. Consumers deserve the same in broadband and telephony. We see an opportunity to deliver huge value to customers in a sector previously characterised by muted competition.

So we are investing almost £1 billion building a state-of-the-art broadband network, challenging the existing telecom providers, and dramatically driving down the prices paid by customers for broadband and phone services.

We have come a long way since setting up shop in a muddy building site in Osterley, to the west of London, with a small team, a large amount of debt, and in the face of near-universal derision from the broadcasting establishment.

The muddy site has become a high-tech campus but we're still here. We are one of the very few British companies to have gone from complete start-up to the top end of the FTSE100 in less than 20 years. Our investments

in television and broadband have increased plurality, driven the use of digital technology, and helped to connect and meet the needs of our more diverse society.

But we never forget that what got us here is the appetite that people have for choice, for quality, for freedom. In the future they will continue to be even more demanding, they are going to want more control and convenience, and they will reward the companies that respond. We don't just want to be one of those companies: we want to be the best of those companies.

“
**Sky+ is the single
best invention in
the past 20 years**

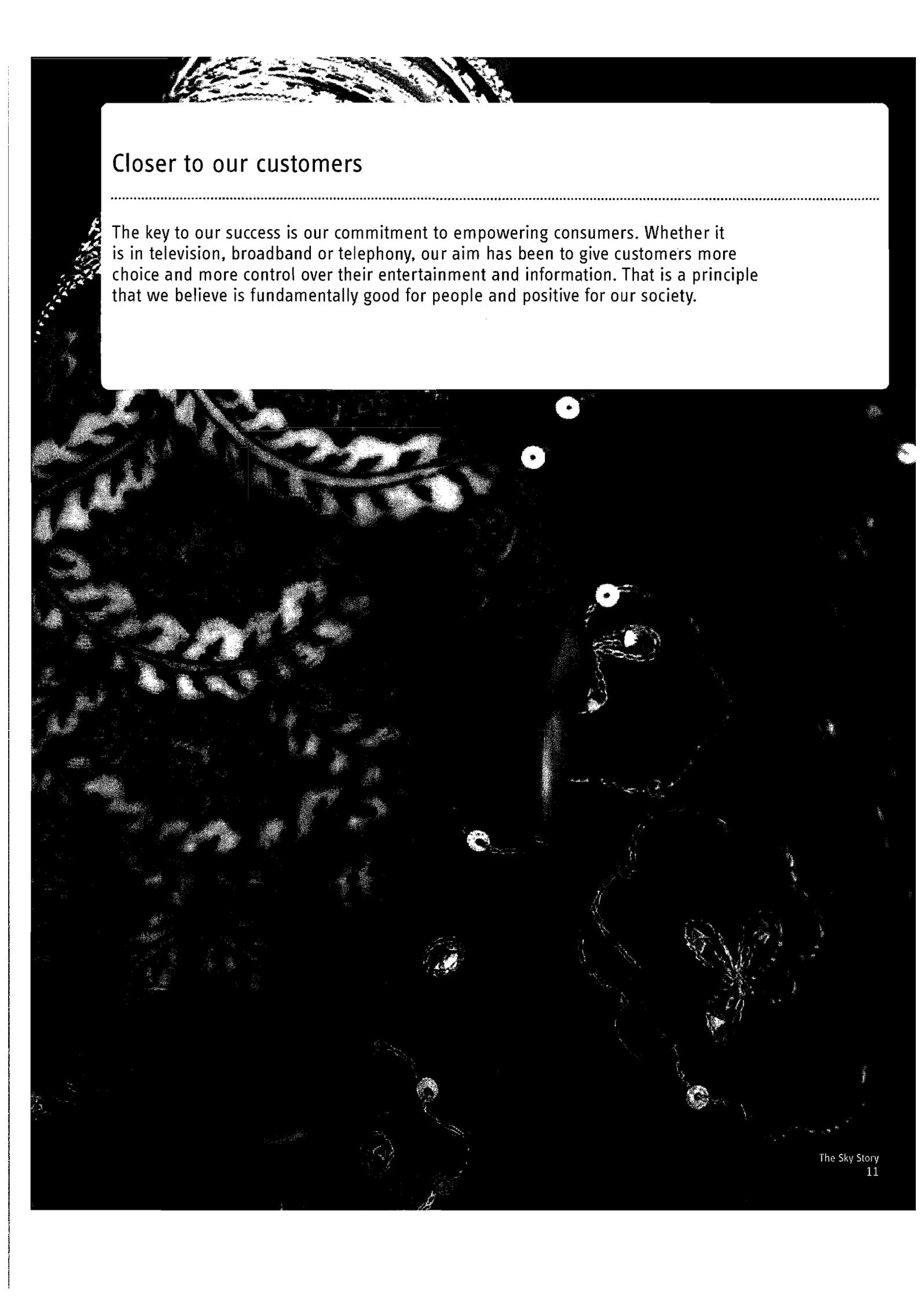
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Jeremy Clarkson



A new customer chooses Sky+
every 30 seconds





Closer to our customers

The key to our success is our commitment to empowering consumers. Whether it is in television, broadband or telephony, our aim has been to give customers more choice and more control over their entertainment and information. That is a principle that we believe is fundamentally good for people and positive for our society.

> 14
Dedicated
news services

Closer to our customers

We don't do geeky, or wordy, or tech-speak. Our products don't have complicated instruction manuals. Part of our job is to make complex, cutting-edge technology simple and easy to use for everyday consumers – the sort of innovation that makes their lives easier. The intuitive simplicity of Sky+ is a benchmark for broadcasting innovation. Our Remote Record feature now allows users to set their Sky+ box to record their favourite shows when they are on the move, using their mobile phone.

We also offer our services on the internet through Sky Anytime, allowing subscribers to download their favourite entertainment shows, movies and sports to their computer. In addition we provide news, sports and entertainment services through mobile networks.

Our on-screen Electronic Programme Guide makes it easy for viewers to make their own personal selection from the hundreds of different channels available to them. There are 15 channels dedicated to religion and faith, 27 children's channels, and 47 services for foreign and ethnic audiences.

Around 60% of the UK's ethnic population watches one of these channels on Sky each month. No other platform has the capacity or the motivation to offer such a range of content from so many cultures and communities.

The same goes for news. As well as the familiar Sky News and BBC News, we offer our viewers a diversity of news sources and perspectives from Al-Jazeera to CNN, Bloomberg to Russia Today. There are currently 14 dedicated news channels on the Sky platform, plus news bulletins on mixed-genre channels and foreign language and ethnic services.

We think about our customers as individuals, with individual needs. We provide packages to suit different interests at a wide range of prices. The special remote control for disabled and elderly people we developed in consultation with SCOPE and Age Concern remains unique in the UK. We were the first digital platform to offer audio description for visually impaired people as standard, and Sky channels subtitle over 45,000 hours of television each year, comfortably

exceeding our statutory requirement. We have supplemented extensive on-screen services through a dedicated customer support team, and all 1,700 of our field engineers are trained to understand the special challenges that some of our customers face.

We see that commitment as part of our wider investment in customer service. Our contact centres already handle over 1 million calls from customers a week, and our field engineers make over 3 million home visits a year. Our aspiration is not just to set the benchmark for the best customer experience in our own industry, but the best in any industry. To achieve this goal, we are investing heavily in upgrading our capabilities and adding more front-line staff.

The digital platform also ushered in a new era of interactivity. In August 1999 we broadcast the first interactive football game, allowing viewers to choose their favourite camera angles, and watch highlights during the game. Fans of the UEFA Champions League on Sky Sports now have the opportunity to choose up to eight simultaneous matches via our interactive multi-screen

> **15**
Channels dedicated
to religion and faith

> **27**
Children's
channels

> **47**
Services for foreign
and ethnic audiences

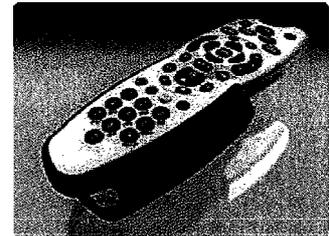
service. The red button has become a familiar and useful feature for viewers in millions of homes.

In broadband we offer up to 16Mb connection speeds and hassle-free wireless connections. We are the fastest-growing internet service provider in the UK and we offer a product which we believe is the best value available. Our customers get easy access to first-class search, email and messaging systems, powered by Google. We have created SkyCast, a new portal for user-generated content, and developed imaginative ways to encourage people to unlock their own creativity.

The combination of a high bandwidth satellite service, massive local storage in the form of the Sky+ box, and broadband connectivity opens up tremendous possibilities for customers. In the future, our on-screen programme guide will provide seamless integration between programmes broadcast by satellite and on-demand broadband content. Another example of putting people, not providers, in charge.

“
We have a positive and long-term relationship with Sky. Their track record working with disabled customers is outstanding

”
Liz Sayce, Chief Executive, RADAR



Sky is the only broadcaster to provide remote controls specially adapted for use by disabled people

skyARTS

Ballet Rocks



Our contribution

Providing a great choice of high quality content has always been at the heart of what we do. We showcase compelling arts and entertainment programming. We started the UK's first 24-hour news channel, Sky News. Our sports broadcasting is widely recognised as exceptional. We have built partnerships with other broadcasters that provide them with the means to create successful businesses and build specialist audiences that value their content. And we are recognised as a company that sees the bigger picture and does things to improve our society and its communities.



> 550

Hours of arts programming broadcast by Sky Arts each month

Our contribution

Entertainment and arts

Our own entertainment channels, led by Sky One, have created home-grown productions like *Brainiac* and *Are You Smarter Than a 10 Year Old?*, as well as bringing British viewers the best shows from the US including *The Simpsons*, *24*, *Lost* and *Prison Break*.

We are investing an increasing amount in original British drama. Sky One's critically-acclaimed adaptation of Terry Pratchett's *Hogfather* – starring Sir David Jason – was watched by more than 2.9 million viewers, the largest ever audience for a commissioned programme on multichannel television. Next year Sky One viewers will be able to enjoy the second instalment, *The Colour of Magic*.

Sky Arts, the UK's only dedicated arts channel, offers – without any public funding – the world's finest live performances together with documentaries and film. It showcases opera, dance, classical music, the visual arts, architecture, literature and theatre. Sky Arts broadcasts more hours of arts-related programming each week than all the public service channels do – combined. Every one of its original productions is now shot in HD.

We actively support the arts through partnerships with the English National Opera, the English National Ballet and the Hay Literary Festival. We work with the National Trust, enabling improved access for families to National Trust properties and the chance to

see the Trust's greatest treasures in HD on Sky Arts. Our three-year partnership with children's favourite the Chicken Shed Theatre Company helps bring live inclusive theatre to thousands of British families.

News

Sky News has changed the face of television news in the UK. Started on a shoestring, with only six staff, Sky News now has 500 dedicated staff worldwide. It has won two BAFTAs and has been the Royal Television Society's News Channel of the Year in five out of the last six years.

Sky News is the only British independent 24-hour TV news channel. It offers a comprehensive online and interactive news service, supplies news content to Channel Five and a range of commercial radio stations.

We spend more than £50 million on Sky News every year. It receives no government money and is not provided because of a regulatory requirement or licence obligation. It does not qualify as Public Service Broadcasting, nor would we want it to. We cherish, as do our customers, its integrity and independence.

Sky News has consistently led the way in innovative news coverage. Sky News Active was the world's first interactive television news service, allowing viewers the choice of eight different screens. Now Sky News is available live through Sky Mobile TV and has pioneered the use of content

“
Through support and partnerships with organisations like ours, Sky and Sky Arts are making a major contribution to cultural life in the UK

”

Loretta Tomasi, Chief Executive, English National Opera



Sky One's adaptation of Terry Pratchett's *Hogfather* is the highest rated commissioned drama on multichannel television

“
We switched on Sky News as everybody does, to try to get some idea of what is going on

”

Sir Ian Blair, Metropolitan Police Commissioner, describing how his team stayed up to date with news of the London bombings in July 2005

> 40,000

Hours of sports coverage and analysis
a year

provided by its viewers through their mobile phones, notably live reporting and photographs from the London bombings on 7 July 2005, and more recently the floods of 2007.

Sky News prides itself on being the home of breaking news and on its reputation for fleetness of foot, impartiality and accuracy. It is the channel that is trusted by opinion formers.

Sport

One of the things that we are most famous for, and most proud of, is Sky Sports. This year we will broadcast more than 40,000 hours of sports coverage and analysis, including the UK's first dedicated 24-hour sports news channel.

We will show nearly 450 live football matches this season, including 92 Barclays Premier League games, all in HD – a far cry from the handful of live games shown on terrestrial TV in the days before Sky. The investment which has gone into football as a result of our contracts and coverage of the Premier League has helped to create the most exciting league in the world, played in some of the best stadiums.

But it is not just the elite players and clubs that have benefited from our investment. Broadcasting money has indirectly funded much of the work of the Football Foundation – which has invested hundreds of millions of pounds in more than 3,000 projects to help grassroots football in the last

six years. And we have supported the game at all levels, broadcasting thousands of hours of senior, youth and women's matches, as well as top-flight games.

We have brought the same commitment to other sports. We cover live club rugby, which was previously rarely shown on television, and this exposure has helped reinvigorate the game. Our coverage of Ryder Cup golf, British Lions tours, and overseas Test cricket has ensured that people can watch the whole of these events live for the first time. Over the course of more than a decade working with English cricket, we have invested over £300 million in the game.

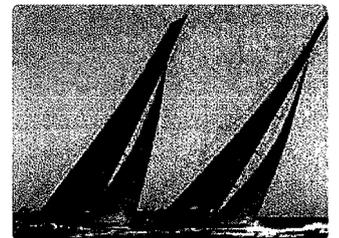
But Sky Sports is about far more. We show extensive coverage of women's sports, including the Solheim Cup and Netball Superleague. We show a whole host of less mainstream sports which have rarely, if ever, been featured on television before. In 2006 we covered over 150 different sports, including a regular weekly fishing programme, equestrianism live and in HD from Hickstead and every race in the America's Cup live. This diversity is appreciated by viewers and gives many niche sports the opportunity to build their audiences, popularity and participation.

As well as offering more content, we have transformed the way sport is covered. Breakthroughs such as the clock and score on screen, super slow motion, virtual graphics, interactivity

“
ECB is very grateful to Sky for their support in taking cricket coaching to the next level throughout England and Wales

”

David Collier, Chief Executive, England and Wales Cricket Board, at the launch of the Sky Sports Coaching the Coaches scheme



Sky Sports covered every race in the America's Cup live

> **£1.6bn**
Annual programming spend

Our contribution

and now High Definition have set new benchmarks for the television industry and forced everyone covering sport to raise their standards. It is the fans who have benefited.

The wider creative community
We have helped to build the creative industries, spending £1.6 billion a year on programming - £1.3 billion of this on our own channels, including a substantial investment in original production in news, sport and entertainment. The rest of the multichannel sector, supported by Sky's investment, adds millions more. Thousands of creative people are employed across the UK as a result.

The open digital platform we created and the direct financial support we've given third party broadcasters (through carriage payments and joint venture investments) has enabled them to invest in programming and create dozens of channels catering to every taste and interest. From the UKTV portfolio, based around popular programmes from the BBC's archive, to more niche services like Baby TV, Current TV or Extreme Sports.

Of course we also carry the public service channels from the BBC, ITV, Channel 4 and Five on the platform. These enjoy a privileged position at the top of the Electronic Programme Guide.

Our digital satellite platform leads the world in its technology, and many aspects of it have been widely copied by other services in the UK and overseas. Our conditional access (CA) system allows TV channels to raise subscription revenue with confidence. It offers secure copyright protection, an essential part of the long-term future of the creative industries.

Dozens of channels - like the BBC, C4 and Disney - use the red button functionality to provide interactive services. These enhance the viewing experience and build customer loyalty, as well as generating additional revenue.

Our belief and investment in HD has stimulated UK interest in a standard which represents a fundamental improvement in the TV viewing experience. We put money behind outside broadcast equipment, studios, transmission suites and so on to seed development. Others have seen the success of Sky HD and followed suit, but we showcase a wider choice of HD programming than anyone else - over 5,000 hours a month.

Seeing the bigger picture
We recognise that having a presence in one in three homes is a responsibility, as well as an opportunity to work with our customers to tackle the issues that they care about.

“
Working in partnership with Sky has helped our channels to flourish and develop in the UK. We've been able to co-operate to reach new audiences and introduce new services - and we'll carry on doing so in the future

”
Robert Gilby, MD, Disney Channel UK

> **1/2**

Sky has halved the power consumption of its set top boxes since they were launched

> **100%**

Renewable energy used by Sky at our sites in England and Scotland

Foremost amongst these is the environment.

We recognise that climate change is not an issue that can be pushed on to the agenda of governments and forgotten by everyone else. We all have to play our part.

Our first priority was to put our own house in order. After a great deal of work to reduce our emissions and improve energy efficiency, we became the first media company in the world to become carbon neutral in 2006.

We asked our suppliers to join us on this journey. We share what we have learned with others. And we also know that we have a duty to start a discussion about low-carbon lifestyles with our customers.

We think the issue is so important that it needs to be part of all our communications. So climate change is covered in our customer magazine – which has the largest circulation in the UK – on air, on our websites, in posters. We have halved the energy consumption of our standard set-top boxes and provided our customers with energy-efficient light bulbs. Now we have introduced a world first – automatic stand-by on our boxes, saving 32,000 tonnes of carbon a year.

Another example is education. Because education is critical for our customers and their families, it matters to us too and we can contribute. Our television service offers a range of channels that

provide educational material of real value – Discovery, The History Channel, National Geographic and many more. So we took that a step further and launched Sky Learning.

This includes a search engine that enables students, and their parents and teachers, to look across hundreds of channels on the Sky platform for material relevant to learning. Simply enter the subject and examination and it will suggest scores of programmes to complement what happens in the classroom.

We have also harnessed the power of our brand in sport to achieve positive changes. Our Living for Sport initiative is delivered through an innovative and productive partnership with the Youth Sport Trust, taking elite athletes like Kelly Holmes and Darren Campbell into the classroom and using sport to help young people achieve their potential. We have reached over 600 schools across the UK with this programme and it is having positive results.

In each of these areas we regard what we are doing not as something to be stuck in a box marked corporate responsibility and left there. But as another extension of our central commitment to see the bigger picture, to look after our customers and to do the right thing.

“
The number one media company in the world when it comes to addressing climate change

”
Al Gore



Sky's Living for Sport programme has brought top athletes into the classrooms of over 600 schools throughout the UK

The way we do business

We believe passionately in an approach to business and regulation that puts the real interests of consumers and citizens first, not those of providers or policy makers. We will continue to fight for this, regardless of whether that means challenging powerful incumbents and vested interests. Our job is to get on and try to win customers by offering better quality and value than our rivals.



The way we do business

We compete vigorously, responsibly and fairly. We operate in a highly competitive and dynamic marketplace, challenging public and private sector organisations that are often much larger than we are. We relish fair commercial competition but we challenge unnecessary state or regulatory intervention.

As we have expanded the range of products we offer to our customers over the past 18 months with the launch of Sky Broadband and Sky Talk, we have moved from the £7 billion television sector to competing in a converged £20 billion-plus marketplace for entertainment and communications. We see this as an exciting opportunity to grow our business and at the same time deliver a superior service and increased value for customers.

We have been criticised for some of our business initiatives and the commercial disagreements and disputes that sometimes result. Our answer is simple. A dynamic marketplace is often going to be messy, argumentative and chaotic. That is the way it works. Competition is not something that

ever stops, or should ever stop. The benefits are enjoyed by customers – and by the diverse companies that meet their needs.

We recognise that many of the aims of broadcasting and communications regulation are important and necessary. Protecting children from unsuitable material is essential and common minimum standards of decency are important to society. We willingly block content that might harm vulnerable people or children – indeed the parental control features we have developed are far more extensive than regulation requires – and we accept rules designed to protect fair competition and open markets.

But we should be wary of arguments that push regulation beyond dealing with genuine risk. That can lead to protectionism, restriction of choice and stagnation.

This view is not shared by everyone in our industry. Some established players prefer regulation that stifles competition, not enhances it. Their



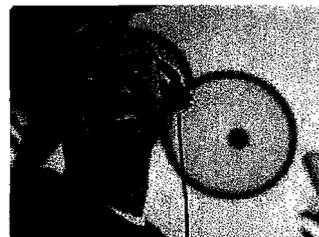
Our parental control features allow parents to set their own watershed and block entire channels using the Sky remote control

> **14,500**
Sky employees

> **3,000**
New jobs created by Sky
since 2004

goal is to protect the status quo and limit the impact of change. That is their preference but it is not a road we will ever take. Opposing the interests of consumers is against our core beliefs, and will ultimately lead to failure. Successful businesses care first and foremost about their customers and dedicate their energy to serving them. That is what we do.

Society benefits from competition too. Only the best operations survive and prosper. We employ over 14,500 people directly, and thousands more through outsourced business partners. We are one of the largest private sector employers in central Scotland, and as our business grows, we are creating new jobs - more than 3,000 since 2004. These jobs - and all the economic growth that goes with them - are the result of developing a successful business.



Sky is one of the largest private sector employers in central Scotland. Our customer advisers handle over 1 million calls each week

Believe in better

What next? Exactly what we do will change. The technologies we develop will change too, as will our services and our content. Change is part of the world we do business in.

There are also things that won't change. Being part of the marketplace of ideas is incredibly exciting. Any company that can help expand that opportunity is making a powerful contribution to people's lives. That's what we try to do.

We will continue to celebrate the chance to be part of the entertainment and communications revolution – at the time when power increasingly lies with the people who are most important to us. Our customers.

We will never give up believing that we can do more for them. We will try to think big, to challenge, to innovate, to look ahead. To push ourselves a little bit harder every time.

We always want to offer our customers more quality, more value, more service – and always more choice.

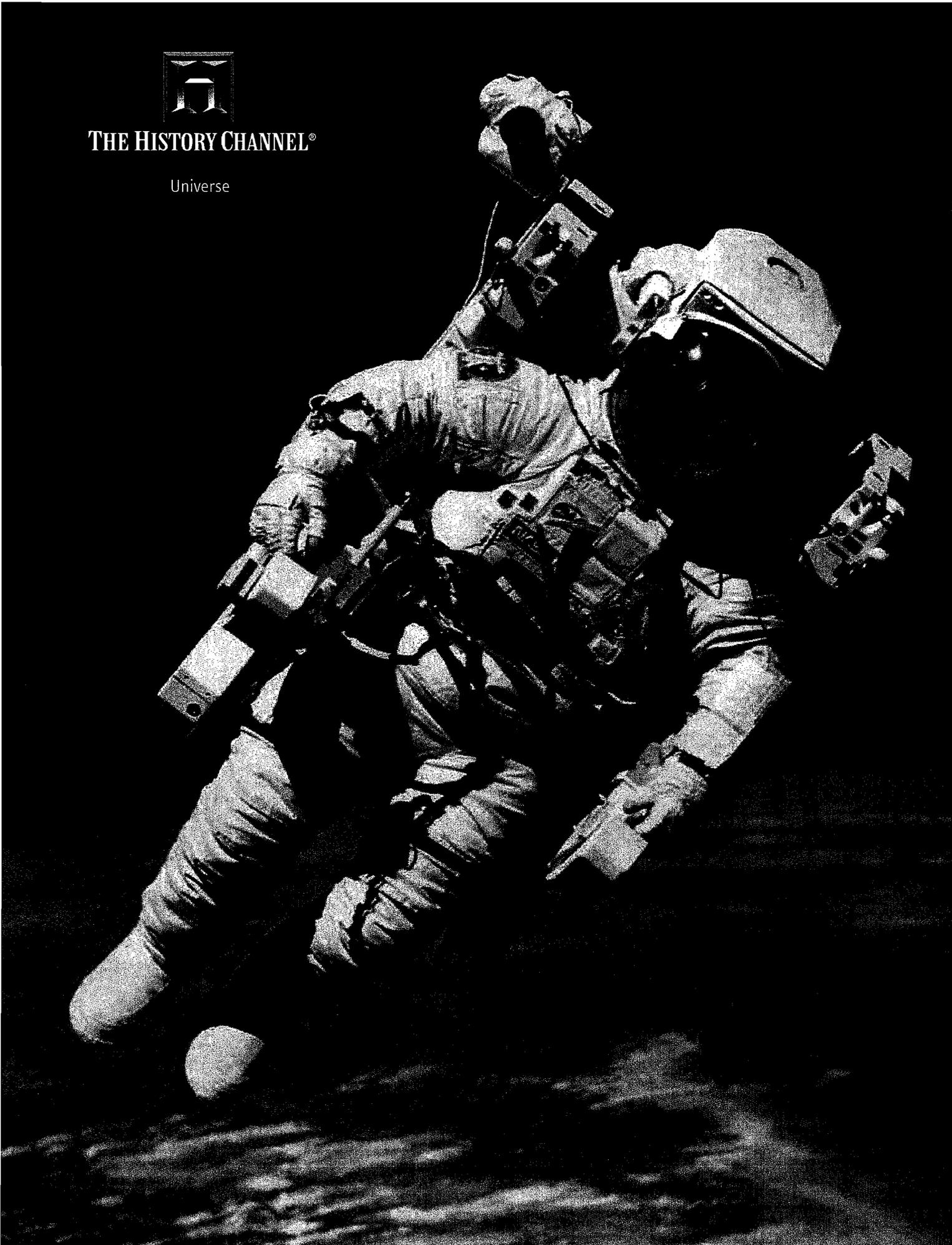
For us, OK is not OK. Good is not good enough.

We believe in better.



THE HISTORY CHANNEL®

Universe



For further information please contact
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British Sky Broadcasting Group plc

The Bigger Picture Review 2011



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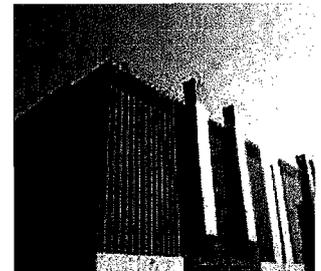
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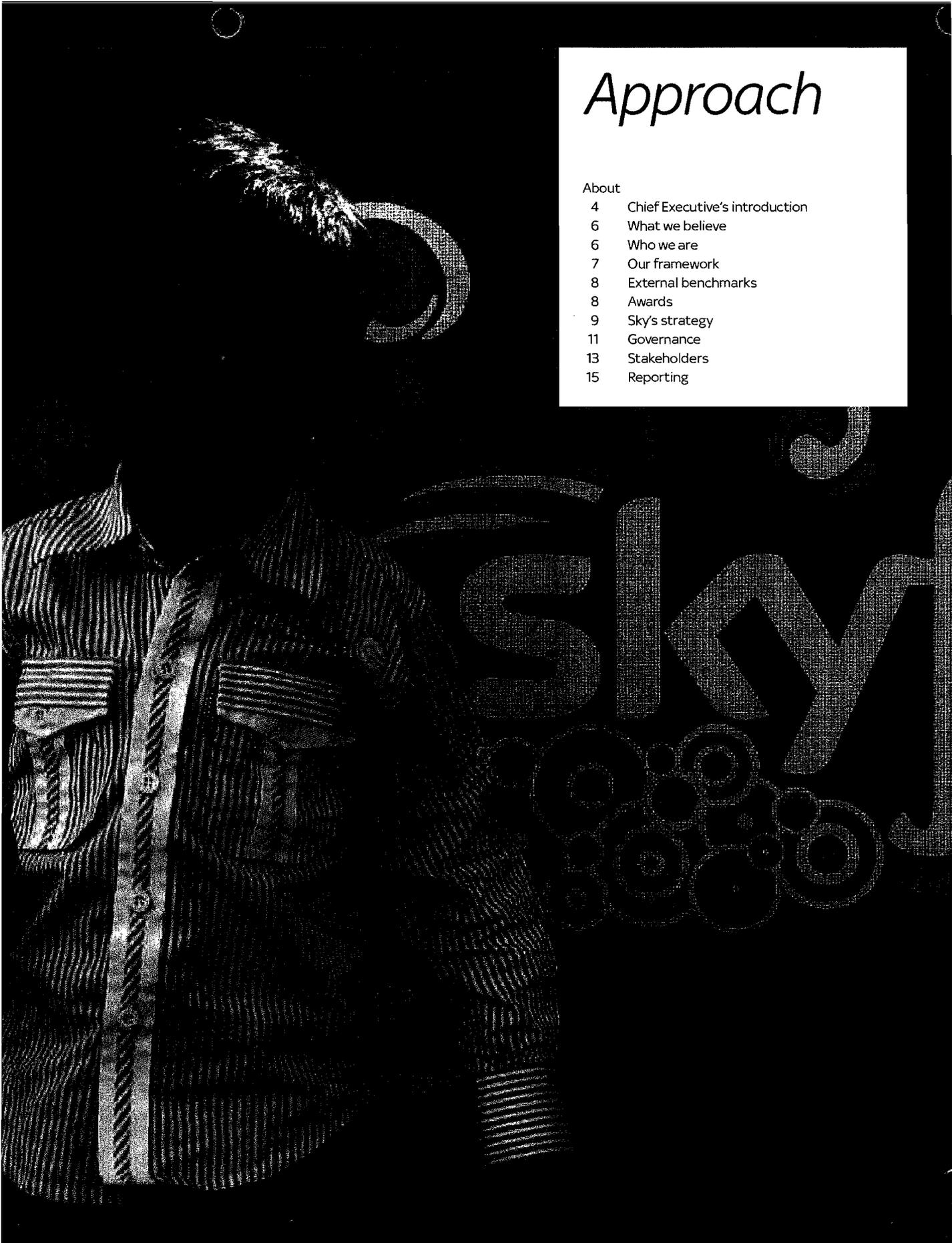
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Introduction from our Chief Executive Jeremy Darroch

Welcome to our Bigger Picture Review.

At Sky, seeing the bigger picture is part and parcel of the way we do business. It's a belief we apply across our day-to-day operations. And we also use it to make a positive contribution to the communities in which we live and work.

As you'll see in this review, we've made good progress in both these areas over the past year.

The combination of great content and cutting edge innovation has helped our business continue to grow over the past year.

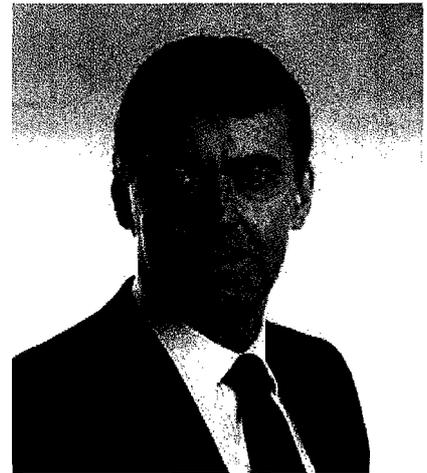
We employ over 16,500 people. And we invest over £2 billion every year on screen – two thirds of which is spent here in the UK.

We're proud of that contribution.

But we also know that acting responsibly and doing the right thing are vital to earning the trust of our customers and achieving long-term success. That's why, over the past year, we've also ensured our products are safe and accessible so all our customers can enjoy them. We've taken further steps to make Sky a great place to work and encourage our people to be a force for good. We've worked with our suppliers to ensure we source sustainable products and services. And we've continued to make good progress against the ten challenging targets we set to reduce our environmental impact.

With our own house in order, we've continued to focus on three areas that we know are important to our customers and where we believe we can make a difference.

First, we're helping to tackle climate change. Sky Rainforest Rescue is our partnership with WWF to help save a billion trees in the Amazon rainforest. Our fundraising appeal is already over halfway towards the campaign target of £4 million. So far, Sky customers have donated over £1 million, which we've matched pound for pound. And to raise awareness of our campaign and inspire further action, we broadcast a week of rainforest-themed programming earlier this year.



Jeremy Darroch
Chief Executive

APPROACH

Second, sport has always been at the heart of what we do at Sky. Alongside our investment and coverage, we've teamed up with three partners to help improve participation. Our five-year partnership with British Cycling is now in its third year and progressing well towards our goal of getting a million more people cycling regularly. Over the past year, we've worked with the England and Wales Cricket Board to bring through over 10,000 more cricket coaches. And through Sky Sports Living for Sport, we've worked with the Youth Sport Trust to engage and inspire another 7,500 young people.

Finally, we're continuing to invest in the cultural landscape of the UK and Ireland by showcasing the very best of the arts from here and around the world on our four Sky Arts channels. And we're also investing directly in the creation of new art through our Sky Arts Ignition series. It will see us collaborating with six arts organisations on the creation of new art works, as well as offering bursaries to help kick-start the careers of five up and coming young artists. We're really proud of what we've achieved this year. You can read more about what we've been doing in the following sections.

As a company that believes in better, we know there's still more we can do.

And I very much hope this review will encourage more of our customers, our people, our suppliers and our wider communities to work with us to make an even bigger difference in the years to come.



Jeremy Darroch

What we believe

At Sky we are well aware that healthy profits go hand-in-hand with sound business practices. We need to be a company that people trust so that they want to join us as customers, and for our staff, so that they want to stay with us for the long-term. The Bigger Picture is part of Sky's approach to ensuring that we earn this trust, and are a responsible company, doing the right thing for all of our stakeholders – including our customers, people, suppliers, and the communities in which we live and work.



Who we are and what we do

Sky is a valued part of everyday life in more than 10 million homes. We entertain, excite and inspire our customers with a great choice of high-quality television in high definition. We make technology simple and put viewers in control. We connect people to each other and to the world with our broadband and phone services.

Sky operates the leading pay television service in the UK and Ireland, as well as being the fastest growing provider of broadband and telephony services. We produce, commission and acquire programming to broadcast on our own channels and work with channel partners to make their content available to customers. As well as operating our own satellite television platform, we offer our content on a wide range of devices including PCs, laptops, smartphones and tablets, and provide some of our own channels to other Pay TV distributors such as Virgin Media and BT.

Sky is a shareholder in a number of joint venture channels including History, Nickelodeon, National Geographic and At The Races. We also operate Sky Business, Sky Media, Sky Betting & Gaming, 365 Media Group and The Cloud, the UK's leading public WiFi network. We operate mainly within the UK and Ireland, with activities conducted primarily from the UK. Our revenue principally arises from subscription services provided to retail customers within the UK.

Sky has been a publicly listed company on the London Stock Exchange since 1994 and our headquarters are in Isleworth, Middlesex, in the United Kingdom.

OUR CONTACT DETAILS:

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Middlesex
England
TW7 5QD
Tel: 0844 8244100

To read more about our business,
please go to
www.sky.com/corporate

Our framework

Our Bigger Picture approach provides a framework for our activities in the UK and Ireland as well as for all of our operations. The key areas of the Bigger Picture are:

1. *Operating responsibly and with regard to the needs of Sky's stakeholders.*
Fundamental to our approach is acting responsibly in our day-to-day activities as a business: ensuring we treat our suppliers fairly, providing a great place for our people to work and making our products accessible to all our customers. Our business is large and dynamic so it is important that our business decisions and activities are carried out with the interests and expectations of the Sky community in mind.
2. *Fostering a culture of doing the right thing throughout the business.*
We communicate widely through the business the importance of taking responsibility for our actions and behaving responsibly, and the implications for Sky and for every individual within their role. Where relevant, we develop policies and processes to guide our activities.
3. *Providing products and services that customers can trust.*
We ensure that our products are delivered in a responsible way so that our customers can be certain that they can trust our programmes and consume them with minimum risk. We are transparent about the way our TV programming is produced, and provide options such as parental controls on our TV platform and online.
4. *Contributing positively to our communities.*
Our presence in over 10 million homes provides us with a unique opportunity to make a positive contribution to the communities in which we live and work. We focus our efforts in three areas where we believe we can make the most difference: helping to protect the environment, improving lives through sport and opening up the arts to more people. We regularly scrutinise our strategy to ensure our activities continue to be appropriate.
5. *Involving our stakeholders.*
Sky has a large and diverse range of stakeholders, and we regularly seek external views from them to develop our thinking, make sure we are considering expert advice and meeting their expectations in evolving our strategy and activities. We believe in working closely with our stakeholders because we aim to encourage and promote engagement as a driver for improvement.

Everyone who works for Sky has a role to play in ensuring we behave as a responsible company, and we are fully committed to making sure all of our people see the bigger picture every day. This commitment is led by our Chief Executive, Jeremy Darroch, and the rest of our executive team.

KEY FACTS ABOUT SKY

Total customers	10,294,000
Sky+HD customers	3,822,000
Multiroom customers	2,250,000
Sky Broadband customers	3,335,000
Sky Talk customers	3,101,000
Adjusted revenue	£6,597 million
Investment in programming	£2,188 million
Adjusted operating profit	£1,073 million
Number of permanent employees	16,006

Note

This includes 107,000 standalone home communication customers.

In the Data section (see pages 87–113) you will find more information on our financial performance as well as data relating to people, customers and all our other focus areas.

External benchmarks

Sky is included in the FTSE4Good, is accredited by the Carbon Trust Standard and is part of The Dow Jones Sustainability Index. We are also on the Global 100 Most Sustainable Corporations list, have achieved platinum in Business in the Community's Corporate Responsibility Index and are proud holders of the Community Mark.



Awards

In 2010/11 Sky won a number of awards. These include:

- Business in the Community's Big Tick for the Sky Sports Living for Sport initiative
- Sustainable Project of the Year Award at the Sustainability Awards 2010 for Sky Studios
- Business in the Community's Big Tick for Environmental Leadership and shortlisted as a National Example of Excellence for Sky Studios
- The Sport Industry Awards overall prize for 'Best Sponsorship' by Team Sky
- The Simon Hornby Award at the 32nd annual Arts and Business Awards won by Sky Arts
- Corporate Social Responsibility award by the HR Network (Scotland) National Awards 2010
- Sky News placement scheme nominated by National Council for Work Experience in the National Council for Work Experience Awards 2010/11
- Listed on The Times Top 50 Employers for Women 2011
- RTS News Channel of the Year for Sky News, Home News Coverage won by our coverage of student riots, and RTS Television Journalist of the Year won by Special Correspondent Alex Crawford
- The News and Factual Award at the Sky 3D Women in Film & Television Awards won by Special Correspondent Alex Crawford
- Best Specialist Factual Programme at the BAFTA awards won by Flying Monsters 3D

Previous awards are listed at www.sky.com/thebiggerpicture



Sky's strategy

The relationships we have with our customers are the foundation on which our business has been built. That is why reaching our long-term target of 10 million customers this year was an important milestone in the Company's progress, as well as an endorsement of the quality, value and choice that we offer our customers.

But more important than any single target is the way that the Company continues to transform itself. Since setting the goal of 10 million customers in 2004, we have moved from being largely a single-product company to become a leader in a much broader field of opportunity, with a diverse set of entertainment and communications products. In parallel, we have further developed our high-quality content offering, set the pace of innovation across the industry and grown our capabilities as an organisation by developing a strong culture of continuous improvement. Those achievements are the consequence of a clear, consistent plan and excellent execution over several years by a highly focused management team.

Crucially, we need to be a company that people trust so that they want to join us as customers, and for our staff, so that they want to stay with us for the long-term. One of the ways in which we gain this trust is by seeing the bigger picture – being responsible in the way we run our business, keeping in mind the impact and responsibilities we have towards our customers, suppliers, employees, the environment and the wider community and making a positive contribution to UK life.

Sky day to day

In our day-to-day operations we ensure that we meet the responsibilities we have to all of our stakeholders throughout all of our business activities:

Customers: Our customers are critical to our success. We want to provide them with the best choice of programming, and the flexibility to watch it in the way they want. We make sure that they get excellent customer service from us, that everyone has access to our services, and that they feel fully protected when using our products.

Suppliers: As a successful business in over 10 million homes throughout the UK and Ireland we make a significant contribution to the UK's economy. We aim to develop sustained and collaborative supplier relationships since we believe this is the best way of gaining the most value. We also source products and services from thousands of suppliers around the world and use our influence to promote better social and environmental standards.



APPROACH

People: The skill, talent, hard work and enthusiasm of our people are what make Sky a success. We want to be a great place to work: attracting the best talent, helping them perform to the best of their ability and making them proud to work for Sky.

Community: Making a positive contribution in the communities where we work, and where our customers live, is important to us. We encourage Sky people to get involved, and we partner with charities and non-governmental organisations to help schools improve young people's academic and life skills.

Focus areas

Beyond our day-to-day business, we prioritise our efforts in three areas where we feel we can make a real difference: Environment, Sport and Arts. These have been chosen based on Sky's core strengths and experience, the impact our activities can have on real community needs and what people expect from us as a large media organisation.

Because we are a big company with a brand that reaches millions of people, we are able to implement large-scale projects to support our community and charity partners. We have a unique opportunity to inform and inspire our customers through our programming and TV channels. And we have years of expertise and relationships within the environment, sport and arts sectors.

More information on how we decide on what to focus and report can be found in the Reporting section and the Stakeholder section.

Environment: We minimise Sky's environmental impact in our day-to-day operations and through the development of sustainable products and services. We look for ways to inspire our customers and people to act with us to protect the environment, and use our experience to provide leadership for others.

Sport: Sport has always been at the heart of what we do. We provide unparalleled coverage to millions of homes through our programming, providing funding and helping to attract new fans. Sport has the power to change lives, so we try to inspire our customers to take part as well as watch.

Arts: Many of our customers are passionate about the arts and we provide them with the UK and Ireland's only dedicated arts channels, broadcasting more hours of arts programming than anyone else, and investing in bold, original productions. We also want to develop new passions by opening up the arts to more people, and giving them the opportunity to experience the arts in new ways.



Governance

Governance structure

Sky's Board of Directors, who are responsible for the stewardship of the company and for overseeing the management of its business affairs, have the ultimate responsibility for our approach as a responsible business, our contribution to local communities and the opportunities and risks this approach represents. We have a formal committee of the Board, the Bigger Picture Committee, which manages this approach and provides leadership. The Committee meets at least twice a year and is chaired by Dame Gail Rebuck, one of our independent non-executive Directors. The role of the Committee includes approving strategy, reviewing risk, seeking external views on our performance, monitoring KPIs and performance and providing the Board with an overview of the impacts of Sky's activities and its management of sustainability.

For more information about the structure, roles, responsibilities and independence of Board members as well as details of our corporate governance framework, see Sky's **Annual Report 2011**.

Steering groups

To ensure the implementation of our strategy across the business, we have steering groups for Environment, Sports and Arts, and other groups are in place to oversee our Bigger Picture policies, controls and processes. A list of relevant policies can be found at www.sky.com/thebiggerpicture

Our Environment Steering Group (ESG) is led by our Chief Executive, Jeremy Darroch, and includes Executives from across the business. The group meets regularly to review actions being undertaken by the business to reduce emissions and progress against our targets. Our performance is driven by 10 targets set out by the ESG in 2009, which focus on environmental improvements over the long-term. You can see our progress against these 10 targets in the Data section (see page 97).

Implementation of our strategy

The Bigger Picture team manages our day-to-day work, collaborating with external partners, organisations and colleagues across Sky to deliver our Environment, Sport and Arts initiatives, and ensuring our sustainable business practices are acted upon throughout the company.

Communication with employees, shareholders and other stakeholders

We have mechanisms in place for shareholders and employees to provide feedback to our highest governance body. For shareholder engagement, please see Sky's **Annual Report 2011**.



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We receive regular feedback from our employees through the Sky Forum, which consists of around 80 employees elected by their colleagues, our annual people survey, and the company intranet site through which we get immediate feedback. For more information on these initiatives, please see the People section (see pages 38-47).

In addition to these groups, we have a regular dialogue with our most important stakeholders including our customers, suppliers, regulators, local communities, relevant non-governmental organisations and charity partners. This happens as part of our everyday business as well as through initiatives such as our Customer Closeness programme. The selection of stakeholders and our ongoing dialogue with them is constantly reviewed by our Bigger Picture team and the relevant business divisions. See Stakeholders for examples of engagement we have had in 2010/11 and some of the issues we have discussed.

External benchmarking and memberships

To ensure we are following best practice in our sustainability activities, we are members of Business in the Community, The London Benchmarking Group, Media CSR Forum, The Media Trust and UK Corporate Leaders Group. We are also active participants in the Carbon Disclosure Project, and the Forest Footprint Disclosure. We regularly provide information to analysts from Bloomberg, Lunquist, Eiris, Sustainalytics and Tridos among others.

Stakeholders

We seek external views from all of our stakeholders; to develop our thinking, make sure we are considering expert advice and meeting our stakeholders' expectations in evolving Sky's Bigger Picture strategy and activities.

Below are some examples of stakeholder engagement we have had in 2010/11, the issues we have discussed and some examples of outcomes; more details on all of these can be found in the relevant sections within the report. Further information on stakeholder input to strategy can also be found in the Governance section (see pages 11-12).

Sky day to day: Customers		
Who we spoke to	What we discussed	What we did
<p>We regularly run focus groups to find out what our customers think about our services and products, and listen to our customers' feedback whenever they give it to us.</p> <p>We also engage with industry bodies and campaign groups on issues such as accessibility, data protection and child safety to ensure we are meeting our customers' needs in the best way possible.</p>	<ul style="list-style-type: none"> • The customer service provided by our call centre advisors and our engineers • The factors that influence whether our customers would recommend us to their friends • Barriers to using the Audio Description facility (industry wide) for those who could benefit from it 	<ul style="list-style-type: none"> • We continued to improve our approach to customer service in the contact centres, opening new flexible centres where staff can resolve customer queries first time without needing to transfer, and started a new training programme to multi-skill all of our advisors across all of our call centres • We have employed more engineers directly so that our customers can access one of our in-house engineers without a long wait • Provided more benefits such as a free digibox and free Sky Anytime+ for all our customers • Increased the take-up of parental controls (industry wide)

Sky day to day: Suppliers		
Who we spoke to	What we discussed	What we did
<p>We take a collaborative approach to our relationship with suppliers and obtain regular feedback from them. In May 2011, we held an event attended by 150 of our suppliers to hear their feedback on working with us and give them the opportunity to get to know Sky better.</p>	<ul style="list-style-type: none"> • Innovation in technology and content • Partnership and collaboration • Working together to reduce our impacts on the environment 	<ul style="list-style-type: none"> • Further engaged with our top 50 suppliers to minimise their environmental impact and report their carbon emissions publicly • Worked with key suppliers to set targets to reduce emissions resulting in the products and services provided and encouraged them to sign up to Carbon Disclosure Project Supply Chain 2011

Continues on the next page

APPROACH

Sky day to day: Employees		
<p>Who we spoke to</p> <p>We gather feedback from all of our people annually through the Sky People Survey. This year, 88% of our employees responded. We also hear directly from our employees through the Sky Forum who meet regularly with senior executives to represent their colleagues' opinions and suggestions.</p>	<p>What we discussed</p> <ul style="list-style-type: none"> • Training and development opportunities • Recognition and reward • Communication • Innovation and continuous improvement 	<p>What we did</p> <ul style="list-style-type: none"> • Increased the number of training days available by 53,000 • Significantly increased maternity benefits, doubling the length of maternity pay and decreasing the qualifying length of service
Sky day to day: Community		
<p>Who we spoke to</p> <p>We regularly collect feedback from our volunteering partners. We also conducted extensive consultation with teachers and education organisations near our main campuses.</p>	<p>What we discussed</p> <ul style="list-style-type: none"> • Our volunteering partners' experience of working with us, and the impacts our volunteers have on their beneficiaries • The best way for us to support local schools, and what their particular needs are 	<p>What we did</p> <ul style="list-style-type: none"> • Our volunteer partners gave us extremely positive feedback, so to ensure we are getting completely honest feedback, we have begun to implement anonymous feedback sessions facilitated by an independent third party • We are responding to local schools' needs on an individual basis
Environment		
<p>Who we spoke to</p> <p>We work with partners such as WWF and Global Action Plan to identify ways to improve our performance and inspire action.</p>	<p>What we discussed</p> <ul style="list-style-type: none"> • Offsetting • Supplier companies • Partnership approaches and success 	<p>What we did</p> <ul style="list-style-type: none"> • Offset our unavoidable carbon emissions with high quality VCS and Gold Standard voluntary offsets • Collaborated with key suppliers to reduce the environmental impact of our products and services • Continued to expand our reporting on supplier carbon emissions in our scope 3 reporting
Sport		
<p>Who we spoke to</p> <p>We conducted extensive research with teachers and pupils on our schools initiative, Sky Sports Living for Sport.</p> <p>We surveyed the nation on their cycling habits, as well as participants of our cycling events to find out how we can improve our activities and encourage more people to get involved.</p>	<p>What we discussed</p> <ul style="list-style-type: none"> • The appeal and benefits of our Sky Sports Living for Sport initiative, as well as barriers to getting involved and ways we could improve • How often people cycle and whether Sky and British Cycling's activities have encouraged them to cycle more regularly • What were the key attractions and barriers amongst the population to get on their bikes • What did Sky Ride participants enjoy about the event, what was useful, would they keep cycling and how we could support them in doing this 	<p>What we did</p> <ul style="list-style-type: none"> • We are expanding the role of the Athlete Mentor and improving the Sky Sports Living for Sport website to make it easier to use and provide more of the information teachers want. We also introduced more exclusive prizes and annual awards, and produced a behind-the-scenes DVD of Sky Sports • We worked with British Cycling and local councils to identify more ways for people to cycle following the Sky Ride city events. We produced information to distribute at the event, and launched an improved website with functionality to search for local rides. We improved our Sky Ride Local rides with SMS reminders and a loyalty scheme, and introduced new events specifically for women
Arts		
<p>Who we spoke to</p> <p>We asked people who attend our arts partners' events and activities for feedback on how they enjoyed the experience. We also asked our stakeholders within the arts industry what was important to them regarding commercial partnerships.</p>	<p>What we discussed</p> <ul style="list-style-type: none"> • How we can add value to arts partners beyond the traditional sponsorship model • People's enjoyment levels around our activities and filming on-site 	<p>What we did</p> <ul style="list-style-type: none"> • Launched the Sky Arts Ignition Series to co-create and invest in new works of art with arts organisations, and the Sky Arts Ignition: Futures Fund, offering bursaries to emerging artists to bridge the gap from training to working artist • Created free arts workshops at literary festivals across the UK and introduced roaming activities to engage more people • Introduced ticket offers and unique consumer experiences to add value around the partnerships

About this report

This online Bigger Picture Review 2010/11 describes our corporate responsibility activities and performance in the financial year 1 July 2010 – 30 June 2011.

We have been reporting yearly on our performance since 2002, with performance following our financial year end data which falls from 1 July to 30 June each year. The information covered in this report refers to all sites and operations for BSkyB Group companies in the UK, Ireland and overseas, where nothing else is stated, and is for all interested Sky stakeholder groups.

This year we have included a Global Reporting Initiative Content Index (GRI content index) to make it easier for us and for our stakeholders to understand our performance in relation to other companies inside and outside our industry.

Similar to last year, we have included independent assurance statements for our Community and Environmental data.

Defining the content for this report

We aim to report on our relevant and significant social, ethical and environmental issues. We use various sources and inputs to determine the areas we should focus on, and which should be included in our Bigger Picture reporting, including:

- Our vision: 'We believe in better' – ensures that we are always looking for ways to improve
- Opportunity for innovation: Where we can explore innovative solutions that can create competitive advantage and demonstrate sector leadership, and which provide benefits for stakeholders
- Legal and regulatory drivers: We look carefully towards present and evolving government policy and legislation to make sure we're responding appropriately and well ahead of time
- Industry-wide norms and peer performance: We want to benchmark ourselves against other companies inside and outside our industry
- Stakeholder concerns and societal trends: We look at issues that are of high importance to our stakeholders including our customers, suppliers, our people and our charity partners

See the Governance (see pages 11-12) and Stakeholder (see pages 13-14) section for more information on our management of sustainability and on stakeholders and engagement.

USING THE REPORT

This is the PDF version of our online Bigger Picture Review 2011 available at www.sky.com/thebiggerpicturereview2011. A summary version of our progress this year is also available in the Downloads section of our online report.

The main part of this report is divided into narrative sections containing information, case studies and snapshots on performance within: Sky day to day (Customers, Suppliers, People, Community), Environment, Sport, and Arts, and a Data section which discloses key statistics within the same areas.

CONTACT US

For questions regarding this report, please email us at responsibility@bskyb.com

G3 Content Index – GRI Application Level C

This year Sky has chosen to report according to the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, using GRI-G3, the third version of the guidelines. We have done this to make it easier for us and for our stakeholders to understand our performance in relation to other companies inside and outside our industry. We have self-assured at Level C.

STANDARD DISCLOSURES

1. Profile Disclosures

1. Strategy and Analysis			
Profile Disclosure	Description	Reported	Location and/or response
1.1	Statement from the most senior decision-maker of the organisation.	Yes	Annual Report 2011, pages 4-5.

2. Organisational Profile

Profile Disclosure	Description	Reported	Location and/or response
2.1	Name of the organisation.	Yes	Annual Report 2011, page 8.
2.2	Primary brands, products and/or services.	Yes	Annual Report 2011, pages 8-17.
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	Yes	Annual Report, pages 8-17. http://corporate.sky.com/about_sky.htm
2.4	Location of organisation's headquarters.	Yes	Annual Report 2011, page 8. http://corporate.sky.com/about_sky.htm
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Yes	Annual Report 2011, page 8.
2.6	Nature of ownership and legal form.	Yes	Annual Report 2011, pages 8-9.
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	Yes	Annual Report 2011, pages 8-13.
2.8	Scale of the reporting organisation.	Yes	Annual Report 2011, pages 29-35. The Bigger Picture Review 2011, pages 7 and 91.
2.9	Significant changes during the reporting period regarding size, structure or ownership.	Yes	Annual Report 2011, pages 29-30.
2.10	Awards received in the reporting period.	Yes	The Bigger Picture Review 2011, page 8.

APPROACH

3. Report Parameters

Profile Disclosure	Description	Reported	Location and/or response
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Yes	The Bigger Picture Review 2011, page 15.
3.2	Date of most recent previous report (if any).	Yes	The Bigger Picture Review 2011, page 15.
3.3	Reporting cycle (annual, biennial, etc.).	Yes	The Bigger Picture Review 2011, page 15.
3.4	Contact point for questions regarding the report or its contents.	Yes	The Bigger Picture Review 2011, page 15.
3.5	Process for defining report content.	Yes	The Bigger Picture Review 2011, page 15.
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Yes	The Bigger Picture Review 2011, page 15.
3.7	State any specific limitations on the scope or boundary of the report.	Yes	The Bigger Picture Review 2011, page 15.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Yes	The Bigger Picture Review 2011, page 15 and pages 87-113.
3.9	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Yes	The Bigger Picture Review 2011, pages 87-113.
3.10	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	Yes	The Bigger Picture Review 2011, pages 87-113.
3.11	Table identifying the location of the Standard Disclosures in the report.	Yes	This table.

4. Governance, Commitments and Engagement

Profile Disclosure	Description	Reported	Location and/or response
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Yes	Annual Report 2011, pages 36-39; pages 41-43. The Bigger Picture Review 2011, pages 11-12.
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Yes	Annual Report 2011, page 36.
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Yes	Annual Report 2011, pages 36-37.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Yes	Annual Report 2011, page 45. The Bigger Picture Review 2011, page 42.
4.5	List of stakeholder groups engaged by the organisation.	Yes	The Bigger Picture Review 2011, pages 13-14.
4.6	Basis for identification and selection of stakeholders with whom to engage.	Yes	The Bigger Picture Review 2011, pages 13-14.

APPROACH

STANDARD DISCLOSURES PART II: Performance Indicators

Economic

Profile Disclosure	Description	Reported	Location and/or response
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	Full	Annual Report 2011, pages 47-48, pages 61-121. Data/Financial, pages 112-113.

Environmental

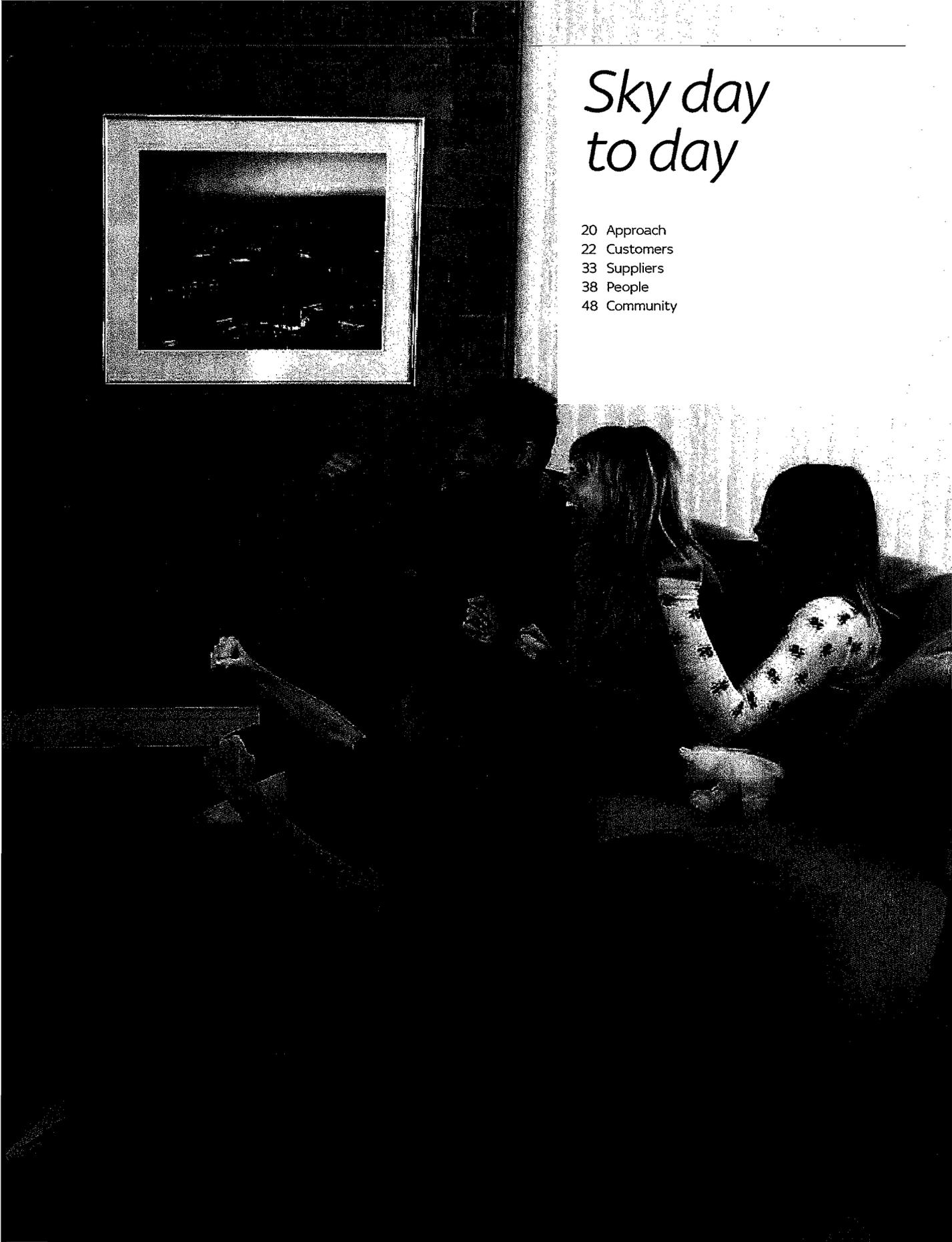
Profile Disclosure	Description	Reported	Location and/or response
EN3	Direct energy consumption by primary energy source.	Full	Data/Environment, pages 97-109.
EN5	Energy saved due to conservation and efficiency improvements.	Full	Data/Environment, pages 97-109.
EN6	Initiatives to provide energy efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Full	Data/Environment, pages 97-109.
EN16	Total direct and indirect greenhouse gas emissions by weight.	Full	Data/Environment, pages 97-109.
EN17	Other relevant indirect greenhouse gas emissions by weight.	Full	Data/Environment, pages 97-109.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Full	Data/Environment, pages 97-109.
EN22	Total weight of waste by type and disposal method.	Full	Data/Environment, pages 97-109.

Social: Labour Practices and Decent Work

Profile Disclosure	Description	Reported	Location and/or response
Employment			
LA1	Total workforce by employment type, employment contract and region.	Full	Data/People, pages 91-93.
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region.	Full	Data/People, pages 91-93.

Social: Society

Profile Disclosure	Description	Reported	Location and/or response
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	Full	Annual Report 2011, page 48.



Sky day to day

- 20 Approach
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Approach

In our day-to-day operations we balance the responsibilities we have to all of our stakeholders throughout all of our business activities. This includes providing our customers with products that are accessible to everyone; ensuring we treat our suppliers fairly; providing a great place for our people to work; and making a positive contribution to local communities.

The long-term strategy

Our customers are critical to our success. We want to provide them with the best choice of programming and the flexibility to watch it in the way they want. We want to make sure that they get excellent customer service from us; that everyone is included through our accessibility services; and that they feel secure when they use our products.

As a successful business in over 10 million homes throughout the UK and Ireland we make a significant contribution to the UK's and Irish economies. We think that collaborative supplier relationships are the best way of obtaining the most value from those relationships. We source products and services from thousands of suppliers around the world and we have developed responsible sourcing principles that address environmental and human rights issues.

The skill, talent, hard work and enthusiasm of our people are what make Sky a success. We want to be a great place to work: attracting the best talent and helping them perform to the best of their ability, and making them proud to work for Sky.

Making a positive contribution in the communities where we work, and where our customers live, is important to us. We encourage Sky people to get involved, through volunteering and making donations, this gives our people the chance to learn new skills and knowledge, work together as a team and engage with the business.

Sky day to day

Our business activities take into account the needs of our 10 million customers, 16,006 employees, thousands of suppliers, as well as the local communities in which we live and work.



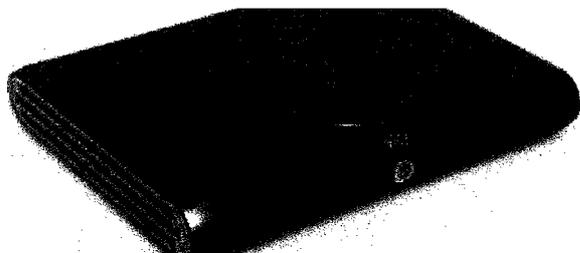
Believe in better

What have we done this year?

Customers

Almost two million people in the UK and Ireland have challenges with their sight, and this number is predicted to double by 2050. For the past few years, we have been working in partnership with the Royal National Institute of Blind People to develop a product that would help our visually impaired customers to better enjoy Sky.

In October 2010, we launched the Sky Talker. For the first time our blind and partially sighted customers are able to hear some of what is written on the onscreen programme guide. Sky Talker vocalises the search and scan banner, programme synopsis information and Sky+ functionality such as play, pause and rewind - making navigation easier and quicker. The Sky Talker integrates seamlessly with the Sky+ and Sky Digiboxes.



Suppliers

Sky's investment in broadcasting technology has helped companies such as Telegenic, which supplies technical resource to TV companies, expand and succeed.

Telegenic have worked closely with us in developing live 3D broadcasts, including designing and building the world's first purpose-built multi-camera 3D unit which we commissioned. In September 2010, a second multi-camera unit was developed for us and used at the Ryder Cup in Wales. Transmitted in HD and 3D this event launched Sky's domestic 3D service and was the biggest single outside broadcast that Telegenic have been involved with to date. They supplied the facilities for Sky's output in both 3D and HD from three trucks manned by over 100 crew members.



People

In last year's People Survey, our people told us that they wanted to have even more training opportunities at Sky, so this year we raised the amount of training days provided. Across the business, more than 10,000 people have participated in 112,000 days of facilitated training in a range of skills this year, as well as 68,000 hours of e-learning; a significant increase. Designed and developed specifically for Sky, e-learning modules are available across the whole of the company via our Development Studio. On 20 May 2011, we participated in the National Learning at Work Day, providing additional training for our people on topics including performance coaching, creative thinking and career development.



Community Action

This year our Supply Chain teams (Sky engineers, field managers, support teams and business partners) organised the 'Supply Chain Stomp', a series of sponsored walks in support of Sky Rainforest Rescue. Over 1,500 Sky people took part in events up and down the country, walking more than 20,000 miles in total. They raised £10,779, and with Sky matching all of the donations made, Sky Rainforest Rescue received a total of £21,558.

Not only did the walk make a significant contribution to environmental causes, it also helped bring a geographically scattered workforce together. Our Supply Chain teams were able to put names to faces and spend a whole day with their colleagues in the great outdoors.



Customers

Priorities & Progress

Approach

Our customers are critical to our success. We want to provide them with the best choice of programming, and the flexibility to watch it in the way they want. We want to make sure that they get excellent customer service from us, that everyone has access to our services and that they feel secure when using our products.

The long-term strategy

We want to provide the best possible viewing experience for our customers, so we invest heavily in new programming across a range of genres, and in innovative technologies such as HD and 3D. We believe our programmes should reflect modern Britain and the rich diversity of our society. We have over 60 channels for foreign and ethnic audiences including Zee TV and Nollywood Movies. Through Sky News we are bringing independent, impartial news coverage to audiences across the world.

We also want to ensure that customers are satisfied by the service that we provide them, and by all of their interactions with us. We focus on improving our processes to ensure that our customers get an excellent service, whether they call us up at our contact centres, speak to an engineer at their home or interact with us online.

It's important to us that our products and services are accessible to everyone, so we provide Audio Description and other accessibility services and products, and we support our vulnerable customers through a dedicated accessibility customer support team.

Finally, we want to ensure that our customers can depend on us to protect them when they use our products and services. We make the protection of customer and employee data a top priority, and we give parents the tools to protect their children when watching television and using the internet.

View our progress in the Data section (see pages 87-113).

What have we done this year?

PROGRAMMING

£600 million

We plan to increase our annual investment in original programmes by £600 million.

SERVICE AND SATISFACTION



We have opened smaller, more flexible call centres, where advisors are trained to provide support for our customers across multiple areas in order to resolve their queries first time.

ACCESSIBILITY



In October 2010 we launched the Sky Talker. For the first time our blind and partially sighted customers are able to hear some of what is written on the onscreen programme guide.

SAFETY



We held a Data Protection Week to highlight the importance of this issue to our people, featuring 'Graham the Wise Owl', our data protection mascot.

Programming

We invest in content and innovative technologies to ensure that our customers have the best viewing experience, and try to increase the diversity they see on screen. Through Sky News, we provide independent, impartial news coverage.

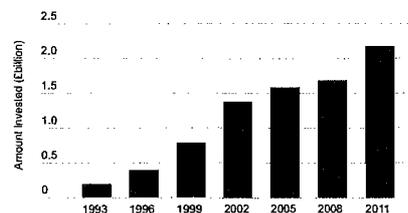
Programme investment

Sky's mission is to provide the best possible entertainment experience for our customers: a better choice of programmes to watch combined with better ways of watching them. To achieve this goal we make a significant investment in programming and innovation across a wide range of genres, including sport, news, entertainment, arts, drama, factual and documentary and comedy. This is one of the key ways we believe we can deliver real and tangible value to the public.

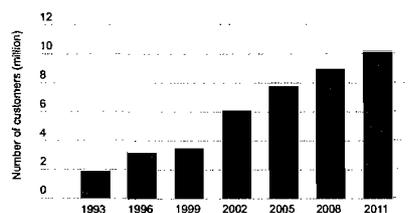
We have consistently increased investment in programmes over the last 20 years. In 2011, we are spending £2.2 billion on programmes, of which around two-thirds is invested in the UK and Ireland. Excluding sports rights, this year we invested £380 million in UK commissioning, production and journalism. We plan to increase that figure by more than 50% to £600 million over the next three years as we commission more British programmes, with a particular focus on comedy, arts and drama.

Read more about how Sky is positively affecting the creative industries in the UK and Ireland in the Supplier section (see pages 33-37).

PROGRAMME INVESTMENT



SKY TV CUSTOMERS



	Programme investment (£billion)	TV customers (million)
1993	0.2	1.9
1996	0.4	3.2
1999	0.8	3.5
2002	1.4	6.1
2005	1.6	7.8
2008	1.7	9.0
2011	2.2	10.2

SKY DAY TO DAY

Innovative television

Sky has always been at the forefront of innovation to improve the viewing experience for our customers. When launched, Sky+ was a huge step forward in making television more flexible and convenient for viewers. Our heavy investment in HD technology essentially pioneered the introduction of high-definition television to the UK.

Now, we are leading the way with 3D. In just over three years, we have taken 3D broadcasting from a concept to reality. We have had to work with television manufacturers to ensure sets were capable of accommodating our technical approach, and with producers of broadcast equipment to adapt technologies that were originally invented for big budget movies. We have even run masterclasses for the industry in 3D production skills, and published technical guidelines that will help the whole creative sector.

We launched our Sky 3D channel to residential customers in October 2010 and by the end of 2010, there were around 70,000 subscribers to the channel. We are producing two to four live events in 3D each week, including Premier League matches, and outside broadcasts of opera, ballet and music. We are also increasing the number of original 3D programme commissions, with the BAFTA-winning Flying Monsters 3D being the most ambitious so far.

In March this year, we launched a new iPad application that enables users to follow all Sky news and sport feeds instantly, and combines touch and video to tell the news stories of the day.

As a result of our focus on innovation, we are constantly improving the quality of the viewing experience for our customers, and developing new ways for people to enjoy television programming.

Sky News

Sky News has been providing independent, impartial news coverage since it launched in 1989 as the UK's first dedicated 24-hour news channel. We have built a reputation for being first for breaking news, and leading the way with innovation in news coverage. Sky News is the only national television news service that operates without any form of public subsidy or support. We have invested around £1 billion in news over the years.

To make sure more audiences across the world have access to impartial news, this year Sky decided to launch Sky News Arabia which is a 50-50 joint venture between Abu Dhabi Media Investment Corp, a private investment company, and Sky. The channel will launch in the spring of 2012 with other elements, including the website, going live before then.

We also think it's important that each young generation grow up with access to news stories that they can relate to. That's why we have decided this year to support First News, which will help communicate news stories to children in their own words.

CASE STUDY: FLYING MONSTERS



Sky commissioned *Flying Monsters* to be broadcast for Christmas 2010 as a flagship 3D factual programme. The film, about the life of pterosaurs, was written and presented by Sir David Attenborough and produced by London-based factual production company, Atlantic Productions. Sky jointly financed the multi-million pound production with National Geographic Entertainment.

The programme used an amazing mix of 3D and best in class computer animation and special effects to create the world in which these creatures lived in an imaginative and innovative way. The programme was a great success amongst critics and won the BAFTA for best specialist factual programme. In doing so, it becomes the first 3D programme ever to win a BAFTA.

CASE STUDY: FIRST NEWS



First News is a weekly newspaper aimed at secondary school children, read by around 764,000 children each week. The paper also has its own website, and from December 2010, Sky News has partnered with First News to provide a weekly video bulletin for the site, presenting relevant news stories from the week in a format that young people can relate to.

The aim of this new venture is to inform, entertain and stimulate children so they can take an interest in what is happening in the world around them. The bulletin can be viewed by children at home or it can be broadcast on school white boards during lesson time.

Nicky Cox, editor of *First News*, said: "By partnering with such an established brand as Sky News, we can bring the latest world developments to children and give context to national and international events."

SKY DAY TO DAY

Ofcom

Sky, like all UK licensed broadcasters, works within the Ofcom Broadcast Code, which is designed to uphold fairness and impartiality in news coverage, and to protect viewers from output which can cause harm or offence. If a viewer is concerned or offended by something they see on Sky they can contact our Viewer Relations team by telephone (UK: 08442 410 265; Ireland: 0818 716 057). Alternatively viewers are able to complain directly to Ofcom.

During 2010/11, Ofcom considered 62 complaints about programmes shown on Sky channels. Only one complaint was upheld this year, concerning the undue prominence of a commercial product in a Sky Sports News report. The report was a live broadcast from a racing event and because of the reporter's position, branding from the event featured too prominently in the background of the shot. The error was noticed after the initial report was filmed and subsequent reports from the event were filmed correctly. We raised awareness of this issue to programme makers across Sky and no similar issues have occurred since.

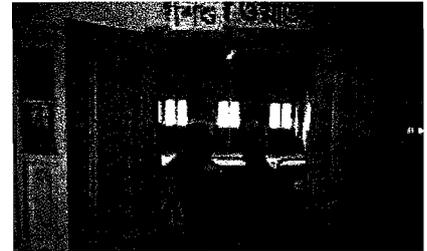
On-screen diversity

As members of the Creative Diversity Network (see the Diversity section page 45), we have made a pledge to improve the diversity seen in our programming. This year we ran two key programming weeks to celebrate diversity on screen.

To celebrate the United Nations Day of Disabled People on 3 December, we ran a week of programming featuring the lives of people with various disabilities. On Sky 3, we aired documentaries which portrayed the lives of a mother who has seven children with Down's syndrome and veterans trying to integrate back into normal life, amongst others. The Biography channel featured two more documentaries, and we also worked with third-party channels, in particular the Community Channel, which featured a number of programmes on how disabled people thrive.

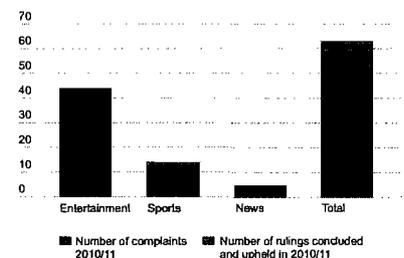
We also featured a week of relevant programming to celebrate International Women's Day.

CASE STUDY: INTERNATIONAL WOMEN'S DAY



To support the 100th anniversary of International Women's Day on 8 March 2011, we ran a week of programmes celebrating women. This included a 'Women in Film' season on Sky Movies highlighting films with strong female leads, an all-female book show on Sky Arts and a day of all-female presenters on Sky News. Sky Atlantic premiered Christy Turlington's film, 'No Women, No Cry' about at-risk pregnant women in the developing world, to highlight the importance of maternal health. We also worked with Annie Lennox to make a short film about the charity Women for Women International which has helped nearly 300,000 women in war-torn countries.

COMPLAINTS TO OFCOM



Service and satisfaction

We look at every aspect of a customer's relationship with us to identify ways of improving their experience and satisfaction – from their interactions with our customer contact centres and installation engineers to the products and services we offer.



Focusing on the customer experience

We are always aware that without our customers we wouldn't succeed, and that we have to provide them with a great experience when they interact with us. To push ourselves further to focus on our customers' needs, we dedicated 2010 to being the 'Year of the Customer'.

During the year we looked for ways of improving the customer experience with Sky, and identified changes that could be made to our operating model and how we interact with customers.

We have reviewed our sales practices, and invested £25 million to improve them through a new 'Products and Sales' programme. By bringing together our various sales routes on to one platform, we will be able to give our customers a more consistent experience, eliminating potential duplications so that they only have to give their information once, and providing us with better data to ensure we are giving them an optimal service.

This year we also established a formal Customer Compliance Committee, whose remit it is to look into topics such as improving customer processes like the sales journey and complaints handling procedure, in order to comply with consumer legislation and deliver an improved customer experience. Establishing a formal cross-functional committee has helped us to more efficiently identify and prioritise the actions necessary to make improvements in this area.

We have also looked at ways to provide more benefits for our customers. For example, this year we're adding free Sky Anytime+ to all our customers' packages, as well as Sky Atlantic, a new, free channel which is the UK home of HBO and other groundbreaking original commissions. We've also launched Sky 3D, and now provide a free transfer service when customers move home.

In our customer contact centre

This year we looked carefully at what customers have told us about their experiences when dealing with us through our contact centres, and ran focus groups to gather detailed feedback. This feedback is important to us and has been a key driver for us to make changes that focus on providing the service that our customers want. We are investing heavily in training our customer service teams to be multi-skilled, so that each one can provide a range of services for our customers, resolving their query first time without needing to transfer the call to another advisor. More details on this can be found in our People section (see pages 38-47).

We have also launched a new type of smaller and more flexible call centre where our staff have received training to resolve the range of customer queries first time. This year, we opened two of these smaller customer contact centres, and we will be launching more in the coming year.

Amongst our engineers

In order to serve all of our customers across the whole of the UK and Ireland, we work with a range of business partners to provide installation services.

During the last year, we looked carefully at what customers think about our installation services. They told us that they appreciate a swift service, and that it's important that the engineers understand and resolve their problem immediately. As a result, we recruited 366 specialist engineers so that we can send one of our own in-house trained engineers to over 95% of our customers who require a service call.

Our business partners now focus primarily on new installations. We have worked closely with these partners over the last year to ensure our processes and communication styles are aligned, and the quality of the service we offer is consistent.

These changes took effect from June 2010, and we saw an immediate improvement in our 'Right First Time' metrics for both service and installation calls along with, importantly, our customer satisfaction scores.

CASE STUDY: STOCKPORT – A NEW KIND OF CONTACT CENTRE



In July 2010, we took the first call at our new contact centre in Stockport, Greater Manchester. The centre operates with a new model of responding to customer calls – aiming to solve all customer queries during the first call, without needing to transfer to other advisors.

Previously, our customer advisors worked in six separate teams: billing, installations, and technical queries for television, and the same three teams again for Broadband and Talk. We have provided training for our new advisors in all of these so that they can resolve queries across all six areas in one single call, providing customers with a true 'one stop shop'. Because the centre is smaller than others, it's easier to provide an inclusive, flexible service for our customers.

We chose Stockport as a location because the area offered a number of highly skilled, customer focused employees. We now have 555 members of staff there.

Accessibility

We look for ways to improve the accessibility of our products, provide Audio Description and other accessibility services and support our vulnerable customers through a dedicated accessibility team.

Audio Description

We provide Audio Description services well above what is required of us by Ofcom, because we think it's important that all of our customers can access the programmes they want. Following on from the success of our increased Audio Description services over Christmas 2009, this year we again provided Audio Description for 30% of programming on channels like Sky One and Sky Movies over the holiday period, so that all customers could enjoy our festive programming.

In February 2011, we launched Sky Atlantic and delivered Audio Description and Subtitling services in line with Ofcom's Television Access Services guidelines. Given the quality of the programming and the investment Sky had made in promoting the channel, we knew that customers would benefit from Audio Description and Subtitles on Sky Atlantic.

This year, in partnership with other major broadcasters, we conducted research to understand what barriers there may be for customers in using the Audio Description facility. The research revealed that while awareness of Audio Description was high, many users had difficulty setting up and using the service across all broadcasters. We will use the results from this research to improve the support that we give to customers who want to take advantage of this facility.

Adherence to Ofcom requirements¹ (%)

Service	Subtitling		Audio Description		Signing	
	Annual quota	Achieved	Annual quota	Achieved	Annual quota	Achieved
Sky News	60	69.9	Exempt	Exempt	Alt ²	Alt
Sky One	60	68.7	10	28.2	Alt	Alt
Sky Sports 1	60	63.6	10	12.2	3	3.4
Sky Sports News	60	62.2	Exempt	Exempt	Alt	Alt
Sky Movies Premiere	60	75.6	10	40.6	Alt	Alt

Notes

1. The table shows a selection of our largest channels, which are featured in the Ofcom Television Access Services Full Year Cumulative Report 2010 Final Report. The Final Report for 2010 details the provision of access services (subtitling, signing and Audio Description) by broadcasters under the Code on Television Access Services and shows the cumulative position for the twelve months of 2010. An explanation of the obligations applying to broadcasters is given in the Code of Television Access Services, and the associated guidance available on the Ofcom website www.ofcom.org.uk.
2. 'Alt' stands for 'Alternative Arrangements'. Alternative Arrangements: Channels with an audience share of between 0.05% and 1% have the option to either broadcast 30 minutes of sign presented programming each month or to participate in Ofcom approved alternative signing arrangements. The broadcasters indicated by 'Alt' have agreed to contribute funding to the approved British Sign Language Broadcasting Trust (BSLBT) which commissions sign presented programmes for broadcast on the Community Channel.

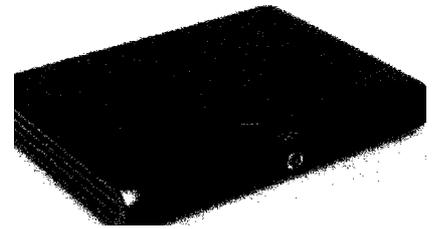
Accessibility services and products

Our Accessible Customer Services team of over 100 specially trained advisors who address the needs of customers with accessibility requirements. As well as having an exceptional knowledge of Sky's products and services, this team understands the particular and varied requirements of customers with disabilities.

We regularly get positive feedback from customers about the work they do, and their willingness to go 'above and beyond'. One of our customers wrote to say: "My sister is what I would call one of your vulnerable customers. She has poor eyesight and hearing, and I was overwhelmed by your agent's kindness and understanding. My sister has now been registered with you, and when I spoke to her later in the evening she was so chuffed to be able to get the help she needed. I really feel that your staff should be praised for everything they do. To receive such personal and human consideration from such a big company is very rare."

This year we also launched the Sky Talker for our visually impaired customers so that they can also enjoy our programmes.

CASE STUDY: SKY TALKER



Almost two million people in the UK and Ireland have challenges with their sight, and this number is predicted to double by 2050. For the past few years, we have been working in partnership with the Royal National Institute of Blind People to develop a product that would help our visually impaired customers to better enjoy Sky.

In October 2010, we launched the Sky Talker. For the first time our blind and partially sighted customers are able to hear some of what is written on the onscreen programme guide. Sky Talker vocalises the search and scan banner, programme synopsis information and Sky+ functionality such as play, pause and rewind – making navigation easier and quicker. The Sky Talker integrates seamlessly with the Sky+ and Sky Digiboxes.

Safety

We want to ensure that all of our customers can use our products with minimum risk. We protect their personal information, and give parents control over how their children use television and the internet.



Privacy and data protection

Data Protection is one of our core responsibilities. We manage customer privacy and Data Protection by having rigorous policies and clear lines of accountability, and we expect our partners to take customer privacy as seriously as we do. When choosing an outsourcing partner, one of our key questions relates to Data Protection. We do not sell customer data to third parties and we contact customers for marketing purposes only in accordance with their stated preferences.

Our policies promote consistent standards in the collection and use of personal data across Sky, set out the responsibilities of all Sky people in managing personal data and outline the escalation process to be followed should they become aware of any breach. We constantly review these policies to ensure they reflect current standards. All Sky people are required to pass our online e-learning module on Data Protection and security, and all new employees have to successfully complete it within their first three months of joining. We also have a dedicated intranet site relating to Data Protection.

In January this year, we again brought the European Commission's annual Data Protection Day to the attention of our people. In addition, Sky's Data Protection Week later in the year featured fun and interactive ways of putting the spotlight on how Sky people can be "data smart - become a creature of habit" (our slogan), starring 'Graham the Wise Owl', our Data Protection mascot. Activities included a photo competition, and online quizzes with the opportunity to win a 3D television.

Child safety

We want to provide parents with the tools to ensure that children are properly protected when accessing the internet and watching television.

We provide all of our broadband customers with free parental controls via our McAfee Internet Security Suite, and advice on how to protect themselves through the Sky Security website. On our television platform, we provide market-leading parental control technology including the ability to set a watershed, age rating filters, restricting access to specific channels and the ability to monitor spending on Sky Box Office.

With ongoing investment in video-on-demand products this year, we have also implemented new controls to protect customers on this platform. On Sky Anytime, the default settings on the Electronic Programme Guide mean that programming rated 12 and over is personal identification number (PIN) protected until 8pm, 15 and over until 9pm, and 18 and over until 10pm. Parents can also lock specific programmes in their planner to avoid them being played back without permission. On Sky Player, parents can use their My Sky account to PIN protect programmes carrying certificates U, PG, 12, 15 or 18, for both on-demand and live programmes.

Internally, we have continued to run the Sky Child Safety Forum, which includes representatives from various departments, to facilitate a cross-functional approach to addressing the challenges of child safety, both on screen and online. The forum meets regularly to discuss issues including product development, how we communicate with parents and other groups and the policies and processes we have in place.

Responsible gambling

Sky takes seriously the need to provide its services in a way that encourages responsible gambling. All of the Sky Betting and Gaming team receive regular training to ensure that they are equipped with the right knowledge and skills to meet our regulatory and social commitments. We have worked hard to ensure that Sky Bet, Sky Vegas, Sky Poker and Sky Bingo have all been awarded a seal of approval from GamCare, an organisation that promotes responsible gambling, in recognition of the importance we place on delivering the highest industry-recognised standards for customer protection.

CASE STUDY: A NEW CHILD SAFETY CODE



As part of our commitment to provide parents with appropriate tools to protect their families when on the internet, Sky has been working with other major internet service providers to develop a code of practice.

The code will set out the steps we are undertaking to encourage greater take up of parental controls, in addition to how we will be providing parents with consistent and aligned information on how they can protect themselves. It will also set out how the internet service providers will review new technology in order to understand the benefits of innovations in parental controls.

The Code will make clear that we are supportive of the recommendations made in the 'Letting Children Be Children' report, otherwise known as the 'Bailey Review', including ensuring customers make an active choice as to whether to deploy parental controls.

Sky, along with the other internet service providers, will engage with parents' groups, children's charities, other internet service providers and other members of UK Council Child Internet Safety as the initiative moves forward.

Customers

Next Steps

Over the coming year we will continue to make greater investments in our programming, in line with our plan to increase investment in British programmes to £600 million a year by 2014. In particular we will be putting more investment into British drama, comedy and the arts. We will also continue to work closely with other major broadcasters and production partners to define a collective strategy for delivering greater diversity onscreen, asking our suppliers to sign up to the Creative Diversity Network's Pledge.



We will be using the feedback we received through our Net Promoter Score to continue to roll out improvements to the way customers interact with us. For example, we will be opening another of the new-style, smaller, more flexible call centres, providing extensive training for all of our operators to equip them with multiple skills that will enable them to resolve customer queries first time.

We will be providing Accessibility training to all Sky customer service staff, including outsourcing partners, to ensure that all customer facing staff are familiar with our accessibility products and services, know how to treat customers with disabilities and know when to transfer a customer to our specialised team. We will also be completing research in order to gain a better understanding of how our customers use our accessibility services, and we will continue to work with Ofcom and other broadcasters to examine how best to increase the uptake of Audio Description.

Over the coming year, we want to drive greater awareness and understanding of the technology available to help parents control the programmes and applications that their children can access. We will continue to have an open dialogue with industry groups, policy makers, and non-governmental organisations to ensure we respond appropriately to the needs and concerns of customers.

Suppliers

Priorities & Progress

Approach

As a successful business in over 10 million homes throughout the UK and Ireland we make a significant contribution to the UK and Irish economies. We aim to develop sustained and collaborative supplier relationships since we believe this is the best way of gaining the most value. We also source products and services from thousands of suppliers around the world and use our influence to promote better social and environmental standards.

The long-term strategy

We work with hundreds of companies in the creative industries in the UK and Ireland, making a significant financial contribution to the sector and the UK and Irish economies. We help companies to grow through our investment and enable the employment of thousands of people. To get the best from these relationships, we work collaboratively with our suppliers so that Sky's success is also their success. We gather regular feedback from them about their experiences of working with us and to find out how we can improve our relationships.

Sky spends millions of pounds every year with thousands of suppliers who provide us with everything from components for our satellite dishes to transport logistics. We have developed responsible sourcing principles that address environmental and human rights issues, and we ensure that all of our suppliers meet these. We want to share best practice and provide support for suppliers who want to improve. We have made a commitment to engage with our 50 most carbon intensive suppliers to manage and eventually decrease their emissions.

View our progress in the Data section (see pages 87-113).

What have we done this year?

VALUED PARTNERSHIPS

150

We run events for our suppliers so they get to know Sky, and so we can hear from them. Around 150 suppliers attended our event in May 2011.

SUPPLIER SUSTAINABILITY

50

We contacted our 50 largest carbon emitting suppliers urging them to sign up to the Carbon Disclosure Project.

Valued partnerships

We work with hundreds of suppliers in the audio-visual industry, making a significant contribution to the UK and Irish economies. We aim to develop collaborative relationships that benefit both parties.

Positive impact on UK and Irish society

We have strong relationships with hundreds of companies who help produce innovative content for our channels and develop innovative ways of watching it, including independent production companies, outside broadcast contractors and technology providers. The work that we produce together is not only good for our business and our customers; it's also good for the wider creative industry in the UK and Ireland.

Together with Channel 4, ITV, and Pact, we commissioned a report this year called 'Creative UK – The Audio-visual Sector and Economic Success'. Some of the conclusions were that the UK's audio-visual sector:

- Contributes significant value to the UK economy
- Supports a fast growing community of innovative and entrepreneurial UK and Irish businesses (estimated at around 132,000 people if distribution, marketing, technical and support services are included)
- Has played a leading role in creative and technological innovation

This year, Sky directly employed around 2,500 people in skilled production and broadcasting roles. Many more jobs are created through the scores of broadcasting, production and technology companies which are sustained by our investments. Sky's entertainment channels alone worked with more than 100 independent producers in 2010/2011.

In addition, the British and Irish film production sector benefits from our investment in movie licensing, and in sport, we have supported the growth of British companies who are now leading in on-screen graphics and specialist cameras.

Read more about our investment in content and innovation in the Customer section (see pages 22-32).

INVESTMENT ON COMMISSIONING, PRODUCTION AND JOURNALISM

	2010/11	2011/12
Investment on commissioning, production and journalism (£million)	380	600 ¹

Note

1. This figure is planned investment over the next 3 years

Supplier engagement

We aim to develop sustained and collaborative supplier relationships since we believe this is the best way of gaining the most value from them, and ensuring we can deliver future opportunities. We want our suppliers to be enthusiastic about proactively participating in improving Sky's competitiveness and innovation by ensuring they also feel that they benefit from our relationship. In order to continually build and develop better relationships, we obtain regular feedback from our suppliers about their experiences of working with us.

In May we held an event for more than 150 of our suppliers so that they could get to know the Sky brand better, discuss relevant issues with us and one another and so that we could hear from them. Presentations and debates during the day included topics such as innovation in technology and content, partnership and collaboration, collaborating on 3D and the power of teamwork. We also had information areas on innovation, Sky channels and content, 3D, supply chain, the Bigger Picture and Sky Rainforest Rescue.

Feedback from participants was extremely positive, with one of our suppliers saying:

"I wanted to thank you for your undertaking and commitment in staging yesterday's informative session. Having been on the journey with you over the last seven years, I can wholeheartedly endorse the many great benefits of working with such a dynamic business and the resulting effect on the fledgling agency I started 18 years ago.

You are incredibly demanding, you never stand still, you expect the very best every time, however you are truly collaborative, supportive and genuinely have enabled us to produce some of our greatest work. So thank you."

CASE STUDY: INVESTING IN TECHNICAL RESOURCE



Sky's investment in broadcasting technology has helped companies such as Telegenic, which supplies technical resource to TV companies, expand and succeed.

Telegenic have worked closely with us in developing live 3D broadcasts, including designing and building the world's first purpose-built multi-camera 3D unit which we commissioned. In September 2010, a second multi-camera unit was developed for us and used at the Ryder Cup in Wales. Transmitted in HD and 3D this event launched Sky's domestic 3D service and was the biggest single outside broadcast that Telegenic have been involved with to date. They supplied the facilities for Sky's output in both 3D and HD from three trucks manned by over 100 crew members.

Supplier sustainability

Our Responsible Sourcing Principles cover environmental and human rights issues and it is the responsibility of our suppliers to meet these when working with Sky. We work with our most carbon intensive suppliers to help them decrease their emissions.

We implement these Principles by including targeted questions in all Request for Proposals issued by our Procurement team. The responses allow us to identify areas where we need to interrogate a potential supplier in more detail about how they will meet a given Principle.

In 2010/11, we reviewed our Responsible Sourcing questionnaires to make them more rigorous in terms of their assessment of a supplier's sustainability policies and initiatives. We've also implemented a process for auditing major suppliers against the questionnaire on an annual basis.

Carbon Disclosure Project

As part of our environment strategy one of our commitments is to engage with our most carbon intensive suppliers to help them measure their carbon footprint and further reduce emissions.

We work with the Carbon Disclosure Project (CDP), an independent not-for-profit organisation, through which thousands of companies from across the world measure and disclose their greenhouse gas emissions, water use and climate change strategies.

This year we worked with CDP to make it easier for our suppliers to join. In the spring of 2011, we contacted our 50 most carbon intensive suppliers asking them to join CDP and fill out the questionnaire on their emissions. We have worked closely with CDP so that together, we can offer help to our suppliers in filling out the questionnaire and provide ongoing support. We do this through free webinars and platforms for sharing best practice, amongst other activities.

Within the first month of receiving this letter more than 50% have expressed an interest in participating.

Over the coming year we will be providing them with support to measure their performance and look at ways of decreasing their emissions.



WE HAVE TEN RESPONSIBLE SOURCING PRINCIPLES:

1. *Complying with the law is non-negotiable*
2. *Good environmental management is good business*
3. *Less is more: cut emissions and waste*
4. *Coming to work should be a choice*
5. *Work shouldn't harm your health*
6. *Children belong in school*
7. *Fair pay for sensible hours*
8. *Treat everyone fairly and equally*
9. *Communication is good*
10. *Believe in better: economically, environmentally and socially*

Suppliers

Next Steps

Our commitment to continued major investment in programming means that we will be working in close collaboration with British production companies over the next year to deliver innovative 'home-grown' content. Building on the success of this year's supplier conference, we will continue to engage closely with our suppliers to understand how we can work together even better in the future.



In our Customer section (see pages 22-32), we outline Sky's commitments to diversity. Next year we will also be encouraging our suppliers to sign up to the Creative Diversity Network Pledge, in order to help us achieve our aim of increasing the diversity seen in our programming.

We will continue to fine-tune our supplier auditing process to ensure we are getting all the information we need to judge their environmental and human rights practices, without causing a lot of additional work for them. We will help and support our 50 most carbon intensive suppliers to measure their carbon emissions through the Carbon Disclosure Project. Next year, we hope that a large majority will be ready to publicly disclose their emissions, and, going forward, will be looking into how these emissions can be lowered.

People

Priorities & Progress

Approach

The skill, talent, hard work and enthusiasm of our people are what make Sky a success. We want to be a great place to work: attracting the best talent, helping them develop and perform at their best, and making them proud to work for Sky.

The long-term strategy

So that we can employ the best new talent, we provide a number of opportunities for young people to experience working for Sky and to start their careers here. We provide extensive training and development opportunities for our people. We value family life so we offer flexible working arrangements and offer generous maternity benefits. We listen to our people's feedback and ideas on how to improve Sky as a place to work, and make sure that we communicate often with them.

We take the safety and well-being of our staff very seriously. We have strong Health and Safety policies, and come up with engaging and interactive ways to communicate our Health and Safety messages. We run events throughout the year to help our people stay fit and healthy, including workshops, health assessments and health treatments.

We want to make Sky a great place to work, open to anyone with talent and a good work ethic: nothing else should get in the way of people enjoying the same opportunities. We have had a particular focus over the past two years on ensuring that women and people from black and ethnic minority groups are fairly represented in leadership and management positions, and throughout the business. As members of the Creative Diversity Network, which aims to improve diversity in the media both on and off screen, we provide mentorship for people from minority backgrounds to develop their careers in the media.

View our progress in the Data section (see pages 87-113).

What have we done this year?

WORKPLACE CULTURE

112,000 days

More than 10,000 people have participated in 112,000 days of facilitated training, and 68,000 hours of e-learning this year, a significant increase from the previous year.

SAFETY AND WELL-BEING



We launched a range of engaging and interactive 3D learning modules on Health and Safety issues this year, including a Fire Safety module.

DIVERSITY



Sky was shortlisted in the Asian Women of Achievement Awards, Women of the Future Awards and listed on the prestigious The Times Top 50 Employers for Women 2011.

Workplace culture

To attract the best talent, we provide young people with work placement opportunities. We provide training and development opportunities for our employees, flexible working conditions and other benefits and we listen to their feedback.

Nurturing future talent

We want to employ the very best people, so we offer a range of schemes that allow young people to experience working with us. We provide an extensive number of graduate placements for young people to experience different departments within Sky, including two-year programmes covering Customer Operations, Human Resources, Marketing and Corporate Affairs, Procurement, Sky Betting and Gaming, Sky IQ, Strategic Project Group, Supply Chain and Technology, and a three-year Finance programme. This year we also announced the introduction of a dedicated Scottish finance graduate scheme, launched in August 2011. The graduates develop a solid understanding of the business and are given plenty of training opportunities. This year we accepted 59 graduates, and more than 92% have chosen to stay with us after their programmes finished. We are ranked number 41 in The Times 'Top 100 Graduate Employers' list, up four places from last year.

Technology is critical to Sky, so this year we are recruiting 25 technically talented individuals to our new Software Engineering Academy. The recruits will undertake a demanding software development 'boot camp' for six months, using cutting-edge web and mobile technologies to develop products and services, after which they will be directly contributing to our major programmes.

For 16-17 year olds we offer apprenticeship in our customer service team, and support the apprenticeship student to obtain one of two nationally recognised NVQ/SVQ qualifications. Since the apprentice programme started in 2006, we have employed 430 people. We also offer hugely popular internship and workplace programmes for 16-18 year olds, which range from a few weeks in the summer with our Sky News team to an 11 month placement within Entertainment, News and Sports. This year we welcomed 390 young people to Sky on these programmes, compared with 300 last year.

We work with local schools, through our Sky Futures programme, to provide opportunities for pupils to visit Sky and learn about working in the creative industries. Read more about these programmes in the Community section (see pages 48-56).

CASE STUDY: SKY NEWS WORK PLACEMENT



Sky News is a member of the Broadcast Journalism Training Council. We are proactive in speaking to schools and universities about opportunities for young people to work in the media industry, and operate an editorial placement scheme for young people aged 18-22.

The scheme is a great way for young people to understand the range of opportunities that a career in media offers, and for us to find fresh talent for our business. Scheme participants get an in-depth insight into every part of Sky News, including TV, radio and online. They learn to network, influence and produce content that can change the way people see the world around them.

In the last five years more than 500 students have undertaken placements at the Sky News centre. Many go on to develop their careers with us, including 18 this year, and others have used the experience to secure jobs in journalism elsewhere. The scheme was seen as such a success by the National Council for Work Experience, that we were recognised with a nomination in their 2011 awards.

Training and development

In last year's People Survey, our people told us that they wanted to have even more training opportunities at Sky, so this year we raised the amount of training days provided. Across the business, more than 10,000 people have participated in 112,000 days of facilitated training in a range of skills this year, as well as 68,000 hours of e-learning; a significant increase. Designed and developed specifically for Sky, e-learning modules are available across the whole of the company via our Development Studio. On 20 May 2011, we participated in the National Learning at Work Day, providing additional training for our people on topics including performance coaching, creative thinking and career development.

We have a number of leadership development programmes for our high potential people, including the Sky Leadership Development Programme, the Podium Leaders programme, and a new Executive Leadership Development course. The programmes equip high potential leaders and future leaders with the skills required to lead our business and our people today and in the future. All of these courses include learning elements relating to our Bigger Picture focus areas – for example, participants in the Sky Leadership Development Programme were challenged to raise £50,000 for Sky Rainforest Rescue; you can read more about this in the Environment section (see pages 56-67).

For our contact centre staff, we have developed a comprehensive training programme which focuses on 'multi-skilling'. The programme is part of a range of activities we are undertaking to improve customer service, which you can read about in the Customer section (see pages 22-32). The aim is to create customer service operators who have the skills to respond to a range of customer needs such as technical support, billing and service, and as a result be able to provide a better service for our customers, resolving their queries on the first call without having to transfer them.

This is an 18 month training programme which started in September 2010. We have invested heavily in our trainers and training facilities to ensure the programme is a success, and are receiving very positive feedback. By the end of the programme we will have delivered a total of 389,000 hours of 'multi-skilling' training – 23,000 hours every month.

TRAINING AND DEVELOPMENT AT SKY

Training indicator	2009/10	2010/11
Total training (days) ¹	59,000	112,000
Average training days per employee (days) ²	3.6	7
Average amount spent per employee (£)	375.00	375.00
Proportion of employees receiving annual training and development reviews (%)	75.4	89
Other: Completed e-learning (hours)	51,888	68,000

Notes

1. Excludes online e-learning modules, counted separately.
2. Employee figure is for Full Time Equivalents.

Flexibility and Benefits

We offer many benefits to our staff including awards and prizes for an outstanding contribution; this year we received over 2,000 nominations for our annual 'Believe in Better' awards. Each Christmas, all of our permanent employees can choose a Christmas gift from options including experience days, hampers, wine cases or electronic gadgets. This year, we offered a 'Super' Christmas stocking, with even bigger and better gifts, to thank our employees for helping us reach our goal of 10 million customers. Other benefits include free Sky+HD, Broadband and discounted Talk, private healthcare and special discounts across a wide range of goods and services. Alongside that, Sky Fest, our summer festival for staff and their families, was the biggest and best yet, allowing us to say thank you to our people for their commitment and support through the year.

When possible, and with the approval of managers, we support employees who wish to have flexible working arrangements, to ensure they can balance their work and personal life in the way that best suits them. We pride ourselves on having a culture which emphasises output and results rather than monitoring the time employees spend in the office. This year we updated our remote-access technology, making it easier for people to work from home.

Last year, we re-evaluated our benefit scheme for new parents and, as a result, changed our maternity pay policy. From November 2010, new mothers now receive company maternity pay for six months – double the previous allowance. We have also halved the time employees need to have worked at Sky in order to be eligible, from two years to one. These changes apply equally to same-sex parents, and those who are adopting. Mothers continue to be eligible for a maximum of 52 weeks of maternity leave. These changes mean that we are now in the top quartile of companies in terms of maternity benefits. In line with government changes, mothers can also now transfer parts of the maternity leave to the other parent, up to a total of 26 weeks of extended parental leave.

“
By doubling maternity pay, we hope we can make life a little easier, as well as delivering on our promise to make Sky a great place to work.”

Deborah Baker
Director for People, Sky.

SKY DAY TO DAY

Listening and taking action

In a fast moving business such as Sky it's important that we have an efficient way to communicate with our people. We recently updated our intranet site, Sky Hub, which we use to keep our people up-to-date, making it more interactive and easy to use. We also get immediate feedback from our people on Sky Hub on every news story through the comment function. We have a dedicated monthly magazine for our engineers, who are on the road and therefore do not have access to the intranet. Our Chief Executive Jeremy Darroch, and Chief Financial Officer Andrew Griffith, present the company's financial results live to staff on a quarterly basis.

We listen carefully to our employees' feedback and ideas on our products and services, and how to make Sky an even better place to work. Each year, we ask them for their views through our People Survey. This year we reduced and revised our questions to make it easier to complete the survey and compare with external benchmarks. Eighty-eight percent of our employees responded to the survey this year, a record number for us.

We were very pleased to see that people felt we had acted on some of the issues raised last year, such as providing better training and development opportunities, improving communications, and improving well-being. We also identified areas for improvement, such as better collaboration across teams. We have developed a comprehensive action plan to respond to the suggested changes, which will be rolled out across the business in the year to come.

Through the Sky Forum we ensure that we have a two-way conversation with our employees regarding the direction of the company - we inform them of our plans and activities, and listen to their feedback. The Forum is made up of around 80 employees, elected by peers from across the business, who meet to discuss a broad range of organisational issues, and represent their colleagues' opinions and suggestions. Three meetings were held this year, with discussions ranging from employee benefits to customer services. We have developed action plans to respond to the issues identified during these meetings.

We were pleased to be ranked in position 17 in the Observer's annual Employee Engagement survey this year.



Safety and well-being

We have strong safety and well-being policies, and come up with engaging ways to communicate safety and well-being. We run events throughout the year to help our people stay well.

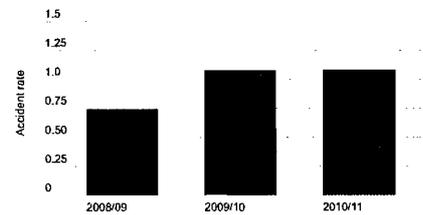
Health and Safety

Our approach to Health and Safety at work includes strong policies, and providing training tailored to the different risks our people may encounter in their jobs - whether it's a Sky engineer installing a customer satellite dish, a journalist reporting from a conflict zone or a cameraman filming a live sporting event.

We try to use fresh and innovative ways to communicate our Health and Safety messages, and this year we launched a range of engaging and interactive 3D learning modules on Health and Safety issues which all staff are required to complete, including a Fire Safety module. Using a 3D model of various Sky buildings and departments, staff work their way through a series of Fire Safety exercises, spotting hazards, evacuating buildings and putting out fires along the way.

Health and Safety is an absolute priority for us where our engineers are concerned. We have updated our training this year to be much more interactive and practical, and have broken the training down into individual sessions that focus on key elements of learning, giving individuals time to practise what they have learnt during the session before moving on. Our Field Engineer induction now takes place over a period of five weeks, with a mixture of classroom, practical and on-the-job learning. We have three dedicated Health and Safety Centres of Excellence across the UK, which include full size replica customer homes within them. These give our engineers the opportunity to practise some of the key skills they have learnt such as working on a roof and setting up ladders safely, in a safe and controlled environment.

ACCIDENTS PER 100,000 HOURS WORKED



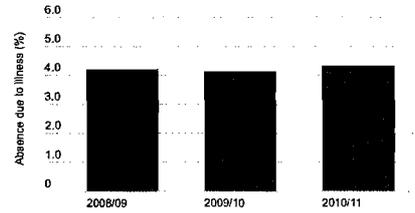
Well-being

A healthy workforce is a productive workforce. By helping our people to take care of their health, we can reduce absence and help them work more effectively. We provide facilities, activities and advice to help our people keep fit and stay healthy, and provide support to employees who are off work due to sickness or injury to help them recover more quickly.

This year we ran a number of events; in the spring of 2010, we focused on healthy eating and nutrition, and in the autumn, a focus on relieving stress, anxiety and depression. In February of this year we held Heart Health Month, giving all of our people the opportunity to have a 15 minute health check with a qualified nurse, and providing information on maintaining a healthy heart through diet and exercise. We ran Men's Health Week during June 2011, which included an online virtual consultation with healthcare professionals, online manuals, and a health application for mobile phones designed to get men talking about their health. We ran a wide variety of other promotions throughout the year, including workshops, health treatments and health assessments, most of which were free of charge and available throughout the working day.

This year we saw a small increase in our absence figures, which we will seek to address in the coming year.

SICKNESS AND ANNUAL ABSENCE DUE TO ILLNESS



Diversity

Our diversity strategy ensures that Sky is open to anyone with talent and a good work ethic. Over the past two years, we have had a particular focus on ensuring that women and people from black and ethnic minority groups are fairly represented in leadership and management positions, and throughout the business.

Continuing our strategy

In 2009 we introduced a new diversity strategy with a view to addressing the two most pressing areas of under-representation within the business – that of women and people from black and ethnic minority groups in leadership and management positions. We are working to ensure that the number of women and people from black and ethnic minority groups taking part in leadership and development programmes and applying for senior positions reflects the diversity of Sky as a whole, and also measures up to external benchmarks. We have seen some promising progress this year with the numbers of black and ethnic minority people in management roles at Sky increasing by 1.5% to almost 8%. The percentage of women in management roles is 37.6%.

Last year we focused on female representation across the business and promoting our Senior Women's Development Network; and this work continues and is yielding results. We are very proud that a number of our female employees were recognised for their achievements in national awards this year. Sophia Ahmad, Head of Finance, was shortlisted in the Asian Women of Achievement Awards this year, and Sky was listed on the prestigious 'Top 50 Employers for Women 2011'. Francesca Pearce, Head of Investor Relations was shortlisted in the 'Women of the Future Awards'. Lucy Carver, Director, The Bigger Picture and Lyssa McGowan, Customer Strategy Director, were listed in Management Today as one of their featured '35 women under 35'. This year, we have also strengthened our benefits for employees seeking to start families. Doubling maternity and adoption pay, whilst halving the qualifying period, is the most obvious sign of our commitment, but we are also offering a range of new support services.

CASE STUDY: MOVE ON UP



Move on Up is an external scheme to help address the under-representation of black and minority ethnic professionals in the audio visual sector by creating access to new contacts. Representatives from Sky News and Sky News Radio took part in two events, one in October 2010, and the other in May 2011.

The events provide an opportunity for black and ethnic minority professionals to apply for a one-to-one meeting with industry executives in the hope that some of these meetings will lead to contracts and opportunities that may not have otherwise been available. Each executive decides who they will see, and a schedule of 20-minute meetings is drawn up.

Sky News and Sky News Radio executives saw more than 20 people. Following the October event, Sky interviewed five candidates for various positions, and offered one of these a contract job as a producer. Another participant is doing weekend work at Sky News as she finishes her studies, and we continue to be in contact with a number of the other participants regarding potential future careers with Sky.

This year we have had a stronger focus on black and ethnic minority groups and have participated in several events and activities. One of them was Move on Up, a scheme to help black and ethnic minority professionals in the media to access more opportunities. We continue to work hard to attract more diverse candidates within the local labour markets where we are based, providing work experience opportunities through programmes such as our broadcast focused 'Fast Forward' placement scheme, and exploring partnerships with a range of not-for-profit organisations with whom we have worked, to recruit more ethnically diverse, disabled and socially disadvantaged candidates.

Creative Diversity Network

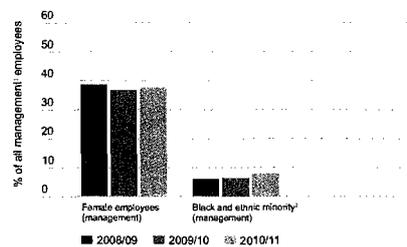
This year we have continued to be key members of the Creative Diversity Network, a network of major broadcasters, independent production companies and media industry bodies aiming to improve diversity in the media both on screen and off.

In 2010/11 we again committed to the Creative Diversity Network Pledge to:

1. Recruit fairly and from as wide a base as possible
2. Encourage diversity at senior, decision-making levels
3. Get involved with, or organise, diversity-related events
4. Encourage diversity in our programming

Further, we supported the Creative Diversity Network's mentoring scheme in 2010/11 by providing four senior level mentors. The aim of the scheme is for talent from a minority background to learn how to overcome barriers to careers in the broadcasting industry, develop their confidence, and learn new skills that will help them to take their careers forward. From the mentor's perspective, it's a unique opportunity to support another person to become successful in an industry that they are passionate about.

DIVERSITY OF SKY MANAGERS



Notes

1. Management is defined in four categories: Executive – those part of the Executive Management; Senior Managers – those who report directly into an Executive; Middle Managers – those who report directly into Senior Managers; Other Managers – those who have direct reports.
2. Where an employee's ethnicity is "other, not known or undeclared" this is not included in the count of black and ethnic minority employees.

“
Sky's active participation in the Creative Diversity Network is critical in achieving our collective goal of improving the diversity of the creative media industry.”

Jacqui Boardman
Creative Diversity Network Secretariat

People Next Steps

Apprenticeships offer an excellent opportunity to train for a recognised qualification whilst gaining valuable work experience. Sky has been committed to apprenticeships for a number of years, offering roles in contact centre management to school leavers, and opportunities for young people to train as engineers. In 2011 we are offering a wider range of apprenticeships across other areas of the business, including Broadcast Operations, Broadcast Production Support and Sky Network Services.



In our contact centres, we'll be finishing our 18 month training programme to 'multi-skill' our customer service advisors, and evaluating the results. We'll also be launching 'Aspire', a new training and development programme for our advisors which will give them the support they need to always perform to the best of their abilities – for their customers, their colleagues and for Sky. Created in partnership with the Institute of Customer Services, advisors will receive an accreditation from the Institute upon successful completion of the six month course.

Over the next year, we are going to be focusing on facilitating and promoting cross-team collaboration, identified through our people survey this year as an area for improvement. This will help our business be more effective and innovative, as well as making Sky a better place to work. Some initiatives are already underway, including our 'Sky Star Awards' to recognise people who have collaborated across teams to deliver excellent work.

Our Health and Safety priority for the next year is to go live with two e-enablement projects, delivering electronic systems for risk assessment and accident reporting across the business. Our Sky Wellbeing programme will include regular health checks, a subsidised alternative therapy service and further health education activities and promotions.

We will continue to ensure that we meet our Creative Diversity Network Pledge, and will look at ways to expand on this. Specifically, we will agree clear targets and key performance indicators for our diversity strategy, and communicate these externally.

Community

Priorities & Progress

Approach

Making a positive contribution in the communities where we work, and where our customers live, is important to us. We encourage Sky people to get involved, and we partner with charities and non-governmental organisations to help schools improve young people's academic and life skills.

The long-term strategy

At Sky we believe that what we do has a positive impact on customers and the wider community. We open up more choice in TV and we bring people the content they love. We innovate to make things better and we help millions to save money on broadband and calls. We employ over 16,000 people and our investments support development across the wider sports and creative industries.

But while we're proud of the benefits created by our day-to-day business, we understand the importance of making a broader contribution in our communities and to use our capabilities to make the biggest possible difference to the issues people care about. We see it as good business as well as being the right thing to do. It creates more reasons to join Sky and to stay with us – for our customers and our employees.

We believe that our people can help us make a real difference in our local communities and reap benefits at the same time. That's why we focus so much effort on finding ways to make it easy for them to get involved. We are generous with our contributions to their payroll giving and fundraising efforts. We give them 16 hours of paid time off each year to volunteer, and we create engaging Environment, Sport and Arts initiatives for them to get involved with.

Because we are a recognised and admired brand among young people, we have a unique opportunity to engage with schools in our communities. We help schools to develop their students' academic and life skills through initiatives such as Sky Sports Living for Sport and the Sky Rainforest Rescue Schools Challenge. We also want to support future careers in the media, and have several programmes that give young people insight into working in broadcast, media and journalism.

View our progress in the Data section (see pages 87-113).

What have we done this year?

GIVING



This year our Supply Chain teams organised the 'Supply Chain Stomp', a series of sponsored walks around the UK in support of Sky Rainforest Rescue, raising more than £10,000.

VOLUNTEERING

20

We have expanded the volunteering opportunities available for our people this year and now have more than 20 volunteering partners. Over the year, 2101 volunteers spent 12,606 hours in the community.

SUPPORTING SCHOOLS

1,800

Over 1,800 schools registered for our Sky Rainforest Rescue Schools Challenge to understand how their behaviour impacts the rainforest.

Giving

Our employees can make tax-free donations to a charity of their choice directly from their salary and we give an extra 50p for every £1 given. We also support employee fundraising with pound-for-pound matching, up to £300 if fundraising as an individual, or £1,000 if fundraising as part of a team of two or more Sky people. Our people have generously donated £350,000 through Payroll Giving and through one-off donations to a variety of UK registered charities over the course of the past year, which Sky has matched with a further £150,000.

Making it easier to give

We want more Sky people to take advantage of our payroll giving and match fundraising schemes. So, we have improved our systems and run promotional campaigns to make it easier to give.

In June we launched a new website, accessible from the Sky intranet site, which will make it easier for Sky people to access Bigger Picture information and get involved. We hope this will encourage more people to give, and take advantage of Sky's match funding offer.

We have also developed a system to allow our engineers, who don't have access to the internet in their daily jobs, to give through their payroll.

Promoting the benefits

Sometimes, hearing first-hand how payroll giving works is the best way for people to understand the benefits for the charities they support. Many people still don't know about the tax benefits of payroll giving, and for some it's also news that by giving through their payroll, all the money goes straight to the charity, without resources being lost to administration, since Sky covers all of these costs.

That's why we have been working with Payroll Giving in Action to run promotional presentations at Sky sites across the country, with the aim of explaining how the scheme works and the benefits of using it. Around 120 Sky people attended our presentation in Leeds. In Scotland, staff could drop by to speak to our Payroll Giving in Action hosts who were located in the building's atrium during lunch breaks. Following these presentations, almost 150 members of our customer service staff signed up to give through their payroll.

CASE STUDY: WHY I'M GIVING THROUGH MY PAYROLL



Gail Parker works for the Sky Sports team in Leeds. She has been giving to Oxfam for several years and recently changed her direct debit to give direct from her payroll. Gail says, "I'd been giving for years and had always assumed that direct debit was the best way to give. I was aware that a small fee would be taken from my donation to cover admin costs but didn't know about any other way to give

After attending a Payroll Giving in Action talk I changed my donation to payroll giving right away. Not only does giving in this way make more sense for the charity, as they don't have to claim back Gift Aid, but with Sky matching the money I give, this means I am maximising what I give to make the most impact. Thank you Sky!"

SKY DAY TO DAY

More people, more impact

When you have a whole team of people fundraising for a cause, it can often be more rewarding than when there's only one individual. In addition, raising money for a charitable cause is a fun way for teams at Sky to develop their relationships so that they can work better together. That's why we provide dedicated support to Sky people wishing to apply to this scheme.

To support our aim of raising £4 million to help save 1 billion trees in the Amazon rainforest by October 2012, we have encouraged Sky teams this year to fundraise for Sky Rainforest Rescue – reminding them that we will match their efforts pound for pound until we reach our campaign target of £2 million (£4 million once matched by Sky). Since the campaign launched in October 2009, Sky people have raised over £270,000, matched by Sky.

CASE STUDY: STOMP FOR THE RAINFOREST



This year our Supply Chain teams (Sky engineers, field managers, support teams and business partners) organised the 'Supply Chain Stomp', a series of sponsored walks in support of Sky Rainforest Rescue. Over 1,500 Sky people took part in events up and down the country, walking more than 20,000 miles in total. They raised £10,779, and with Sky matching all of the donations made, Sky Rainforest Rescue received a total of £21,558.

Not only did the walk make a significant contribution to environmental causes, it also helped bring a geographically scattered workforce together. Our Supply Chain teams were able to put names to faces and spend a whole day with their colleagues in the great outdoors.

SKY DAY TO DAY

Volunteering

Sky people can take two days of paid time off a year to volunteer with a charity of their choice. We offer them a variety of volunteering opportunities linked to our focus areas of Environment, Sport and Arts.

More opportunities to volunteer

We have spent a lot of time this year working with new and existing partners to expand the volunteering opportunities for Sky people. We have also been promoting the 'add your own' option, which enables individuals to volunteer for any charity of their choosing.

In tandem, we have been working with our colleagues to make it easier for Sky engineers to take advantage of volunteering opportunities, as well as heavily promoting opportunities to our customer service teams. These activities have proven successful and we have seen a healthy uptake of volunteering across the business.

In Scotland, we are still working with most of our original partners, the British Trust for Conservation Volunteers, New Caledonian Woodlands, Cyrenians Farm and Fife Coast and Countryside Trust, in order to have a sustained impact on conservation activities in Fife and West Lothian where our main Scottish sites are based. This year, we began to expand our customer operations' volunteering to other sites around the UK.

Since our engineers are spread out across the whole of the UK, an additional challenge is to find partners that can operate across all these areas, so that they have the feeling of working together as one team to make an impact. We have now identified two nationwide partners to work with: the British Trust for Conservation Volunteers will help us deliver team challenges, and Sky Sports Living for Sport will provide us with individual and pairing opportunities, which also support skills development in our volunteers (see case study).

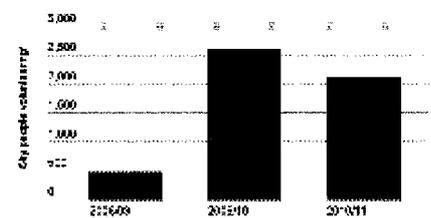
The dip in volunteering numbers this year can be attributed to the time spent by the team broadening the volunteering programme to include new Sky teams and sites; for example, the Ireland team based in Dublin providing volunteering opportunities for Sky Supply Chain people across the UK with the British Trust for Conservation Volunteers. Building these regionalised contacts and partnerships has taken some time as we tailor the volunteering opportunity, applications and delivery processes for each business area. We expect there to be an increase in volunteering uptake next year as these new regionalised partnerships develop and processes are cemented.

CASE STUDY: SUPPORTING BTCV IN HOUNSLOW

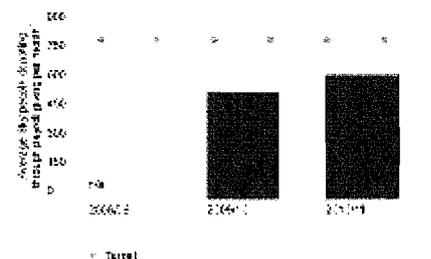


Expanding the volunteering opportunities for Sky people based in Hounslow meant identifying new charity partners who could support us in our focus areas of Environment, Sports and Arts. During the year we formed a partnership with the British Trust for Conservation Volunteers (BTCV), a national voluntary conservation organisation. Sky's support enabled BTCV to expand their services, employing a dedicated Hounslow-based project officer and providing 330 Sky volunteers with team challenge projects across the borough. These have enabled BTCV and Sky to build strong relationships with the local council, schools and other landowners.

VOLUNTEERING AT SKY



PAYROLL GIVING AT SKY



Notes

1. From July 2011 we will change the calculation method for our payroll giving, matched funding and volunteering numbers for our employees from a calculation based on a fixed figure of 15,000 permanent employees. This will reflect the increase in Sky employees and the opening up of the volunteering scheme to all Sky people (including contract, non-permanent employees). For 2010/11 we have reported the total number of employees volunteering, rather than percentages. The number of Sky people eligible to volunteer is 20,000.
2. The number of Sky people eligible to donate through their payroll is 16,500.

Evaluating skills development

Volunteering can be a great way to develop key skills which can be used in our people's everyday jobs. To make sure that we really understand the benefits of volunteering, and in order to offer the most appropriate opportunities, we have been working on capturing feedback from our volunteers more accurately and consistently throughout the business.

We have refined the survey that we send to all volunteers and integrated it into our employee learning and development measurement and evaluation feedback process. This electronic database collects feedback from Sky people prior to, immediately after, and the three months following a volunteering event or Human Resources development course. The survey aims to capture both the development of Sky people, as well as the impact of volunteering on their attitudes towards Sky as an employer.

Going forward we hope that this will help us understand the impact of volunteering on performance, personal development goals, absence and attrition rates. We also hope that we will be able to compare peers within teams to understand the differences between those who volunteer and those who don't.

Learning from our partners

We have more than twenty volunteering partners around the country, with whom we work closely to ensure that they have everything they need from us to deliver successful projects. We regularly collate feedback on their experiences of working with Sky, and the impact that Sky volunteers have on the charity's goals. We also collate ad-hoc feedback from the institutions and schools we help. In all cases we have had positive responses to our questions with 100% of our partners feeling that the work Sky volunteers do with them is valuable to their organisation and to the community, and 100% of partners wanting to work with Sky volunteers again.

To ensure that we receive the most honest and constructive feedback possible, and to enable our partners to share their experiences, this year we will hold group feedback sessions every six months, facilitated by an independent third party. Unless a partner requests otherwise, all feedback will remain anonymous, to ensure in-depth feedback that will help us to improve our volunteer programme going forward.

CASE STUDY: ADDRESSING DEVELOPMENT AND COMMUNITY NEEDS



This year we trialled a pilot volunteering project for some of our engineers and field team managers. The aim was to recruit schools to join the Sky Sports Living for Sport programme, whilst also developing and expanding the skills and knowledge base of our engineers. Our volunteers attended a full day of training where they learned key communication and professional presentation skills and techniques, and then visited a local school to deliver a presentation to teaching staff about the benefits of Sky Sports Living for Sport.

Since this project addresses a particular skill set, we adapted our evaluation survey to measure development and impact in a tailored way, to give us the most useful feedback possible. The training day and volunteer role have been well received by our pilot participants, but liaising with schools and engineers to arrange the presentation has proved challenging, due to issues around scheduling times with schools. Going forward, we will look at ways of addressing this.

“
A HUGE THANK YOU to the hard working gang who came along and transformed our quad garden and filled up our raised flower bed.”

Teachers at Pitreavie Primary School.

Supporting schools

We work with schools throughout the UK to help raise young people's aspirations and improve their life skills. We provide bespoke support for our local schools and run national programmes focused on Sport and the Environment.

Local support

One of the key ways through which we can contribute to the success and vitality of our local communities is by supporting young people through local schools. We have been proactively reaching out to local primary and secondary schools near our campuses in Hounslow and Scotland, and inviting them to let us know how we can help them. We held consultations with local teachers and education organisations in order to understand their particular needs, and identify the best way for us to support them.

Over the past year, we have sent teams of volunteers to revamp school grounds, hosted tours of our facilities to showcase career options, identified Sky mentors to take part in Careers Academies, led skills development workshops for 14–16 year olds, given talks in schools on topics such as marketing and corporate sustainability, and developed a mutually beneficial leadership activity for sixth formers and Sky people as part of our Sky Leadership Development Programme.

Sky Futures

Sky Futures is our annual work-insight programme that reveals careers in the creative industries to local students who live near our broadcast facilities and corporate offices in Hounslow.

Over two days in March 2011, 130 Year 9 and 10 students from 12 local schools visited our offices to participate in a range of fun and interactive learning workshops led by Sky staff who volunteered their time. The aim is to let them experience what it's like to work at Sky in a range of different roles, and give them insight into careers they may have never heard of. This year's workshops included camera skills, putting together a promotional clip, writing informative and pithy programme descriptions for the Electronic Programme Guide, learning how to assess whether programmes comply with the law and conducting market research.

CASE STUDY: PODIUM LEADERS AT SCHOOL



Our Podium Leaders programme is a four-month leadership development programme for Sky Heads of Department, where they develop skills such as coaching, communicating and creating change. For their final module, they put their learning into practice in a real-life project that benefits communities. One of our groups spent two days at Gunnersbury Catholic School, where they worked with a group of gifted Year 9 students to develop a fun and engaging environment-themed game show in which the entire school year participated on the final afternoon.

The project benefited everyone involved. Our Sky Leaders were able to apply their skills in an unfamiliar context, helping them to develop their creativity. The pupils also developed their leadership capabilities. And we contributed to two of the school's goals: literacy, and being green. By creating a final activity that educated and challenged students about the environment, we hoped to bring about lasting changes in the pupils' behaviours at school and beyond.

National Resources

We offer a number of online resources that support schools across the UK. These include two major initiatives: the Sky Sport Living for Sports programme which helps develop the life skills of young people through sport, and the Sky Rainforest Rescue Schools Challenge.

Launched in October 2010, the Sky Rainforest Rescue Schools Challenge is a partnership with Global Action Plan and WWF which aims to enable students to reduce their carbon footprint at school and at home. Teams of students at participating schools use online resources to learn how our actions impact the rainforest, survey their fellow students, take measurements at school and at home and run a campaign to change behaviours. At the end of the campaign they take measurements again to show what a difference their activities can make. As well as helping to save the rainforest, the activities help meet citizenship, science and geography curriculum needs as well as build confidence in students and develop skills such as teamwork.

Over 1,800 schools registered to take part this year, and we offered a prize of £1,000 for one school from each of the UK counties who had made the most sustainable improvements, and involved the wider community in their activities. Our overall winners were the Shawhead Carbon Busters from Shawhead Primary School in Dumfries and Galloway. Our judges felt that their efforts to involve the whole school through an eco-evening for parents and friends, sending energy monitors, 'switch it off' stickers and letters home to parents about Earth Hour, as well as linking their activities to the wider community through excursions to wind-farms, hydro-electric power plants and recycling facilities, really set them apart from the other teams.

UPTAKE ON SKY RAINFOREST RESCUE SCHOOLS CHALLENGE

	2010/11	Target 2011/12
Number of schools registered on SRRSC	1,809	1,200
Numbers of students reached through SRRSC	3,300	15,000

The overall target for the two year programme was to register 3,000 schools and in the first year we reached 109% of the overall target. In year 2 we will continue to engage and sign up new schools to the programme as well as prioritising retention of existing year 1 schools.

Community Next Steps

One of our key aims next year is to get more of our people, in particular customer operations teams and engineers, involved with our giving, volunteering and schools engagement programmes. We will be running more promotional events at customer operations and engineer sites, and increase resourcing in order to get more people involved.



Following the success of our partnership with BTCV so far, we are planning more team volunteering challenges for our Sky engineers next year. We will work with BTCV to send out teams in each region (north, west, south and central) every month between March and October 2012.

Another area we will focus on this year is recognising the contributions that Sky volunteers make. We will be working with our HR and internal communications colleagues to identify ways that we can further reward and recognise our volunteers.

We also want to make sure that our people know that they can volunteer for any cause that's important to them, not just those that support our key priority areas of the Environment, Sport and Arts. We will continue to promote the 'add your own' individual volunteering option, and we will also be adding an 'add your own' team volunteering option on to our online system.

We intend to work more closely with other local businesses through the Hounslow Education Business Partnership and the Scottish Business in the Community West Lothian Leadership group, in order to provide schools with more complete support.

On a national level, we are going to refine our online resources for the Sky Sports Living for Sport and the Sky Rainforest Rescue Schools Challenge. We have consulted with teachers and, as a result of their feedback, we will be simplifying the programmes to make them more accessible, and communicate the benefits more effectively.

Environment

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 - 64 *Inspiring action*
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Priorities & Progress

Approach

We have been focused on tackling climate change since 2005, and our strategy has been two-fold. First, we have reduced our own impact in our day-to-day operations and secondly we have inspired action through our programming and our partnerships. Our major initiative, Sky Rainforest Rescue, is a project that aims to help address a critical piece of the puzzle – the 15% of global greenhouse gases caused by tropical deforestation – and gives our customers a practical and accessible way of getting involved.

The long-term strategy

Widespread recognition of the impacts of climate change has changed the business landscape. The expectations of our customers and our people have changed too. They expect us to step up and take action on the issues that matter to them, and climate change is now high on their list of concerns. Minimising our environmental impact makes sense to us and is key to our future business success – not only does it help us to operate more efficiently and effectively, but it shows our customers and our people that we listen to their concerns and are prepared to act on them.

We are constantly working to reduce our carbon footprint. We continue to install technologies that improve the energy efficiency of our buildings. On-site renewable energy will provide 20% of the energy requirements of our new broadcast facility, Sky Studios. In addition, we have been working hard to reduce our impacts resulting from business travel and our fleet, and to decrease the waste we send to landfill.

We look at the way our products are delivered to, and used by our customers and find ways of making them more sustainable and energy efficient. We share our knowledge and experience of making more environmentally-friendly programming with our suppliers and other businesses.

Because we have so many customers and employees, we have a huge opportunity to inspire them to protect the environment too. We provide informative and inspirational programming for our customers to learn about the importance of protecting the environment.

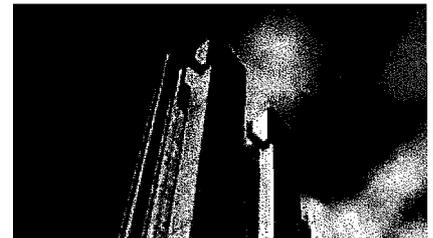
What have we done this year?

30 ENVIRONMENTAL ACTIONS IN 2010/11

A small sample of the many things we have done across the business in our day-to-day operations to reduce impact, in addition to our environment targets is on page 59.

MINIMISING IMPACTS

A biomass fuelled Combined Cooling Heat and Power plant and a 100kW Wind Turbine are currently being installed adjacent to Sky Studios, helping to reduce the building's environmental impact.



LEADERSHIP

90,000

We have cut energy consumption of our Sky+HD box by 29% from the previous model and extended our auto-standby mode, saving around 90,000 tonnes of CO₂e every year.

INSPIRING ACTION

1 billion

Sky Rainforest Rescue, a campaign to help save 1 billion trees in the Amazon rainforest, has raised £1 million which will be matched by Sky to make a total of £2 million.

ENVIRONMENT

Through our Sky Rainforest Rescue campaign, in partnership with WWF, we are involving our staff and our customers in our campaign to help save one billion trees in the Amazon rainforest.

We have set ourselves 10 very challenging environment targets that span our operations, our products, our interactions with customers, the behaviour of our people and engage our suppliers. View our progress in the Data section (see pages 87-113).

Minimising impact

We are constantly working to reduce our carbon footprint through energy efficiencies in our buildings, sourcing renewable energy reducing our travel and transportation impacts, and decreasing the waste we send to landfill.

Energy efficiency in our buildings

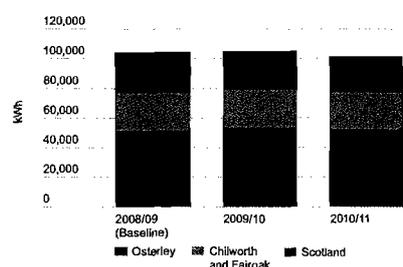
This year we continued to implement changes to help us meet our target of a 20% increase in energy efficiency in Sky owned buildings by 2020 from a 2008/09 baseline.

For example, we continued to roll out cool beam technology air conditioning systems, as well as solar powered and motion sensor controlled lighting; we have installed replacement boilers nationwide and upgraded to a new heating system and controls. We have also completed the installation of 'smart meters' in all of our owned buildings, providing us with energy use information on a floor-by-floor basis and enabling us to focus on the areas with the greatest potential for savings.

In Scotland, we have added more air sensors and placed them more effectively in order to increase the efficiency of our temperature control system, which means less wasted energy. At our main Sky Network Services site in Brick Lane, London, we have made a substantial investment in a new chiller system to reduce the energy needed to cool our electronic equipment, as well as make the equipment itself more energy efficient.

Our new sustainable broadcasting facility, Sky Studios, was shortlisted for the Built Environment Award at the Guardian Sustainability Awards in May 2011 and received a Highly Commended at the Green Business Leaders Awards. It was also awarded the Sustainable Project of the Year Award at the Sustainability Awards 2010, an industry award recognising outstanding innovation in sustainable buildings. Energy efficiency has been a key focus to the design of Sky Studios, which includes features such as extensive external solar shading, natural ventilation and natural lighting.

ENERGY EFFICIENCY OF SKY OWNED SITES (kWh)



ENVIRONMENT

30 THINGS WE'VE DONE TO REDUCE OUR ENVIRONMENTAL IMPACT

In addition to making progress against our environment targets, we've taken many more actions in our day-to-day operations across our business to minimise our impact. Here are thirty of them:

1. *Carbon calculator: Re-launched our online carbon calculator for customers*
2. *Efficiency: Increased server virtualisation for our IT services from 12% to 56% reducing the need for on-site servers*
3. *Efficiency: Reduced energy use in our data centres by 50%*
4. *Efficiency: Utilisation of technology has enabled the expansion of our HD service without needing to expand bandwidth and therefore energy use*
5. *Efficiency: Transferred our taped recordings to a digital format in order to eliminate the 1.64 million tapes moving around the business at a rate of 4,000 a day*
6. *Efficiency: Increased the reliability of our set top boxes and enabling more fixes to be undertaken remotely, reducing the amount of engineer visits needed*
7. *Finance: Ring-fenced capital expenditure funds to invest in projects that will reduce carbon emissions across the business*
8. *Products: All our new satellite dishes are now made from recycled car parts*
9. *Products: Colour-coded the cables that come with our set top boxes, in order to make self-installation easier for our customers and enabled 350,000 self set-ups of customer boxes reducing the number of calls into call centres, engineer visits and transport emissions*
10. *Products: Brought the manufacture of our set top box in-house, reducing the number of box types from 60 to 10, and the number of hardware variances from 476 to 10. This reduced components needed, transportation and energy use during production*
11. *Products: Reduced the size of the set top box, enabling more boxes to be shipped at one time*
12. *Products: Introduced a passive standby state of only ½ watt in our Sky+HD box*
13. *Products: Increased the energy efficiency of our new Sky+HD box by 30% compared to the previous model and introduced an off switch on the front of all new boxes*
14. *Products: Removed SCART cables from the packaging when delivering set top boxes. These are now provided separately by engineers if required during install*
15. *Transport: Installed telematics in all of our 2,000 engineer vans to improve their miles per gallon performance*
16. *Transport: Achieved a 3% reduction in CO₂e emissions within the first six weeks*
17. *Transport: Moved our repair centres into one facility in the UK, eliminating the need to transport the boxes 3,000km to Poland*
18. *Travel: Developed a comprehensive transport intranet that enables employees to access cycling and walking maps, and public transport timetables, in order to plan their route to Sky*
19. *Travel: Opened an on-site Evans cycle centre at our Osterley campus, where employees can hire bikes, get free repairs and buy discounted bicycles and accessories. Made further investments in shower facilities and lockers across the campus*
20. *Travel: Extended the amount of public transport users with free shuttle buses to nearby stations when travelling to and from our sites in London and Scotland*
21. *Travel: Enabled alternative ways of working to reduce the need for employee travel, including four HD video conferencing suites, desktop video conferencing software, webinars and remote access to the network*
22. *Travel: Over 3,000 employees now regularly work remotely*
23. *Waste & recycling: Rolled out the composting of organic waste across the business*
24. *Waste & recycling: Eliminated paper invoices by rolling out our online purchasing system, Ariba, to all suppliers*
25. *Waste & recycling: Replaced the 96 page printed user manual included with set top boxes with an online version, saving over 16 truckloads of paper a year*
26. *Waste & recycling: Trialled new reusable packaging for set top boxes which will enable 6 boxes to be shipped together, and a new reusable wrapper for replacement boxes*
27. *Waste & recycling: All set top boxes taken back from customers are now either reused or recycled in their entirety*
28. *Waste & recycling: Extended online and interactive billing for our customers, and removed cheques as a method of payment, reducing the number of paper bills sent to our customers*
29. *Waste & recycling: Reduced the amount of promotional materials posted to our customers by publishing all of our best offers online*
30. *Waste & recycling: Introduced our monthly customer SkyMag magazine in an online format – we now only send out printed magazines quarterly – and we no longer produce our monthly Sky Sports and Sky Movies magazines*

ENVIRONMENT

Renewable energy on-site

In addition to the continued purchasing of renewable energy from our energy supplier, we are developing our own on-site renewable energy. We have almost completed the installation of a biomass fuelled Combined Cooling Heat and Power plant for Sky Studios, which will provide at least 20% of the building's energy needs, and result in considerable carbon savings.

The biomass Combined Cooling and Heating plant will use fuel that is locally sourced: recycled wood. Using this form of waste is not only sustainable but also diverts the waste from being sent to landfill, further avoiding the creation of greenhouse gases.

A second renewable energy source, a single 100kW wind turbine, is also under construction at Sky Studios. It will aim to provide a significant proportion of the office lighting requirements of the building. Sufficient flexibility has been built into the infrastructure to ensure that future sustainable technologies, for example hydrogen fuel cells, can be incorporated into the project.

We have also identified a number of other on-site renewable projects suitable for some of our other locations, including photovoltaic cells and small wind turbines at our broadband Points of Presence sites. Such installations require planning permission, so we will be continuing to install these as the various individual planning permissions are granted.

Waste reduction and recycling

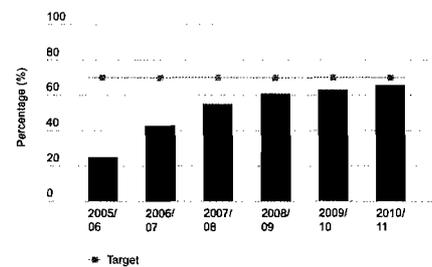
We have a target of diverting 90% of our waste from landfill by 2012. This year, we diverted waste from being sent to landfill by converting it to energy via an 'energy from waste plant'. We improved the labelling of our recycling bins, introduced compostable waste bins and ran an awareness campaign. The campaign included articles on the intranet, and road-shows from our waste service providers to engage our people with the issue and answer their questions.

To reduce the amount of waste we produce in the first place, we have been encouraging staff to use their own mugs for hot drinks rather than disposable cups. To promote this, we distributed 600 KeepCups at promotional events in Osterley and Scotland. In addition, at our new sites, all staff are given a KeepCup from the start. As an incentive, all staff receive a discount on all hot drinks purchased at the cafeteria if they use their own mug or KeepCup.

To reduce waste associated with printing, we have installed Multi-Functional Devices that can print, fax and photocopy. These are more energy efficient than traditional separate devices. We have also been working to reduce the amount of paper we use by producing our monthly customer SkyMag magazine in an online format - with only the occasional printed magazine.



WASTE RECYCLED OF TOTAL WASTE (%)



ENVIRONMENT

Fleet efficiency

In 2008/09, we set a target to reduce our CO₂e emissions by 25% per van in our fleet, which we intended to achieve in large part by using sustainably sourced B30 biodiesel to fuel our vans. However, an unforeseen change in the market has caused difficulties in procuring a viable biodiesel source. This, along with a change in our fleet operating model, designed to improve the service we offer our customers, means we won't be able to achieve our original target in the short-term. As a result, we've had to look for ways of making improvements based on the options currently available.

We are working towards a 10% reduction in CO₂e emissions per van through the use of a system called telematics which aims to increase the miles per gallon performance of each van. We have provided training for our drivers in efficient driving, and installed the telematics systems in all of our 2,000 vans. The system will enable us to review how the vans are being driven and identify where additional training is required.

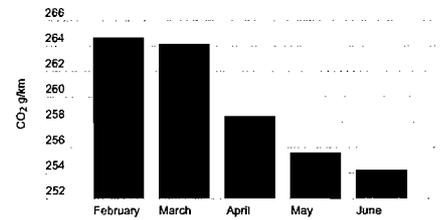
In addition, we are continuously purchasing and piloting more efficient vans, including hybrid vehicles and electric vans and cars.

Employee business travel

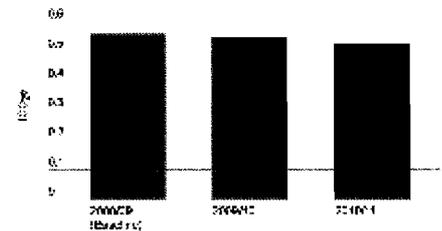
In 2006/07, we made our first commitment to reduce our business travel. By 2009/10, we had achieved a 38% reduction and as a result received WWF's One in Five Flight Challenge award. Our goal is to now reduce our travel by 20% per full-time employee from a 2008/09 baseline by 2012. To help us achieve this goal, we continue to work with WWF's One in Five Flight Challenge, which aims to reduce air emissions by 20% in five years.

We ran our second Flight Challenge for employees in April, May and June of this year, during which we focused on minimising flights between Scotland and London by raising awareness of alternatives. We installed new HD video conferencing suites and rolled out desktop video conferencing software to reduce the need to travel. For those who still needed to travel, we launched a "let the train take the strain" deal, offering free meal vouchers and upgrades to business class for those who opted to make the journey by train. By identifying that our top flight route was between our main Scottish and London sites, we have been identifying and promoting alternative ways of working and travelling.

EMISSIONS PER VAN FROM TELEMATICS
(CO₂ g/km)



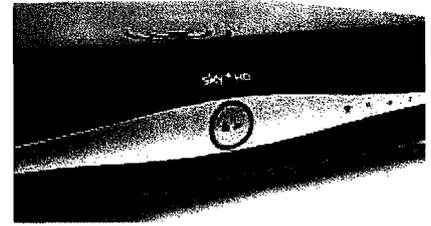
EMPLOYEE BUSINESS TRAVEL (tCO₂e)



ENVIRONMENT

Leadership

We think about the impacts of our products throughout their lifecycle, striving to provide our customers with more sustainable equipment. We also share our knowledge with other businesses to help shape the sustainability agenda inside and outside the media sector.



Sustainable products

When we consider our environmental impacts, we take into account the life cycle of our products – not just how much energy we use to make and distribute them, but how much our customers will use to operate them as well. We've increased the energy efficiency of our Sky+HD box by 29% from the previous model, and we have upgraded our Auto Standby software so that it switches inactive boxes to a standby state during the day as well as overnight. We also put an off switch on the front of new boxes to turn the device off completely. The roll out of auto standby in 2009 saves around 90,000 tonnes of CO₂e a year, as well as saving £20 million a year for our customers.

As a response to the EU European Energy End-Use Efficiency and Energy Services Directive (2006/32/EC) which looks at regulating energy equipment in the home, we established with our industry partners, and are currently chairing, the EU Voluntary Agreement on energy efficiency of complex set top boxes. This allows us to share research with our industry peers which will make set top boxes as energy efficient as possible.

We made changes to the sourcing of our satellite dishes too; these are now made from recycled car parts. We also looked at all of our packaging to ensure it has as little an impact on the environment as possible – we made the boxes smaller, removed excess cables which reduced the weight and size of the boxes during shipping and removed printed user guides which are now available online only unless specifically requested. Our engineers now also take away all waste for recycling including packaging and batteries.

ENVIRONMENT

Sharing best practice

We think it's important that as a company with knowledge of measuring and reducing our emissions and impact on the environment, we share this knowledge with others to help them reduce their impacts too - after all, our planet needs everyone to take action.

The BAFTA Sustainability Action Group includes a number of media and production companies that have agreed to come together to share best practice and identify ways to reduce the environmental impact of television production. As a member, we've been working with other leading broadcast companies to understand the carbon emissions associated specifically with TV and media production. This will give us the information we need to set targets to reduce the impact.

In addition, we are working with Global Action Plan and Ravensbourne College to provide workshops for small and medium sized production companies and freelancers on how to reduce the carbon emissions associated with their day-to-day activities. We are aiming to reach 120 businesses by the end of 2012, and so far have run workshops for 70 delegates.

CASE STUDY: GREENING PRODUCTION



Our first 'Greening production' workshop, run in conjunction with Global Action Plan and Ravensbourne College, was held at Ravensbourne College in Greenwich, and was attended by 70 small and medium sized production companies and freelance producers. The aim was to highlight ways to measure and reduce emissions within this industry. The workshop covered issues including materials used to build a set, using local suppliers and locations, recycling, reducing printed materials, lighting, air conditioning, renting props instead of buying, ways of transporting the crew and audience to the set and even catering.

The evening was a great success and as a result of the workshop a number of companies will continue to receive free advice to help them identify and reduce their environmental impact as part of Global Action Plan's SMART Works programme.

We will run our second workshop before the end of 2011.

ENVIRONMENT

Inspiring action

We want to inspire our customers and our people to reduce their impacts on the planet. We do this through our Sky Rainforest Rescue campaign, in partnership with WWF, and through our on screen programming.

Raising awareness

Millions of people see our programmes, talk to our customer advisors and engineers and log on to our websites every day, so we have a huge opportunity to inform customers about the wider issues of climate change. During the last year we have dedicated two separate weeks of programming to raising our viewers' awareness of the importance of protecting the environment, helping to save the rainforest and encouraging them to take action.

During November we featured Natural World week and in April, Rainforest Week. Six of our channels featured a variety of programming about the rainforest and other environmental themes. It was clear that viewers were interested in the issues and wanted to find out more, since visits to Sky Rainforest Rescue's website increased by almost 300% during that week.

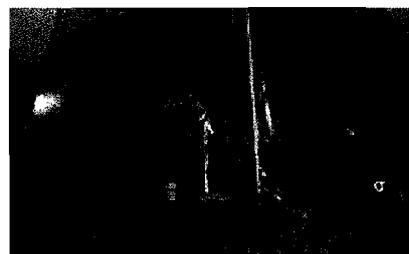
On 26 March, WWF's Earth Hour took place. This year, Sky Rainforest Rescue was Earth Hour's fundraising partner, with all the money raised during the hour going to help tackle deforestation in the Amazon. Before the event, Sky helped publicise the campaign amongst our customers with an article in our customer magazine and in the Sky Rainforest Rescue newsletter, adverts on the Sky.com website and adverts and an article on our intranet. We also supported the event with a specially commissioned documentary, Rooftop Rainforest, which aired on Sky 1 HD.

Sky Rainforest Rescue

Every minute, an area larger than three football pitches of Amazon rainforest is cut down. Sky Rainforest Rescue, launched in 2009 in partnership with WWF, aims to help save one billion trees in the Amazon rainforest by raising £2 million by 2012, which Sky will match pound for pound to make a campaign total of £4 million.

Sky Rainforest Rescue's ultimate goal is to preserve about 3 million hectares in the state of Acre from deforestation – an area roughly the size of Belgium. This will be achieved by working with local communities and improving enforcements to prevent illegal logging. The location of this project, in the heart of the Amazon, means it can also act as a buffer against further deforestation. We hope the campaign will become a role model for other areas of the Amazon, as well as other rainforests around the world.

CASE STUDY: ROOFTOP RAINFOREST



As part of our efforts to raise awareness of deforestation and the need to preserve the Amazon rainforest, we worked with urban ecologist Dusty Gedge on his ambitious project to construct an indoor rainforest on top of the Westfield London shopping centre.

Rooftop Rainforest, Sky 1 HD's specially commissioned documentary aired during Rainforest Week, followed Dusty's efforts to complete the challenge within only 70 days. Shoppers could also visit to see the programme being filmed. All of the materials were sourced within the M25, and many were from recycled products. Energy use was minimised by using a biofuel generator and solar powered lighting, and rain water was used to water the plants.

During Earth Hour on 26 March, the structure was lit by dozens of hidden solar lamps, and we invited the public to visit the rainforest of tropical trees, plants, animals and insects, along with our interactive Sky Rainforest Rescue Pod.

Over the following week 4,000 members of the public visited the project, including around 200 schoolchildren from six schools, to learn more about this unique habitat and the Sky Rainforest Rescue campaign to help save a billion trees. At the end of the project, all the plants were re-homed at the Eden Project and London Zoo, and the whole structure recycled.

ENVIRONMENT

One of our key awareness-raising activities this year was through our professional cycling team, Team Sky. During their Tour of Britain, they wore a specially designed Sky Rainforest Rescue kit and promoted their support on social media sites. At the end of the Tour some of the kit was auctioned online, raising £15,000 for the cause. It was clear that the team's supporters were interested, with three times more visitors to the Sky Rainforest Rescue website during the tour.

Another successful fundraising activity was carried out by participants of our Senior Leadership Development Programme at Sky. They were challenged to raise £50,000 for Sky Rainforest Rescue, but surpassed the goal, raising £54,000. In addition, six of our participants travelled with WWF UK to visit the project area in Acre, Brazil, to investigate how to create a market for sustainable products from Acre, and to act as ambassadors for the project. They shared their findings with Fabio Vas, then Government Secretary for the Acre State.

Earlier this year, BAFTA nominated actress Gemma Arterton also visited the project area to see the devastating effects of deforestation and what's being done to combat the issue through the project's work, and raise public awareness about the issue and campaign. During her trip Gemma met with families who have signed up to the certification scheme, and government technical staff working in the project area. She also visited the rubber production units, all of which are supported by Sky Rainforest Rescue.

In February, WWF hosted a parliamentary event, Viva Amazonia, showcasing their work in the Amazon rainforest and highlighting the need to conserve the largest rainforest and river system on earth. Sky Rainforest Rescue was featured as an example of best practice collaboration between charities, government and business.

For Sky, it's been invaluable to work with a charity that has expertise in developing positive attitudes and behaviours towards the environment. Without Global Action Plan's creativity and on-the-ground experience of implementing successful projects, we could not have achieved such positive changes in schools, local communities and with our people over the last three years.

Sarah Hutchison, Forest Programme Manager for Brazil, WWF, said the SISA law is one of the first of its kind, in that it provides a state-wide approach to valuing ecosystem services. Through the support of Sky, the Department for International Development and others, WWF was able to assist the Acre state government in establishing the law, including consultations with civil society in Acre. With its approval and the new governing bodies under establishment, we have key legal foundations for Sky Rainforest Rescue, and the project will be a learning-bed to inform the application of the law elsewhere in the State.

CASE STUDY: LEGAL INCENTIVES TO PROTECT THE RAINFOREST



To ensure the future protection of the Amazon rainforest in Acre, our partnership with WWF and the Acre government has contributed to the development of a new state law that aims to ensure that the rainforest is worth more alive than dead. The System of Incentives for Environmental Services (SISA), which became law in October 2010, provides the structure, authority and appropriate governance for the state to enable economic incentives to protect the rainforest, and provides legal backing to the work that Sky and WWF have been carrying out.

The law enables payments for the forest's environmental services including carbon storage, water preservation, climate regulation, scenic beauty and more, through mechanisms such as a voluntary land certification scheme for small scale farmers. It also offers incentives to produce sustainable forest products like rubber, Brazil nuts and acai. The money raised through Sky Rainforest Rescue supports both of these schemes.

The new law gained international attention at the climate talks in Cancun in December 2010. A side event held by the Acre State Government was attended by senior delegates from Brazil, the Congo, Mexico and France. It was agreed that all countries need to reduce pressure on forests and address the causes of deforestation.

ENVIRONMENT

Global Action Plan

In 2008, Sky appointed Global Action Plan as a charity partner for three years. The partnership aimed to raise over £1 million for Global Action Plan, and use Sky's resources to help the charity inspire individuals across the UK and Ireland to make positive changes in their daily lives to address climate change.

Our partnership ended this year after three successful years together. The benefits have been many for Sky and Global Action Plan, as well as the schools and communities we helped through our programmes. For example, our programme for schools allowed children in almost 2,000 primary schools to learn how to reduce food waste and grow their own fruit and vegetables; over 350 Sky volunteers in Scotland helped elderly residents at a local housing association become greener; and 220 Sky employees took part in a programme to reduce their impact at home, cutting their energy use by an average of almost a third.

In total, we invested over £1.6 million in Global Action Plan through donations, in-kind support and fundraising, which has dramatically strengthened Global Action Plan's financial stability. Global Action Plan has been able to use the funds and their experience of working with us to develop relationships with key organisations such as DEFRA, increase their number of corporate clients, develop a more diversified funding base and increase their turnover. Ultimately, this means they are able to deliver many more projects on-the-ground than before.

“

With Sky, Global Action Plan has been able to not only develop our core skills in helping people to instigate real environmental change but it has also enabled the organisation to become more creative. This creativity has resulted in Global Action Plan developing new ways to engage with businesses and people as they seek to create a more sustainable future.”

Trewin Restorick

Chief Executive of Global Action Plan

Next Steps

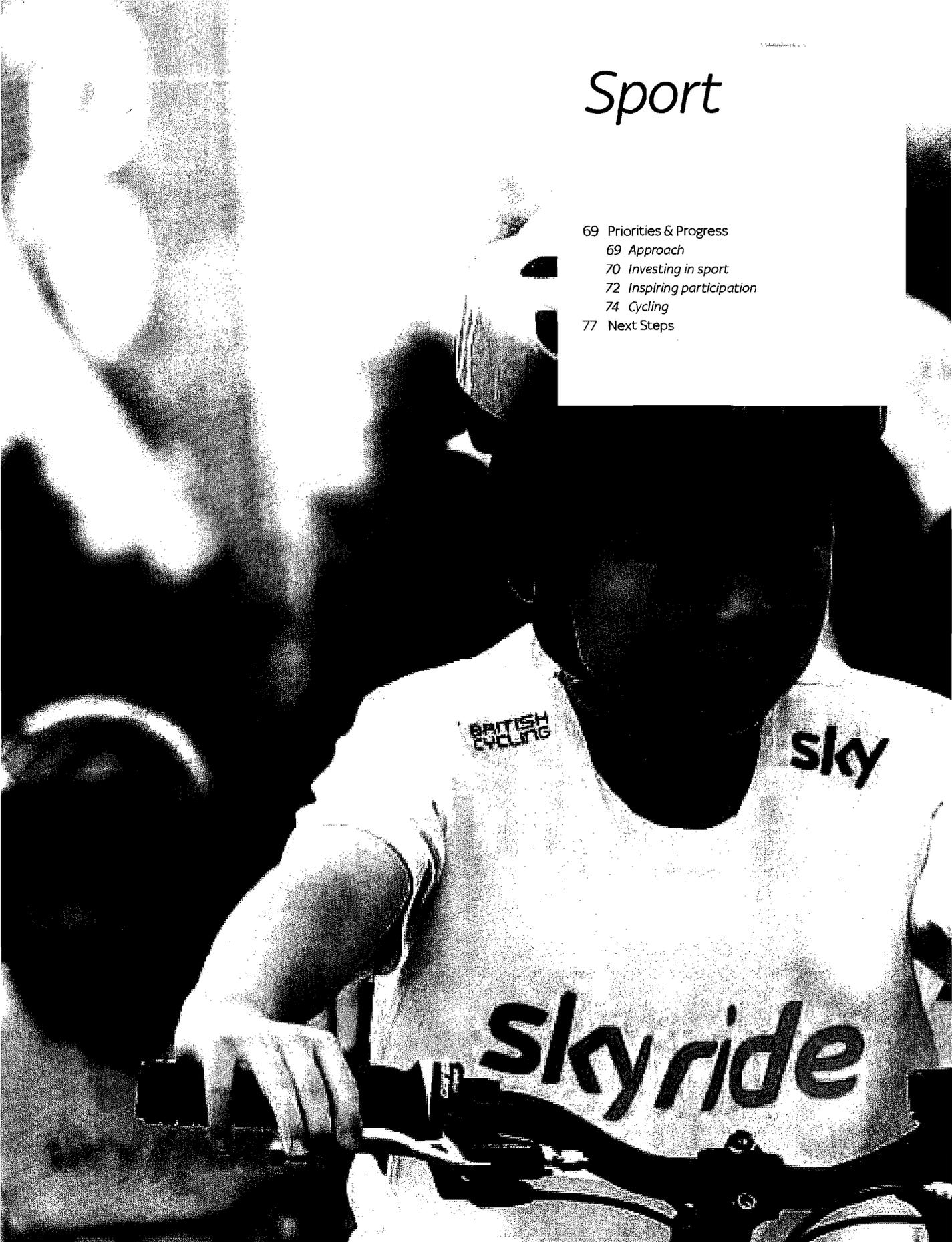
Over the next year, we will continue to work towards meeting our environment targets. In particular, we will focus on reducing business travel, our electrical and gas sub-metering, continue to install energy efficient technologies, and communicate with our employees about the things they can do to help. For those targets which have already been met, we will set new targets. We acknowledge that Defra's guidelines on the definition of 'Green Tariffs' have recently been revised and that the marketplace around these green tariffs is continuing to evolve. For future reporting periods, we shall review these guidelines and take them into account in our reporting of net greenhouse gas (GHG) emissions and carbon neutral reporting.

We will also be focusing on providing our customers with more sustainable products and services. As part of this we are undertaking a full life cycle assessment of our set top boxes to understand their impacts at every stage. Subsequently, we hope to set targets to reduce these impacts throughout the boxes' life cycle. We will provide an update on the findings of this review and actions taken as a result in next year's report.

We will continue to work with organisations such as the UK Corporate Leaders Group on Climate Change, and the BAFTA Sustainability Working Group. We will also continue working with Global Action Plan, running further workshops with them and Ravensbourne College to share our expertise with our key suppliers and business partners, and encourage them to reduce their impacts. In July, we will host an event alongside Global Action Plan to share the successes and lessons from our three year partnership with other companies, and showcase the business opportunities of working with Global Action Plan.

We will work hard to further raise funds and awareness of Sky Rainforest Rescue and the importance of rainforest preservation amongst our customers, prospective customers and Sky People with more communications activities and events. An exhibition of the photography taken on Gemma Arterton's recent trip, alongside unique Amazon photos by celebrated Brazilian photographer, Sebastião Salgado, will open at Somerset House this autumn. Finally, to ensure sustainability of the project, we will work with WWF UK to agree the long-term future of project in the lead up to our partnership end date of 2012.





Sport

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Priorities & Progress

Approach

Sport has always been at the heart of what we do. We offer unparalleled coverage to millions of homes and provide investment which allows sports bodies to develop their facilities and infrastructure, at all levels. We also want to inspire our customers to take part as well as watch; sport has the power to change lives.

Our long-term strategy

For 20 years, Sky Sports has shown a wide range of British sports at all levels, from the grassroots to the elite. As well as in-depth coverage of the nation's most popular sports, we provide exposure to less mainstream events, helping to broaden their fan base and attract funding.

Supporting local grassroots activities and providing everyone with an opportunity to get involved is an important part of our plan. For example, we not only contribute to cricket through our investment and programming and features such as Club Life, following local clubs – but also through the Sky Sports England and Wales Cricket Board (ECB) Coach Education Programme which provides cricket coaches with the skills they need to develop new talent.

Our successful Sky Sports Living for Sport initiative uses sport to make a difference to young people's lives. The initiative provides schools with sports star mentor visits and resources to motivate and inspire young people through sport, to help them gain the academic and life skills they need.

Cycling is one of Britain's most successful sports, and through our partnership with British Cycling, we want to inspire millions more people to get cycling. We support the grassroots through our Sky Ride campaign, with free events, activities, information and support to inspire and help people of all ages or abilities to get on their bikes and have fun. And we support the elite through our partnership with British Cycling and creation of Team Sky, a professional British road racing team.

View our progress in the Data section (see pages 87-113).

What have we done this year?

INVESTING IN SPORT



Due to the increased exposure of different sports through Sky Sports, clubs around the country have more funding and better facilities, and are attracting new talent to create better teams.

INSPIRING PARTICIPATION

83%

83% of our Sky Sports Living for Sport participants showed an improvement in their attitude to learning at school.

CYCLING

200,000

Over 200,000 cyclists of all ages and abilities took part in our Sky Ride mass participation cycling events in 12 cities across the UK in 2010.

Investing in sport

Through our investment in a wide range of sports rights and programming, we have helped the industry develop its infrastructure, and attract more funding and new talent.

Increased funding and talent

Over the past two decades, Sky Sports has provided sport fans with access to an unprecedented depth and breadth of sports coverage. Football, cricket, rugby union, rugby league, golf and tennis may have the most viewers but we also feature a wide range of less mainstream sports including angling, yachting, darts, netball, speedway and badminton. Our programmes go from in-depth expert coverage to lighter entertainment like Soccer AM, which makes sports accessible to all audiences.

In addition to our financial investment through the purchase of rights to show matches and competitions, the exposure that we offer a sport by promoting it to a wider audience equates to a multi-billion pound investment in sport, which has helped develop the talent and infrastructure of the UK's sports industry from the grassroots to the elite. Wider exposure helps build enthusiasm for the sport, motivates new talent and increases the funding available – for example, through increased sponsorships and advertising. In turn, this funding helps sports clubs and bodies improve and develop their infrastructure and facilities and buy better equipment, which provides further opportunities to develop new talent.

We've also created a book to celebrate twenty years of Sky Sport. You can read more about Sky Sports, 20 Years, 20 Stories at www.skysports.com/20years/

CASE STUDY: INVESTING IN WOMEN'S CRICKET



Charlotte Edwards, captain of the England women's cricket team, can attest to the impact that Sky Sports' support for the game has had. When she started playing, she says, she had no role models to inspire her, and there was no money to pay for their kit, blazers or trips – they had to find the money to pay for everything themselves.

Now, games are televised live, with young girls watching and being inspired to attend the team's matches, and play themselves. Because of the exposure, the team has more funding, which means more time to train, and better facilities and support staff. In turn, this means that the skill level has shot up. "The girls are fitter and more athletic now" she says. And, because Sky Sports televises women's matches every summer it gives them an opportunity to scout out their competition and identify ways to beat them.

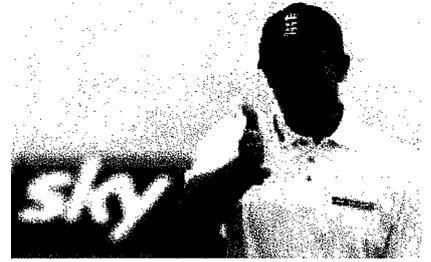
SPORT

Cricket Club Life

Cricket is one of the most watched sports on Sky, and we cover the game at every level, from Under-19s to the World Cup. We also support and showcase smaller clubs around the country.

Cricket Club Life is a series of 20-minute documentaries following local clubs through the ups and downs of their season, and is shown during lunch intervals in Test matches. Clubs of all types have been featured over the past six years, from one in its first year of existence to a club celebrating its 150th anniversary. We have women's teams, and teams from across the British Isles including an Asian team from Yorkshire and a Caribbean team from South London. This year, we doubled the number of clubs we followed from three to six.

The clubs featured report benefits in terms of increased membership and recognition. For example, Hadleigh Cricket Club in Suffolk reported a 20% increase in junior membership and said sponsors were more ready to renew their agreements as a result of being on the show. We've also arranged visits to many of the clubs by cricket superstars such as Sir Ian Botham, Andrew Flintoff, Michael Holding and Nasser Hussain. This further increases the profile of the local clubs and helps them to attract new talent and investment.



Inspiring participation

Sport can help people make positive changes in their lives. We support grassroots programmes that inspire and motivate young people at school, on rugby fields, in cricket grounds and on their bicycles.

Sky Sports Living for Sport

This is our eighth year of the Sky Sports Living for Sport initiative, which provides secondary schools with sports star mentor visits and resources to motivate and inspire young people through sport. By the end of June 2011, over 1,500 schools and 33,000 young people had taken part.

Schools have told us that the Sky Sports brand and our athlete mentors are the key influencing factors in motivating young people to take part, so this year we produced a DVD which takes students behind the scenes at Sky Sports, and asked our Sky Sports producers to provide insight into their careers in the media, which we shared on the website. We also teamed up with Sky Sports News to film a whole project from start to finish. Our team of 23 athlete mentors come from a whole range of backgrounds and sports including boxing, hockey, wheelchair basketball, judo and athletics, and they visit participants on the project to share their life-changing stories and inspire young people to be the best they can be.

Throughout the school year we look for opportunities to offer local masterclasses for participating schools, with tuition by some sporting greats. Ryder Cup winning captain Colin Montgomerie coached young people at Gleneagles Golf Club, and Jamie Redknapp and Ruud Gullit took time out to inspire local school pupils.

Each year we measure the impact of the initiative, but this year we conducted more extensive research looking back at participation in the last five years. The results we found were really encouraging. Participants achieved a 14% higher than the national average in their English exams, and 4% higher than the national average in maths. In addition:

- 88% showed improvements in self-confidence
- 83% showed improvements in attitudes to learning
- 70% showed health and well-being improvements
- 51% were inspired to join a sports team
- 30% were inspired to go on to further study

CASE STUDY: STUDENT OF THE YEAR



This year's winner of the Sky Sports Living for Sport Student of the Year award was Conor Fitzpatrick of Newbattle Community High School in Scotland.

The school wanted to provide a key group of their students with an opportunity to gain extra confidence and develop leadership skills. The students were encouraged to choose unfamiliar sports in order to help them step out of their comfort zone and face up to more challenging tasks. Conor chose basketball which he initially found challenging, but in time he felt confident enough to coach younger pupils in the sport, and even went on to lead other extra-curricular activities.

As a result of the programme, Conor's confidence increased and his school attendance and attitude in class greatly improved. He has changed from a person who was absent for most of his second year at school to being appointed the 'School Ambassador' and giving presentations at local primary schools.

SPORT

Developing cricket coaches

In 2006 we teamed up with the England and Wales Cricket Board (ECB) to set up the Sky Sports ECB Coach Education Programme. The programme is designed to equip cricket coaches with the necessary skills to deliver high quality coaching at all levels of the game, ensuring the success of the sport with a new generation of players.

This year, more than 10,000 newly qualified coaches have graduated, bringing the total amount of coaches educated by the programme to 33,000, surpassing our initial 30,000 goal. For every professional cricketer in England and Wales, there are now over 100 grassroots coaches.

We focused more on female coaches this year, since traditionally there are far fewer female cricketers, and we think it's important that women have the same opportunities to take part in sports. We asked the England Women's team and their coaches to take an active part in the programme, teaching and giving advice to other female coaches, and helping to promote women's participation in the sport.

Due to the huge success of the programme, we've agreed to continue our sponsorship for a further three years, to help ensure a stable intake of coaches in the coming years.



School of Hard Knocks

'School of Hard Knocks' is a social inclusion scheme, run by an independent company called Rugby Performance, in partnership with Sky Sports, which uses the game of rugby to enable participants to take steps towards employment. It also addresses issues of health, crime and citizenship.

Although the criteria for selection are flexible, as a general rule, the programme is open to unemployed young men aged 17-24 who are serious about undergoing a life-changing experience. Key components of the programme are to build participants' confidence, and help them set realistic aspirations and goals in their job search. Modules demonstrate the benefits of work over unemployment, address fear and aggression and help understand what employers are looking for.

As well as producing and airing the show, Sky Sports has supported the scheme with funds and recruited rugby stars to participate, greatly improving the success of the programme in changing participants' lives. This year was our fourth series on Sky Sports, and was set in East London.

The programme has inspired Oxted School in Surrey, one of the biggest comprehensives in England, to introduce a pilot scheme for 18 of their pupils, in association with two other schools in the area and Warlingham Rugby Club.



Cycling

Through our partnership with British Cycling, we're supporting the sport at every level - from grassroots activities for recreational cyclists to the elite GB team and Team Sky.

Partnership with British Cycling

This is our third year in partnership with British Cycling, the governing body for cycling in the UK. Through our support, we hope to ensure the stability and future success of the organisation, helping it reach its ambitious membership goals and engaging a new generation of cyclists. The overall goal of our partnership is to get one million more people cycling regularly by 2013. Over the last year we focused on developing our programmes to reach even more people and make cycling accessible to everyone, including people with disabilities, and harder to reach groups.

Sky has been supporting Go-Ride, British Cycling's successful scheme to develop young riders in schools and cycling clubs, for the past two years. Go-Ride introduces school children to all disciplines of cycling and helps to create more ways for young people to enjoy cycling and improve their skills. So far the scheme has reached over 16,000 young people and aims to engage a further 50,000 in the next four years.

This year we have also supported British Cycling in the second year of Go-Ride Racing, a new initiative designed to encourage more young people into entry-level bike racing. This latest addition to Go-Ride provides a stepping-stone between school or club cycle coaching sessions, and regional level cycling competitions. To date, over 800 racing events have been delivered and over 13,000 children have taken part.

In May 2011, we launched a new, wider communications campaign under the banner of 'Where will your bike take you?' to inspire everyone to get on their bikes and raise awareness of the many opportunities for cycling across the UK. The British Cycling membership packages have also been refreshed to include a package suited to the local, recreational cyclist.

Team Sky

In January 2010 we launched Team Sky, a professional road cycling team with the aim of becoming the first British winner of the Tour de France by 2013. We hope the team's success and positive profile and attitude will inspire others to get cycling.

This past year held many highlights for the team, including their debut at the Tour de France, where Geraint Thomas enjoyed three days in the white jersey for the best young rider, validating Team

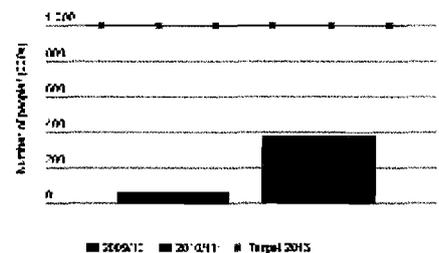
“

Sky is a committed and passionate partner. Working together, we can take elite cycling to new heights and get more people involved in the sport at all levels.”

Dave Brailsford CBE

Principal, Team Sky, and Performance Director, British Cycling

PEOPLE CYCLING REGULARLY



Note:

1. The number of people cycling is the total number of people who have become regular cyclists where Sky has been an influencing factor.
2. The total for 2010/11 includes the number of people who have become regular cyclists in 2010/11 plus the number of people who became regular cyclists in 2009/10 (less attrition from 2009/2010).



SPORT

Sky as an incubator for future British talent. There were numerous other wins in 2010 and through the first half of 2011, including the leader's jersey at the 2010 Giro d'Italia and the overall general classification win at the 2011 Dauphine, regarded as the warm-up for the Tour de France.

The team makes appearances at all of our mass participation Sky Ride events (see below), speaking to fans and the media, and signing autographs. We know that many people are already being inspired by them to take up cycling.

To help raise awareness of our partnership with WWF, Sky Rainforest Rescue, during the Tour of Britain Team Sky wore a specially designed Sky Rainforest Rescue kit and promoted their support on social media sites. At the end of the Tour some of the kit was auctioned online, raising £15,000 for the cause.

Sky Ride

Our second year of Sky Ride mass participation cycling events saw us holding 12 events in 10 cities – more than double last year's activities. The events are delivered in partnership with British Cycling and local councils. We create a traffic-free and fun environment for people of all ages and abilities to cycle safely with their friends and family.

Our new cities included Southampton, Middlesbrough, Bath, Bradford, Blackpool and Birmingham, and we also delivered two outer borough events in London: Ealing and Redbridge. Over 200,000 cyclists of all ages and abilities took part, including 85,000 at the Mayor of London's Sky Ride event through central London.

Since our launch in 2009 we know that 376,000 people have been encouraged to become regular cyclists (cycling on average at least once a month), citing our initiatives as the key catalyst for this.

CASE STUDY: SKY RIDE MANCHESTER



The first year of Sky Ride Manchester was such a success, they wanted us back again this year to hand over the streets to cyclists. The event was attended by Manchester born actress Gemma Atkinson, and a number of cycling stars including Olympic gold medallist Victoria Pendleton, three of our Team Sky riders and two Olympic Academy riders, as well as 20,000 participants.

The route this year was expanded to take in more iconic city sites such as Deansgate and Castlefield. We incorporated a number of entertainment zones including a large music stage and various en route entertainment, provided free bike servicing courtesy of Evans Cycles, and held fun quizzes and Q&A sessions with our Sky Ride celebrities.

Ninety-six percent of participants rated their experience of Sky Ride Manchester as good or excellent, 81% said they would attend future events and importantly, 53% of all participants said they would definitely consider starting to cycle after attending the event.

To capitalise on this feeling and provide further opportunities to cycle in a safe and fun environment, we ran 90 of our smaller Sky Ride Local rides in the area between May and October, attracting more than 2,000 participants. Fifty-eight percent of these said that they had the intention of cycling more in the future after attending the event.

SPORT

Sky Ride Local

In each Sky Ride city we also delivered a programme of Sky Ride Locals – free, weekly, led cycle rides by British Cycling trained ride leaders. The rides capture the enthusiasm created by the city events and offer a way for people to keep cycling. Riders can pick a level to suit their age and ability giving them a chance to improve confidence levels.

This year, we launched a Ride for Rewards incentive scheme that encouraged people to sign up for more than one ride and bring along a friend. In order to increase participation numbers on the day we implemented an SMS texting service to remind people about the upcoming ride they had registered for, and to cancel if they could no longer attend so that others could enjoy their space. This helped us to reach our target of 70% attendance across the local rides.

In 2010, over 500 rides took place, attracting 11,000 participants. 84% of Sky Ride Local attendees said they would definitely cycle more regularly as a result of taking part.



Next Steps

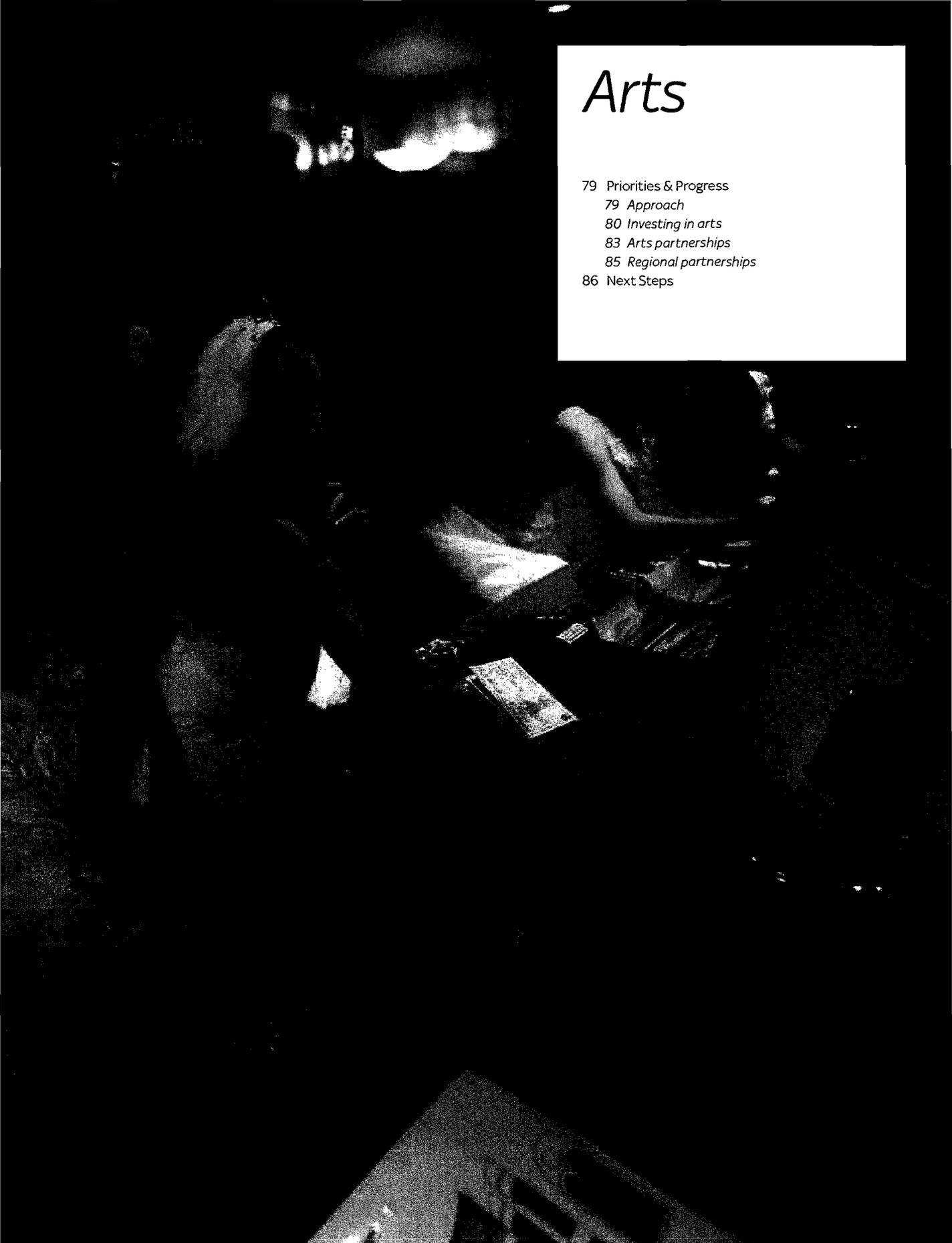
We have been evaluating all of our grassroots programmes and know that they are working. Next year our plan for all of them is simply to get even more people involved, more people benefiting, and make the programmes even better.

Through this year's extensive evaluation of Sky Sports Living for Sport, we know that one of the most attractive features of the programme for both teachers and participants is the Athlete Mentor, so we've expanded their roles. They will now make an additional school visit at the outset of the project, share their stories at school assemblies and provide relevant content on Facebook and Twitter for participants to follow. We are improving our online tools and providing more of the information and inspiring ideas that teachers have asked for. We've assigned two national mentors working part-time to help schools plan their programmes, and set up a teachers' advisory committee, using experienced teachers to advocate the programme and support others.

We want to get more people involved in cycling and plan to double the number of city partnerships across the UK through our Sky Ride City Events and Sky Ride Locals for the 2011 season. We want to make cycling even more inclusive, and this year our focus will include increasing the number of women cyclists. We will be sponsoring two women-only cycling events on safe, traffic-free roads called Cycletta - one in the North, and one in the South of the country. These have been designed to help women get fit, take part in a sporting challenge, escape with friends and raise money for charity at the same time.

Team Sky will not only be inspiring people to get on their bikes, they will also be helping to heighten awareness of the need to protect the rainforest. In the 2011 Tour de France, Team Sky changed from their traditional blue colours to wearing green in support of Sky Rainforest Rescue and our partnership with WWF.





Arts

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Priorities & Progress

Approach

Many of our customers are passionate about the arts and we provide them with the UK's only dedicated arts channels, broadcasting more hours of arts programming than anyone else, and investing in bold, original productions. We also want to develop new passions by opening up the arts to more people, and giving them the opportunity to experience the arts in new ways.

The long-term strategy

We want Sky Arts to be the leading supporter of the arts in the UK and Ireland. To do this, we make a multi-million pound investment to showcase the best of the arts from the UK and Ireland, and across the world, both on-screen for our customers and on the ground for everyone to enjoy.

Innovative arts partnerships are crucial to the vitality of the arts scene across the UK and Ireland, which is why we have launched the Sky Arts Ignition Series, which will directly invest in and collaborate with leading arts organisations to create innovative works. In addition, the Sky Arts Ignition: Futures Fund will offer bursaries to emerging artists to bridge the gap from training to working artist.

We support and invest in some of the most prestigious arts festivals and events contributing to the arts organisations' growth and sustainability, and bringing the festival experience to those unable to attend through our programming. Our partnerships include the Hay Festival, the Bath Literature Festival, the Dublin Literary Festival and the South Bank Sky Arts Awards.

We want to open up the arts to people who may not otherwise engage with it, and to ensure that artists and arts organisations have the funding and support that they need to offer groundbreaking art to the public. That's why we have sought to make ballet accessible to more people through our partnership with English National Ballet, and to create great events that everyone can enjoy through our partnership with Artichoke.

We know that there is a wealth of fantastic arts activities happening throughout the UK and Ireland. We also want to ensure that we support and develop regional arts organisations, helping them to flourish in their local communities, and showcasing their works to a national audience. Our Sky Arts At... regional media partnership series brings the best of these works directly to our customers on the screen. View our progress in the Data section (see pages 87-113).

What have we done this year?

INVESTING IN ARTS

£1.2 million

Through the Sky Arts Ignition series we will provide £1.2 million over three years to create brand new works of art, and support young talent to become working artists.

ARTS PARTNERSHIPS



Over 25,000 visitors enjoyed The Magical Menagerie, a gigantic square carousel populated by oversized mythical creatures, at the Milton Keynes International Festival.

REGIONAL PARTNERSHIPS

18

We have partnered with 18 regional arts organisations in the UK and Ireland through our Sky Arts At... series, to bring the best regional arts content to our viewers.

Investing in arts

We broadcast innovative programming on our Sky Arts channels, and we support emerging artists and some of the UK and Ireland's most prestigious arts festivals and events with much-needed investment.

Supporting innovation

Our four dedicated Sky Arts channels cover classic to contemporary arts across the UK and Ireland and from around the world in bold and innovative ways, providing those who are passionate about the arts the opportunity to enjoy them in new ways, and inspire new passions with critically acclaimed programmes.

We have a long tradition of successful partnerships with some of the leading arts organisations in the UK. At a time when public support for the arts is being cut, partnerships like these are crucial. We recently published a report, Building Innovative Arts Partnerships, highlighting some of the best examples of innovative partnerships over the last few years, and encouraging others to support collaborative arts projects.

One of the biggest challenges in the arts world is securing funding to support innovative and new works of art. That's why, in April 2011, Sky Arts launched the Sky Arts Ignition Series. The Sky Arts Ignition Series will seek to collaborate with six arts organisations over three years in the creation of brand new works. For each of the chosen projects, Sky Arts will provide a cash investment of up to £200,000 and work with the arts partners to bring their projects to a wider audience on screen and on the ground. Sky Arts will also provide marketing, publicity and new media support.

The Sky Arts Ignition: Futures Fund is designed to help young talent working in visual art, theatre, performance art, music, dance or literature to bridge the development gap from school or college to becoming a working artist. The fund will support five individuals aged 18–30 with a bursary of £30,000 each and provide each artist with a mentor from Sky, who will help develop their commercial skills and knowledge.

“
This is an exemplary partnership between a broadcaster and the arts. I hope Sky's model will be copied. It's to everyone's advantage.”

Sir Richard Eyre

Film and theatre director, former Artistic Director of the National Theatre



ARTS

The Hay Festival

Since 2007, Sky Arts has been the broadcast sponsor of Hay Festival, one of the largest literary festivals in the world. This year, we broadcast four special editions of The Book Show from the Sky Arts Studio, featuring 12 of the festival's great authors including Paul Theroux, David Bailey and Henning Mankell. We also filmed an additional 20 festival sessions and debates which we broadcast on Sky Arts to enable the festival to reach a wider audience.

On the ground in our Sky Arts Den, over 28,000 festival-goers relaxed and enjoyed free performances and workshops – this year we featured live jazz and opera performances, as well as art and dance classes. To further encourage visitors to develop their creativity, we launched the 'Get Creative Fund', giving one person the opportunity to win £1,000 towards an artistic course of their choice.

We also brought our Sky Rainforest Rescue pod to the festival to inform visitors of how their activities can impact the rainforest, and what they can do to help. The pod was visited by more than 8,300 people this year. In addition, we ran a Sky shuttle bus on three routes linking local villages to the festival site so that people could leave their cars at home and choose a greener travel option. This year, 680 people used the bus service, each donating £2 to Sky Rainforest Rescue.

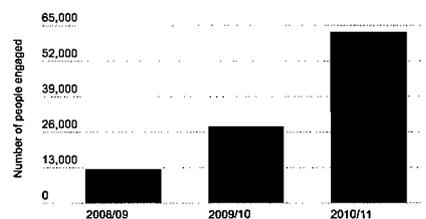
More festivals and events

Following its success from the Hay Festival, this year we decided to take The Book Show on the road to four more leading literary festivals. Between October 2010 and May 2011, we hosted shows and on the ground activity at the Cheltenham Literature Festival, the Bath Literature Festival, Words by the Water Festival in Cumbria, and the Dublin Writers Festival.

We also broadcast from and support several other festivals across the country including the Cambridge Folk Festival. Sky is now the largest broadcaster of music festivals in the UK, covering 13 festivals over the summer, including in 3D from the Isle of Wight and Oxygen in Ireland. Our presence at these festivals and events helps increase their profile, and is a great way of engaging people with the arts in new ways.



PEOPLE ATTENDING SKY ARTS BOOK FESTIVAL EVENTS¹



Note:

1. Numbers indicate amounts of people engaged in arts activities through our book festival partnerships.

South Bank Sky Arts Awards

For 14 years, the South Bank Awards have been a prestigious annual event, unique in the world as the only televised arts awards featuring the full spectrum of classical and contemporary arts. After the show's previous funding partner pulled out in 2009, Sky Arts stepped in to support the event and ensure its continuation.

The first South Bank Sky Arts Awards took place in London in January 2011, and was broadcast on Sky Arts and supported by a dedicated website aimed at encouraging public involvement. For example, visitors to the website could create their own works of art using the site's technology, enter a competition to win wall art featuring the signatures of the host, Melvyn Bragg, and all the winners and follow the awards as they were announced on Twitter.

“

I am delighted that Sky Arts has taken on The South Bank Show Awards. It is great to be doing this at a time when arts budgets are cut and outstanding world class work is under threat.”

Melvyn Bragg

Arts partnerships

We partner with leading arts organisations to bring the arts to more people in new and innovative ways, and contribute to the cultural life of the nation.

English National Ballet

The aim of our seven-year partnership with English National Ballet, which ended this year, has been to make ballet more accessible to new audiences by bringing it to them in innovative ways on screen, offering affordable tickets to performances and providing free classes for schoolchildren.

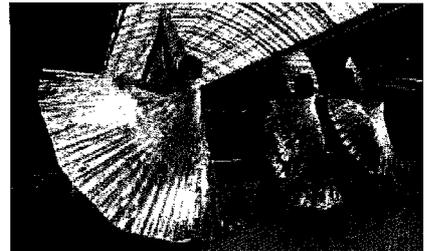
Over 450 pupils from 18 primary and secondary schools across the UK took part in dance workshops with English National Ballet as they toured the country this year. In the spring, workshops explored movement as well as the themes and characters of Cinderella, accompanied by live music. *"I enjoyed the fact that they could show their feelings using dance. It was really exciting!"* said 10 year-old Nathan.

In the autumn, the workshops supported the study of Romeo & Juliet, enhancing students' understanding of the work through an alternate way of learning. One teacher said *"The session was challenging, relevant, exciting and most importantly at the right pace for this particular group."*

In addition, every participant received a free ticket to see the production at their nearest theatre.

In March 2011, we offered 300 members of the public top-tier tickets to see a performance of Black & White at the London Coliseum for only £5. Black & White showcased the talents of English National Ballet in a series of short ballets, perfect for people new to ballet as it offered a taste of different ballet styles. All 300 tickets sold out, and one competition winner also had VIP treatment and the chance to tour backstage.

CASE STUDY: DANCE DANCE DANCE



To celebrate the renewed popularity of dance across the UK, Sky Arts wanted to create a film for the newly-launched Sky 3D channel which would take advantage of this new technology to showcase the grace, beauty and movement of dance.

Dance Dance Dance featured six commissions showcasing diverse dance styles including Bollywood, swing, modern contemporary and ballet. English National Ballet performed two pieces: Black Swan pas de deux from Swan Lake, and the neo-classical Men Y Men, created especially for the Company's National Tour. The dancers and choreographers found that filming in 3D presented new opportunities for innovation and reinvention in order to present their work in the most captivating way for the format.

In addition to showing the film on Sky's 3D channel, it was also shown in HD on Sky Arts, and screened in theatre foyers for the general public to view as part of English National Ballet's National Tour.

ARTS

Artichoke

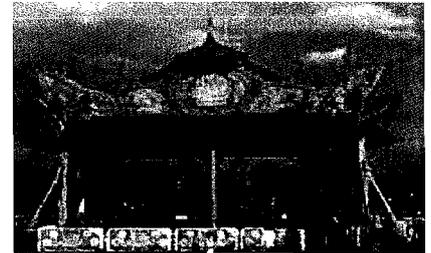
The second and final year of our partnership with Artichoke, the UK's leading public art producers, saw three major projects take place.

The first of these, the Sky Arts Artichoke Salon Series, in association with Tate, was a series of three public debates centred on the nature and use of public space. A debate on the 'Politics of Cultural Disruption' took place in the Tate Modern's turbine hall, another on the 'Impact of Art on the City' in Liverpool's Williamson Tunnels, and a final debate on the 'Nature and Use of Public Space in the Countryside and our regions' took place at the Eden Project in Cornwall. Over 700 members of the public attended the series.

Our second major project was 'The Magical Menagerie', a giant carnival roundabout installed at the Milton Keynes International Festival. Finally, 'Dining with Alice' was inspired by the Mad Hatter's tea party from Alice's Adventures in Wonderland. The eccentric theatrical show took place over a four-course Victorian dinner, served outdoors in a beautiful garden setting at Elsing Hall in Norfolk. Alongside professional performers, the show starred seven local girls as Alice in her various sizes, and 64 volunteers from the local area. The sell-out, nine performance run engaged 2,300 people and was critically acclaimed by The Times and The Guardian.

Over the course of the year Sky has engaged over 30,000 people through these events, contributing to our goal of broadening access to arts and culture across the country.

CASE STUDY: MAGICAL MENAGERIE



Our second project in 2010 with Artichoke was the Magical Menagerie at the Milton Keynes International Festival. Inspired by the unique architectural landscape of the city, the festival's programme included concerts, theatre, dance, music and visual arts installations in unusual locations such as boulevards, parks, public squares and disused shops.

Our partners, Artichoke, engaged over 25,000 visitors through the imaginary land of The Magical Menagerie, a gigantic square carousel populated by oversized mythical creatures, created by visionary artist and engineer François Delarozière. Standing as tall as a house, the carousel was populated by all manner of strange mechanical creatures which could be operated by their riders.

Sky Arts was also the festival's media partner. We delved behind the scenes and spoke to key organisers and artists to gain an insight into the operation of this huge event, talked to the people of Milton Keynes to find out their response and captured the buzz of the festival and some of its installations and performances. We also offered two tickets for the price of one on Sundays.

“

The best partnerships are the ones where everyone works creatively together to solve the same problem rather than being jealous of their own pre-eminence. Sky really did understand what that meant. Their ambitions are the same as ours; to make something as appealing as possible to as broad an audience as possible.”

Helen Marriage

Co-director of Artichoke

Regional partnerships

Our Sky Arts At... series brings the best of regional art works to our customers on the small screen, and supports local arts organisations by increasing their exposure.

Sky Arts At...

With four arts channels, we are in a unique position to bring a wide selection of arts programmes to our customers. But a lot of great artwork is happening across the country by organisations which don't normally receive national exposure. By partnering with up to 18 regional arts organisations across the UK and Ireland each year through our Sky Arts At... programme, we aim to bring the best regional arts content to our viewers, and support local arts communities by raising their profile.

For each of our partnerships, we produce behind-the-scenes documentaries which are aired on Sky Arts channels as well as online. The films give viewers a valuable insight into the artistic process, investigating what goes into making an exhibition, play or other artistic work, and offering a taste of what to expect from the finished work.

Our partnerships this year have included the Dublin Theatre Festival, Frank Zappa festival at The Roundhouse, The Royal Court, Rambert Dance Company and Museums at Night.

CASE STUDY: MUSEUMS AT NIGHT



Sky Arts was the TV media partner for Museums at Night, an annual after hours celebration that sees hundreds of museums, galleries, libraries, archives and heritage sites open their doors for special evening events on a May weekend. This year, 457 events took place in 169 cities, with over 100,000 people participating during the weekend.

We sent a camera crew to capture the range of activities taking place for our dedicated Sky Arts At... documentary. We also supported five 'Sky Arts sleepovers' at museums including Explosion Museum in Portsmouth and the National Maritime Museum in Cornwall. Sky Arts subsidised the sleepovers, enabling people to enjoy a night at their favourite local museum for only £3. The sleepovers were a huge success with nearly all selling out.

Next steps

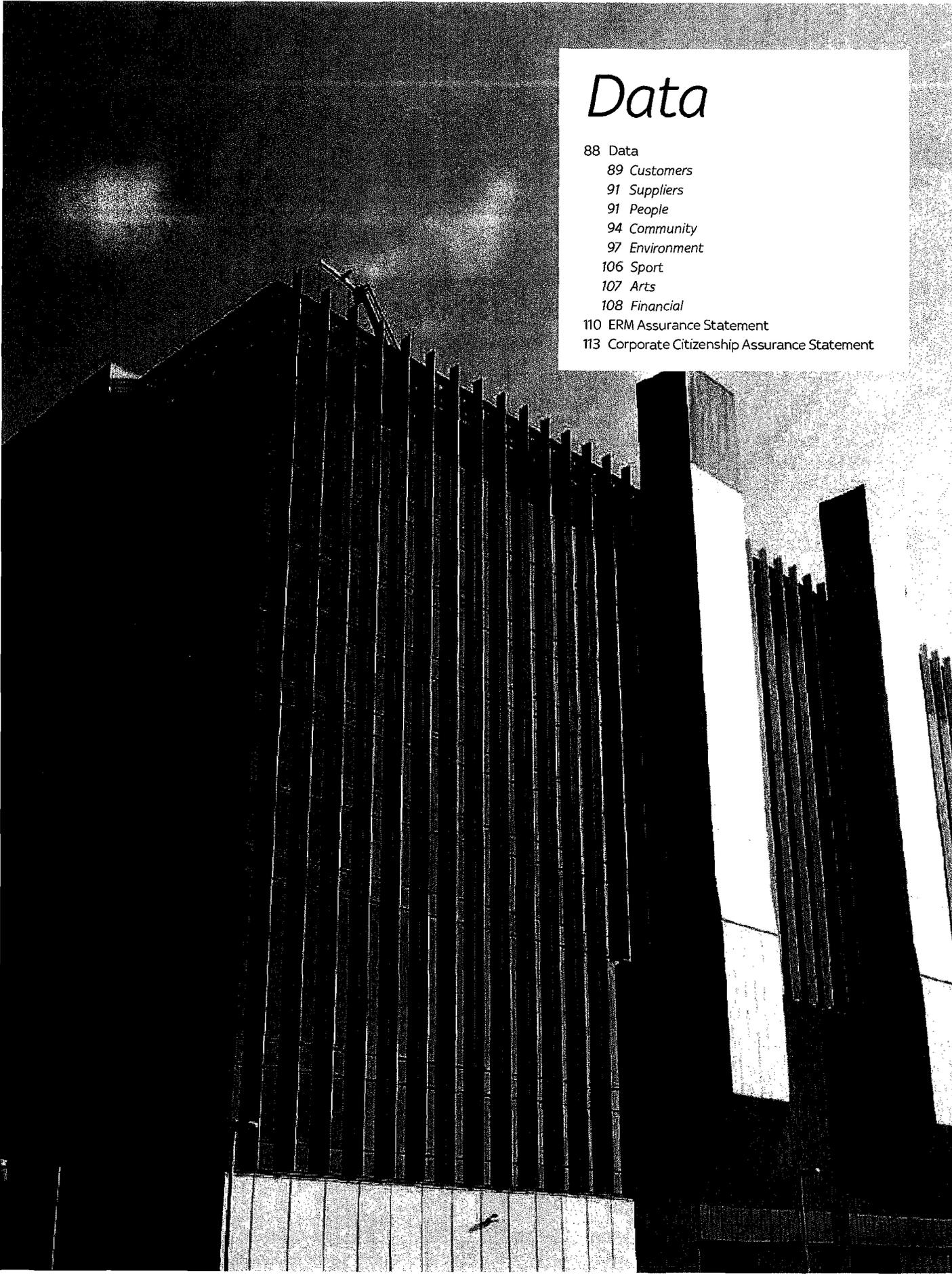
Based on the success of our Book Show, this coming year we want to support the passions of more literary fans. As well as partnering with leading literary festivals to take The Book Show on tour, we will be further developing our Sky Arts Den area.

With the launch of the Sky Arts Ignition Series, we are looking forward to supporting the artists and organisations that have been selected. Together we will be developing innovative ways to promote their work on-air, online and on the ground and providing media support to help them gain recognition for their work. We will also be providing the young artists selected for the Sky Arts Ignition: Futures Fund, with mentors from Sky to help them develop their careers.

Four of our 12 Sky Arts At... partners will be given the opportunity to benefit even more in the coming year through an enhanced partnership. That means we will do more to market their performance or installation regionally by promoting them in local media, subsidising reduced-price tickets, hosting relevant workshops, and providing on-site perks such as goody bags and 3D demonstrations.

We also want to do more to involve Sky people in arts activities through our arts programme which includes ticket offers with our partners. We will aim to get more people participating in these activities and entering our arts competitions.





Data

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Data

In this section you will find detailed information about our progress against our key performance indicators in our day-to-day operations as well as our three priority areas of environment, sports and arts.

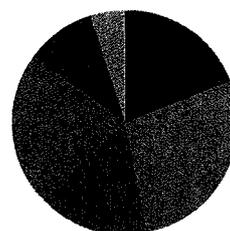
We have taken the time to present more comprehensive data when compared to previous reports. This is in line with our commitment to continue to improve what we do. Each table or graph includes a short summary of our performance.

We describe our progress in relation to our customers, suppliers, people and community. We present comprehensive environmental data which details our performance against our 10 targets and we quantify our progress in inspiring our customers to make a difference for the environment through Sky Rainforest Rescue. We describe the reach and impact of our sport and arts initiatives. We also present a snapshot of our key financial indicators. Comprehensive financial information can be found in Sky's Annual Report 2011.

In-depth discussion of our priorities and progress, the programmes that we deliver and our plans for the coming year can be found under each of the relevant sections in this report.

What have we done this year?

OUR DATA



Find detailed information about our progress.

Go to page 89

ERM ASSURANCE STATEMENT

Sky engaged Environmental Resources Management Limited to provide independent assurance on selected environmental performance data.

Go to page 110

CORPORATE CITIZENSHIP ASSURANCE STATEMENT

Sky engaged Corporate Citizenship to provide an assessment of our adherence to the principles of the London Benchmarking Group in calculating our community contribution.

Go to page 113

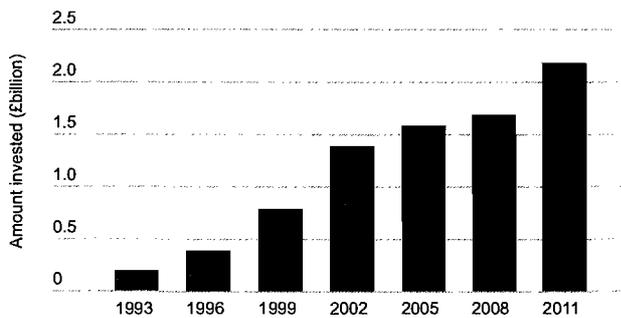
Customers

Programme investment

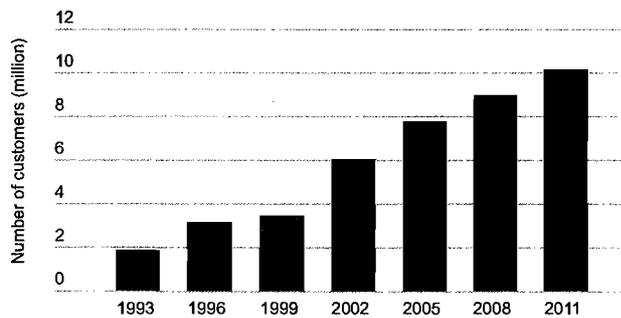
Comment on performance

At Sky we have consistently increased investment in programmes over the last 20 years. In 2011, we are spending £2.2 billion on programmes, of which around two-thirds is invested in the UK. Excluding sports rights, this year we invested £380 million in UK commissioning, production and journalism.

PROGRAMME INVESTMENT



SKY TV CUSTOMERS



	1993	1996	1999	2002	2005	2008	2011
Programme investment (£billion)	0.2	0.4	0.8	1.4	1.6	1.7	2.2
TV customers (million)	1.9	3.2	3.5	6.1	7.8	9.0	10.2

DATA

Adherence to Ofcom requirements (%)

Comment on performance

This year we have again exceeded our quota on Access Services and have maintained our commitment to delivering 20% Audio Description on all Sky channels except Sky Sports.

Adherence to Ofcom requirements¹ (%)

Service	Subtitling		Audio Description		Signing	
	Annual quota	Achieved	Annual quota	Achieved	Annual quota	Achieved
Sky News (%)	60	69.9	Exempt	Exempt	Alt ²	Alt
Sky One (%)	60	68.7	10	28.2	Alt	Alt
Sky Sports 1 (%)	60	63.6	10	12.2	3	3.4
Sky Sports News (%)	60	62.2	Exempt	Exempt	Alt	Alt
Sky Movies Premiere (%)	60	75.6	10	40.6	Alt	Alt

Notes

1. The table shows a selection of our largest channels, which are featured in the Ofcom Television Access Services Full Year Cumulative Report 2010 Final Report. The Final Report for 2010 details the provision of access services (subtitling, signing and Audio Description) by broadcasters under the Code on Television Access Services and shows the cumulative position for the 12 months of 2010. An explanation of the obligations applying to broadcasters is given in the Code of Television Access Services, and the associated guidance available on the Ofcom website www.ofcom.org.uk.
2. 'Alt' stands for 'Alternative Arrangements'. Alternative Arrangements: Channels with an audience share of between 0.05% and 1% have the option to either broadcast 30 minutes of sign presented programming each month or to participate in Ofcom approved alternative signing arrangements. The broadcasters indicated by 'Alt' have agreed to contribute funding to the approved British Sign Language Broadcasting Trust (BSLBT) which commissions sign presented programmes for broadcast on the Community Channel <http://stakeholders.ofcom.org.uk/market-data-research/market-data/tv-sector-data/tv-access-services-reports/full-year-2010/>.

Complaints reported to Ofcom

Comment on performance

Complaints that Ofcom received this year relating to Sky programming ranged from language during daytime programmes, commercial references, fairness and privacy complaints. Only one complaint was concluded as upheld this year, concerning the undue prominence of a commercial product in a Sky Sports News report. The report was a live broadcast from a racing event and because of the reporter's position, branding from the event featured too prominently in the background of the shot. The error was noticed after the initial report was filmed and subsequent reports from the event were filmed correctly. We raised awareness of this issue to programme makers across Sky and no similar issues have occurred since. We have centralised more of the Compliance function this year and now have a more co-ordinated approach to Broadcast Compliance across Sky.

Complaints reported to Ofcom

Content Area	Number of complaints 2010/11	Number of rulings concluded and upheld in 2010/11
Entertainment	44	0
Sports	13	1
News	5	0
Total	62	1

Suppliers

Investment on commissioning, production and journalism

Comment on performance

There has been a significant increase in our contribution to the wider creative industry in the UK and Ireland through our investment in commissioning, production and journalism.

	2010/11	2013/14
Investment on commissioning, production and journalism (£million)	380	600 ¹

Note

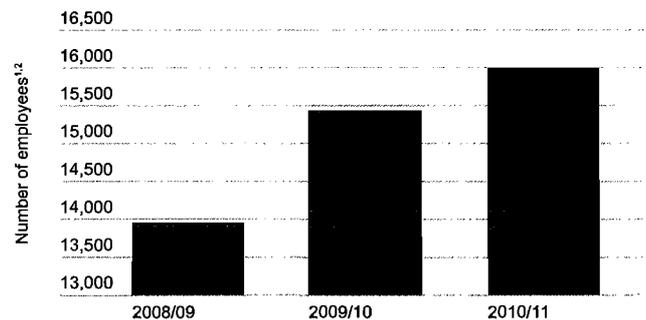
1. This figure is planned investment over the next 3 years.

People

Composition of workforce

Comment on performance

In 2010/11 our total staff numbers have gone up. This is largely due to the continued growth in retail stores and in the number of directly customer facing staff, as well as the acquisitions of The Cloud and Sky Living. The number of redundancies has increased since 2008/09 due to a number of effectiveness reviews and restructures. These were primarily in support functions including Information Technology, Human Resources, Finance and Supply Chain. There were also redundancies within Sky Bet. Voluntary staff turnover has increased in line with the expansion of customer facing staff in the new contact centres and retail stores. These areas traditionally have a higher voluntary attrition rate.



Employment Indicator ³	2008/09	2009/10	2010/11
Total number of employees	13,951	15,440	16,006
Number of compulsory redundancies	133	205	274
Staff turnover (voluntary) (%)	10.0	11.0	12.9
Staff on fixed term or temporary contracts	379	369	465
Organic job growth ⁴	3,626	2,954	3,836

Notes

1. All people data have been reported for UK and Ireland combined. While Sky operates across the UK and Ireland, the Irish workforce is less than 1% of the total Sky workforce.
2. Excludes joint ventures (National Geographic and History Channel).
3. The number of employees has been calculated as Full Time Equivalents, and includes permanent, fixed term contractors and adhoc employees from continuing operations only.
4. Refers to new hires.

DATA

Training and development at Sky

Comment on performance

There have been more than 112,000 training days for all Sky people this financial year, which represents an average 7 training days per employee, and in excess of 68,000 hours of e-learning completed. The Development Studio, Sky's web-based learning portal, has been accessed 186,252 times by Sky employees, which represents an increase of 79,000 from last year. Our e-learning programme provides a cost-effective means of delivering innovative training to Sky people.

Training indicator	2009/10	2010/11
Total training (days) ¹	59,000	112,000
Average training days per employee (days) ²	3.6	7
Average amount spent per employee (£)	375.00	375.00
Proportion of employees receiving annual training and development reviews (%)	75.4	89
Other: Completed e-learning (hours)	51,888	68,000

Notes

1. Excludes online e-learning modules, counted separately.
2. Employee figure is for Full Time Equivalents.

Diversity of Sky people (%)

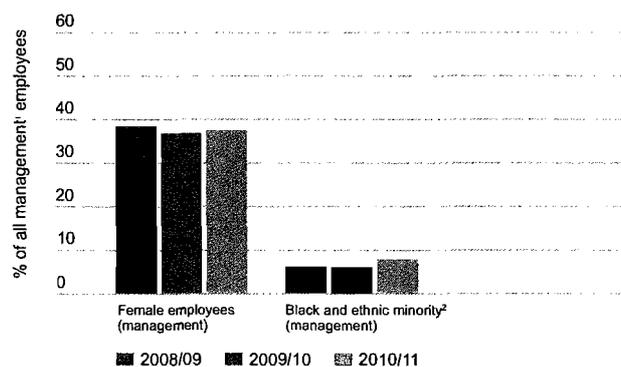
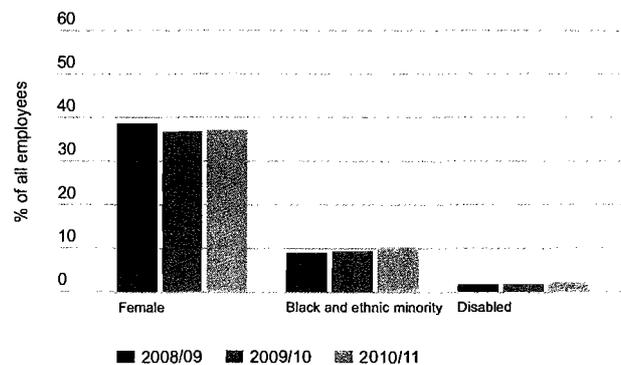
Comment on performance

Our diversity strategy has shown results this year. We have seen a small increase across all areas of diversity, with a larger percentage of black and ethnic minorities and females across all employees and management. We have also recorded a higher proportion of disabled employees at Sky.

Employee Type	2008/09	2009/10	2010/11 ¹
Female (% all employees ²)	38.6	36.8	37.0
Female employees in management (% all management ³ employees)	38.6	36.9	37.6
Black and ethnic minority ⁴ (% all employees ²)	9.2	9.5	10.3
Black and ethnic minority in management ⁴ (% all management ³ employees)	6.2	6.4	7.9
Disabled employees ⁵ (% all employees ²)	1.9	1.9	2.0

Notes

1. Numbers are from March 2011.
2. All employees refer to the average headcount for people employed on a permanent, fixed term or adhoc contract.
3. Management is defined in four categories: Executive – those part of the Executive Management; Senior Managers – those who report directly to an Executive; Middle Managers – those who report directly in to Senior Managers; Other Managers – those who have direct reports.
4. Where an employee's ethnicity is "other, not known or undeclared" this is not included in the count of black and ethnic minority employees.
5. Where disability status is "not known or undeclared" this is not included in the count of disabled employees.
6. These are corrections from the figures provided in the 2010 Bigger Picture report where black and ethnic minority managers were inadvertently given as a % of the total employee population rather than as a % of the total management population.



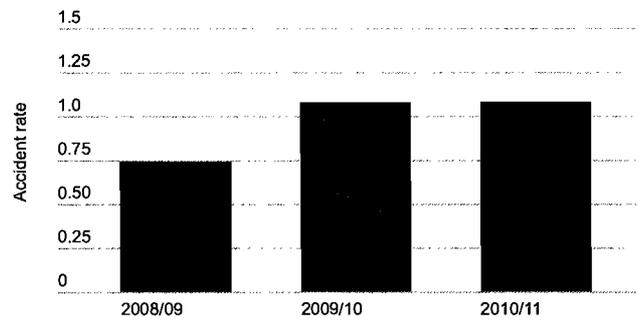
DATA

Health and safety

Comment on performance

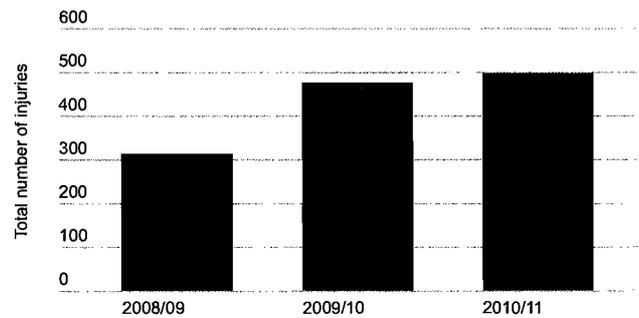
Although the total number of all types of injury increased this year, the actual incidence of events in relation to the number of full time equivalent people has decreased. This is due to Sky's continued drive to apply innovation and improvement to all areas of the business including our Health and Safety performance which has ensured that Sky remains a safe place to work.

Accidents per 100,000 hours worked



	2008/09	2009/10	2010/11
Accident Rate	0.75	1.09	1.09

Total recordable injuries for Sky Group

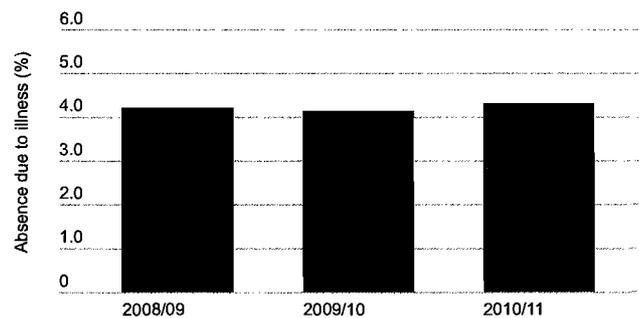


	2008/09	2009/10	2010/11
Total Injuries	317	479	500

Comment on performance

This year we saw a small increase in our absence figures, which we will seek to address in the coming year.

Annual absence due to illness (%)



	2008/09	2009/10	2010/11
Absence due to illness	4.24	4.16	4.34

Community

Community contributions

Comment on performance

Sky understands the importance of making a positive contribution to life in the UK and Ireland. We use the London Benchmarking Group model to analyse our contribution on an annual basis. This helps us to assess whether the balance of our contribution reflects our strategy and is delivering the impacts we expect. We are pleased to see our community contribution maintained at the high level achieved last year. Our contributions reflect our priorities of sport, environment and the arts. The high contribution to education and young people is testament to our commitment to work in partnership with schools to raise aspirations and build life skills.

Total community contributions

	2008/09	2009/10	2010/11
Total community contribution ¹ (£million)	7.10	11.70	11.32
Community contribution as percentage of pre-tax profit ² (%)	1.46	1	1.12

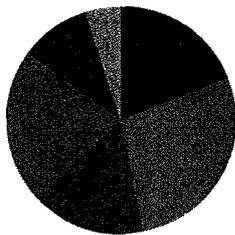
Notes

1. This value differs to that reported under Charitable Contributions in the Annual Report 2011. The value in the Annual Report 2011 is for cash contributions only. The figure in this table is the amount that was invested directly in charitable organisations through funding, volunteering and mentoring services in 2010/11. It is a subset of the total investment we made to achieve our community objectives in our day-to-day business.
2. Pre-tax profit taken from section on Financial Performance, Table 1, Revenue and Profit.

Allocation of community contributions 2010/11

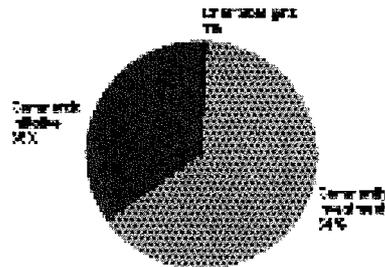
	Cost allocation (%)	Cost allocation (£)
Cash	80.6	9,119,063
Time	5.9	662,530
In-kind	3.9	445,000
Management	9.6	1,088,642

Focus of community contributions



	Focus of community contribution (%)	Focus of community contribution (£)
Education and young people	18.8	1,918,304
Health	27.9	2,857,795
Environment	16.3	1,662,048
Arts and culture	21.6	2,208,972
Social welfare	10.3	1,053,751
Emergency relief	0.1	7,810
Other	5.1	517,913

Type of community contributions



	Type of community contribution (%)	Type of community contribution (£)
Charitable gifts	1.2	123,183
Community investment	63.6	6,502,317
Commercial initiative	35.2	3,601,093

DATA

Sky people's involvement

Comment on performance

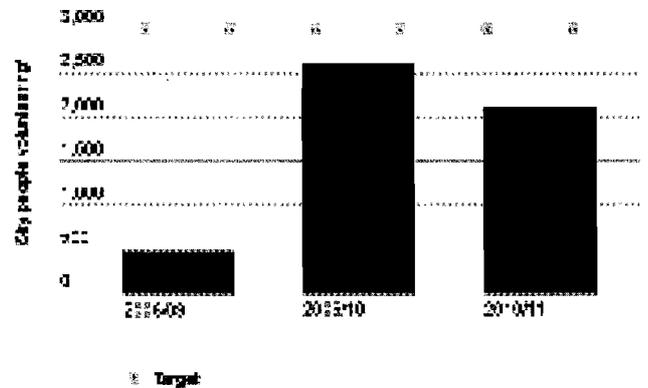
The reduction in volunteering numbers this year can be attributed to the time spent by the team broadening the volunteering programme to include new Sky teams and sites. Building these regionalised contacts and partnerships has taken some time as we tailor the volunteering opportunity, applications and delivery processes for each business area. We expect there to be an increase in volunteering uptake next year as these new regionalised partnership develop and processes are cemented.

Activity	2008/09	2009/10	2010/11	Target 2011/12
Sky people volunteering ¹	478	2,630	2,101	3,000
Average Sky people donating through payroll giving per month ²	n/a	550	641	825

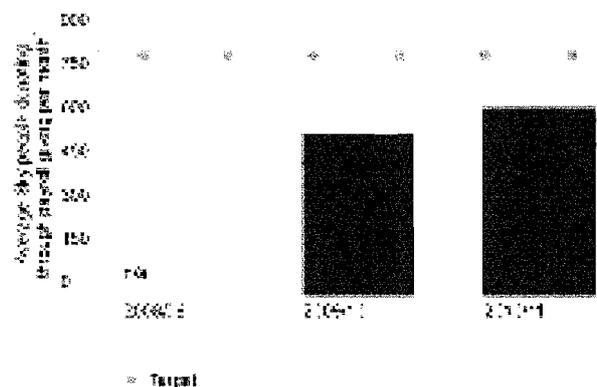
Notes

- From July 2011 we will change the calculation method for our payroll giving, matched funding and volunteering numbers for our employees. We decided to change it from a calculation based on a fixed figure of 15,000 permanent employees, to reflect the increase in the number of Sky employees and the opening up of the volunteering scheme to all Sky people (including contract, non-permanent employees). This is why this year we are reporting on the total amount of employees volunteering, rather than in percentages. The number of Sky people eligible to volunteer is 20,000.
- The number of Sky people eligible to donate through their payroll is 16,500.

Involvement with community activities Sky people volunteering



Average number of Sky people donating through payroll giving per month



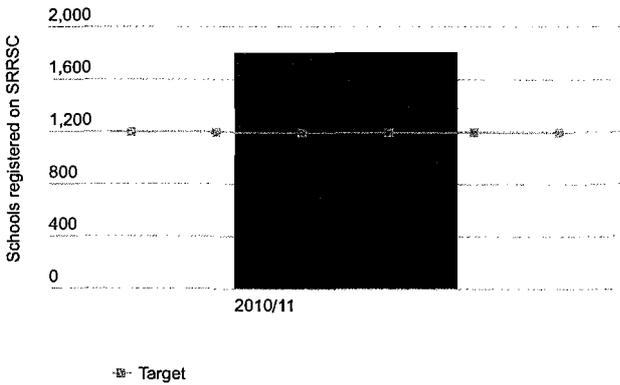
DATA

Uptake on Sky Rainforest Rescue Schools Challenge (SRRSC)

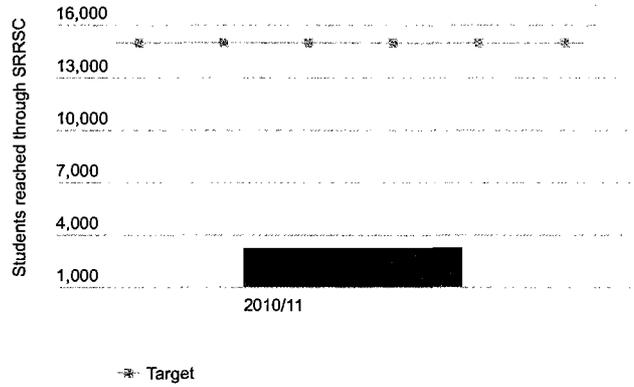
Comment on performance

We have exceeded our target of schools registered for the Sky Rainforest Rescue Schools Challenge. As the programme moves into its second year we will focus on increasing the numbers of students that we reach.

Number of schools registered on SRRSC



Number of students reached on SRRSC

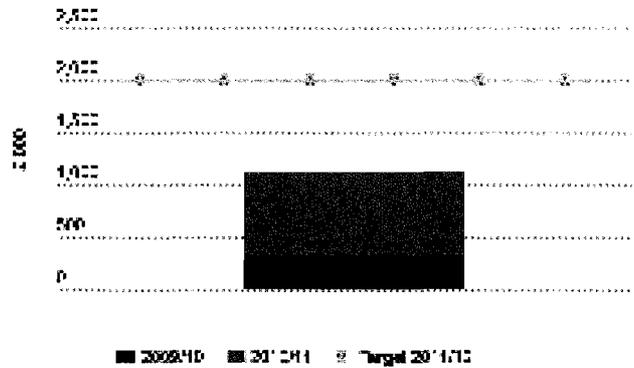


	2010/11	Target 2011/12
Number of schools registered on SRRSC	1,809	1,200
Numbers of students reached through SRRSC	3,300	15,000

Funds raised for Sky Rainforest Rescue (£)

Comment on performance

We are on schedule to meet our target of raising £2 million in public donations by October 2012. Sky will match the funds raised pound for pound up to our campaign total of £2 million.



	2009/10	2010/11	Target 2011/12
Funds raised from customers and staff donations matched by Sky (£)	335,000	790,000	2,000,000

Environment

Our Environment Targets

Environment action is led by our Chief Executive, Jeremy Darroch, who chairs an Environment Steering Group (ESG) that includes members of the executive team from across the business. You can read more about the ESG in our Governance section (see pages 11-12).

The ESG is charged with driving our environment performance, and in October 2009, the group agreed on ten challenging targets to reduce Sky's environment impacts. The table on the right demonstrates our second year of progress in meeting these three year and ten year goals.

Our challenge is to balance our business growth against our commitment to environment responsibility without compromising our success in either area, and we believe that we can achieve this in the long-term.

We collect data on a set of environment KPIs against which we measure our environment performance and progress against our environment targets.

Easynet was sold during this financial year in September 2010. We have therefore removed Easynet data and re-stated our previous years' data to reflect this divestiture so that Sky's annual performance can be compared on a like-for-like basis. Where Easynet data has been removed we have included it separately within the note sections (see pages 108-109).

Performance against environment targets

	Target	09/10 performance ¹¹	10/11 performance ¹¹
25% reduction in gross CO ₂ e emissions ¹	-25%	-7%	-19%
20% increase in energy efficiency ²	20%	10%	25%
Sky owned sites to obtain 20% of their energy requirements from the use of on-site renewable energy ³	20%	In progress	In progress
25% reduction in CO ₂ e emissions per van in our fleet ⁴	-25%	3%	14%
20% reduction in CO ₂ e emissions per FTE from employee business travel ⁵	-20%	-5%	-8%
Divert 90% of waste from landfill ⁶	90%	64%	80%
Reuse or recycle 70% of waste ⁷	70%	63%	66%
Ensure that water consumption remains +/- 1m ³ from 10m ³ /FTE ⁸	9-11m ³	8m ³	9m ³
Cut the total energy consumption of Sky+HD boxes by 30% ⁹	30%	29%	29%
Engage with 50 of our most carbon intensive suppliers ¹⁰	50	50 of our most carbon intensive suppliers identified	50 engaged 58% agreed to submit data by August 2011

Notes

1. 25% reduction in gross CO₂e emissions (tonnes / Emillion) by 2020 versus a 2008/09 baseline.
2. 20% increase in energy efficiency in Sky owned buildings by 2020 versus a 2008/09 baseline.
3. Sky owned sites to obtain 20% of their energy requirements from the use of on-site renewable energy by 2020 versus a 2008/09 baseline.
4. 25% reduction in CO₂e emissions per van in our fleet by 2012 versus a 2008/09 baseline.
5. 20% reduction in CO₂e emissions per FTE from employee business travel by 2012 versus a 2008/09 baseline.
6. Divert 90% of waste from landfill by 2012.
7. Reuse or recycle 70% of waste by 2012.
8. Ensure that water consumption remains +/- 1m³ from 10m³/FTE.
9. Cut the total energy consumption (TEC) of newly installed Sky+HD boxes by 30% by 2012 versus our current Sky+HD.
10. Engage with 50 of our most carbon intensive suppliers to help them measure their carbon footprint and further reduce emissions.
11. From a 2008/09 baseline.

DATA

CO₂e emissions

Target: 25% reduction in gross CO₂e emissions (t/£million) by 2020 versus a 2008/09 baseline

Gross emissions

Our gross carbon footprint for 2010/11 was 113,089 tonnes of CO₂e emissions, versus 112,565 tonnes of CO₂e emissions last year. We have therefore stabilised our absolute gross emissions this year despite growing as a business. This has been achieved by working throughout the year to reduce energy consumption across our buildings by raising awareness and improving equipment efficiency. Two notable initiatives include the installation of improved energy management systems that have led to an increased number of air sensors to increase temperature control efficiency reducing waste energy. We also have substantially improved our air-conditioning chiller units across some of our key buildings, making improvements to efficiency.

In relation to our target, set against our 2008/09 baseline, this represents a 19% reduction in CO₂e emissions per £million turnover. This shows great progress, but we consider it key to maintain this continued drive as our company grows in order to meet this target by 2020.

The figures reported for our total gross emissions include all of our Scope 1 and 2 emissions and exclude emissions from Easynet (which was sold in September 2010) so that Sky's annual performance can be compared on a like-for-like basis.

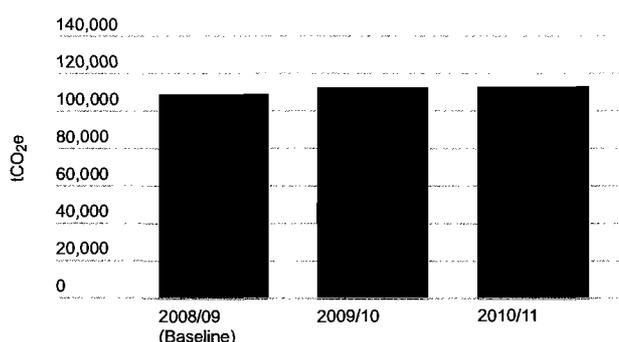
Net emissions

We continue to purchase all electricity for UK-owned sites from a renewable energy tariff with Scottish and Southern Energy Group. Scottish and Southern retain, on our behalf, the appropriate certificates linked with the power purchased in the form of Levy Exemption Certificates and Renewable Energy Guarantee of Origin. This ensures that the energy we use can be traced back to its production from a wind farm on the Isle of Skye. As a result, we exclude CO₂e emissions from energy purchased through our renewable energy tariff from our net emissions. We acknowledge that Defra's guidelines on the definition of 'Green Tariffs' have recently been revised and that the marketplace around these green tariffs is continuing to evolve. For future reporting periods, we shall review these guidelines and take them into account in our reporting of net Greenhouse Gas emissions and carbon neutral reporting.

Performance against target

	2008/09 (Baseline)	2009/10	2010/11
Gross CO ₂ e emissions (t/£million)	21	20	17
25% reduction in gross CO ₂ e emissions (t/£million) by 2020 versus a 2008/09 baseline	0%	-7%	-19%

Absolute gross emissions (Scope 1 and 2) (tCO₂e)



	2008/09 (Baseline)	2009/10	2010/11
SCOPE 1			
Diesel	60	115	183
Gas	4,519	4,875	3,840
Energy from steam	0	25	6
Vehicle fuel	13,646	16,765	17,715
Refrigerants	1,822	1,473	1,000
Total	20,047	23,255	22,744

	2008/09 (Baseline)	2009/10	2010/11
SCOPE 2			
Electricity Net	16,525	16,214	13,865
Electricity Gross	88,902	89,311	90,345

	2008/09 (Baseline)	2009/10	2010/11
Total Net (Scope 1 and 2)	36,572	39,469	36,609
Total Gross (Scope 1 and 2)	108,949	112,565	113,089
Turnover (£million)	5,121	5,709	6,597
Gross CO₂e emissions (t/£million)	21	20	17

DATA

Our net carbon footprint for 2010/11 was 36,609 tonnes of CO₂e emissions, compared with 39,469 tonnes CO₂e in the previous year. This is a 7% reduction in absolute net emissions from this year to our previous year. This is due to a reduction in energy use and work to ensure the majority of Sky sites are using procured renewable energy tariffs.

The figures reported for our total net emissions include all of our Scope 1 and 2 emissions and exclude emissions from Easynet (which was sold in September 2010) so that Sky's annual performance can be compared on a like-for-like basis.

Carbon offsetting

We aim first to reduce our emissions before offsetting, and invest in both on-site renewable energy and energy procured from renewable sources. For the remaining unavoidable net emissions, in 2010/11 our carbon neutral status was achieved through the voluntary purchase of verified offsets from The Carbon Neutral Company. We offset our total net CO₂e emissions, including Scope 1 and 2 and selected net Scope 3 emissions from waste, business air and car travel and electricity consumed in BT OpenReach Exchanges Local Loop Unbundling. For BT OpenReach Exchanges, net emissions that equate to 12,424 tonnes of CO₂e have been calculated based on BT OpenReach's emissions factor of 0.1785 kg CO₂e per kWh taking into account their energy split which is a mix of supplied renewable energy, Combined Cooling Heat and Power energy and UK grid energy. For the 2010/11 reporting year, we have also included a 2% buffer in the offsets we purchase; in total we have offset 60,459 tonnes of CO₂e emissions. Although we have accounted for the divestiture of Easynet emissions within our data, we have ensured that we have offset the net emissions (Scope 1, 2 and selected Scope 3, which includes a total of 3,218 tCO₂e) for Easynet for the period that they were part of BSkyB Group plc in 2010/11. The full list of projects which the company has supported financially through the purchasing of carbon offsets are available to view in our Carbon Neutral Policy found on our website www.sky.com/biggerpicture. Environmental Resources Management Limited provides independent assurance of our carbon neutral declaration.

Comment on Scope 3

Each year we are increasing the amount of Scope 3 emissions we report on by working with our suppliers. Therefore total Scope 3 emissions cannot be compared year on year.

Emissions over time (tCO₂e)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Total Gross	110,016	121,782	120,795	108,949	112,565	113,089
Total Net	47,125	45,144	44,138	36,572	39,469	36,609
Group turnover (£million)	4,148	4,551	4,952	5,121	5,709	6,597
Gross CO ₂ e emissions (t/£million)	29	29	28	21	20	17

Scope 3 gross emissions (tCO₂e)

	2008/09 (Baseline)	2009/10	2010/11
SCOPE 3			
Electricity consumed in BT Openreach Exchanges (Local-loop unbundling)	26,752	27,121	37,949
Emissions from waste sent to landfill	828	712	363
Business air travel	4,204	4,544	4,125
Sky News Helicopter (not Sky owned)	169	169	183
Cars not company owned	1,515	1,399	1,708
Outsourced service and installation engineers	8,408	7,654	13,576
Outside Broadcast Operations	2,630	2,111	3,603
Outsourced customer contact centres	5,708	9,193	5,594
Total	50,214	52,904	67,102

DATA

This year we have moved the electricity consumed by Sky's equipment in BT OpenReach Exchanges (Local Loop Unbundling) from Scope 2 emissions into Scope 3 emissions as Sky does not have control over the amount energy consumed in BT's buildings, although we are working to influence this with our supplier BT, as our supplier. All scope 3 emissions are reported as gross emissions only.

Emissions from car travel from non-Sky owned cars has been moved from Scope 1 to Scope 3 this year as we are not in control of these emissions but are able to influence them.

All emissions are for Sky only unless otherwise stated.

DATA

Energy Use

Target: 20% increase in energy efficiency in Sky owned buildings by 2020 versus a 2008/09 baseline

Energy represents over half the net emissions generated by our business. Since the sale of Easynet the majority of buildings within our property portfolio are in the UK. These range from over 7,000 employees in buildings at Osterley to smaller offices and unmanned data centres.

This year, the absolute amount of energy used across Sky owned buildings has decreased by 3% since the previous year. We have seen a significant energy use reduction in Scotland as a result of moving to a more energy efficient building, and across all Sky owned buildings we have been working to reduce our electricity consumption by working with departments to raise awareness and improve equipment efficiency.

This year we have opened our new BREEAM "Excellent" rated Sky Studios at our Osterley site. We have begun work on our on-site wind turbine and Combined Cooling Heat and Power Plant renewable energy projects that will supply energy to the Studios.

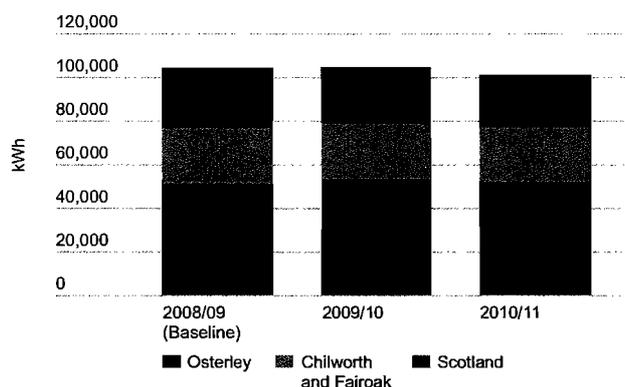
Although we have included energy used by Sky Studios in our total gross emissions we have excluded it from our energy use target for Osterley because it is not yet fully operational. When it is fully operational for a year, this will be included in the data for Osterley.

Sky has significantly grown as a company and we have seen an increase of turnover this year. Relative to our target, the increased turnover together with our energy initiatives has meant that energy efficiency (kWh/£million turnover) has increased by 25% in 2010/11 versus our 2008/09 baseline.

Performance against target

	2008/09 (Baseline)	2009/10	2010/11
Total energy Sky owned buildings (kWh/£million)	20,325	18,345	15,113
20% increase in energy efficiency in Sky owned buildings by 2020 versus a 2008/09 baseline	0%	10%	25%

Energy use in Sky owned buildings (kWh)



	2008/09 (Baseline)	2009/10	2010/11
Osterley	51,302,996	53,509,214	52,257,649
Chilworth and Fair oak	25,373,856	25,393,639	24,761,724
Scotland	27,406,585	25,827,075	24,170,214
Total energy Sky owned buildings	104,083,437	104,729,928	101,189,587
Turnover (£million)	5,121	5,709	6,597
Total energy Sky owned buildings (kWh/£million)	20,325	18,345	15,339

Global energy use (kWh)

	2008/09 (Baseline)	2009/10	2010/11
Diesel	237,792	456,287	723,295
Gas	24,395,747	26,320,637	20,730,619
Energy from steam	0	46,343	10,115
Electricity	167,130,267	167,400,934	168,997,456
Purchased renewable energy	122,567,852	123,739,101	140,648,282
Total energy	191,763,806	194,224,201	190,461,485
Turnover (£million)	5,121	5,709	6,597
Total energy (kWh/£million)	37,447	34,021	28,871

Renewable energy

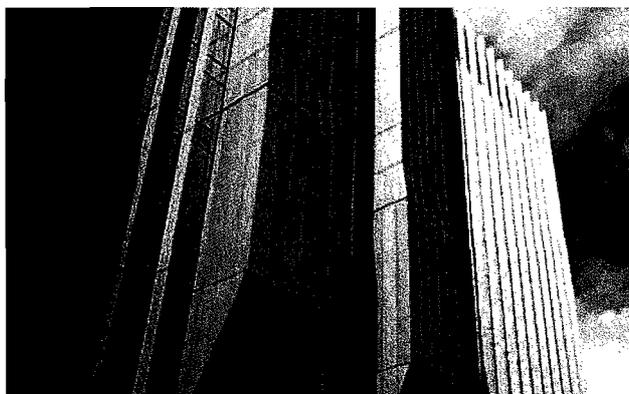
Target: Sky owned sites to obtain 20% of their energy requirements from the use of on-site renewable energy by 2020 versus a 2008/09 baseline

Developing on-site renewable energy sources is a complex process. This year we have undertaken detailed feasibility studies across Sky sites in order to identify opportunities for on-site renewable energy.

We have also continued to develop two key on-site renewable energy projects at our Osterley site. We've almost completed the installation of a biomass fuelled Combined Cooling Heat and Power plant for our new Sky Studios. This will save enough energy annually to power the equivalent of 3,000 homes.

We are also constructing a single 100KW wind turbine that will aim to provide a significant proportion of the office annual lighting requirements. Together, these on-site renewables are projected to provide at least 20% of Sky Studios' energy requirements.

We are currently carrying out feasibility studies for our other Sky owned sites to identify potential on-site renewable energy options. We will report back next year on the outcomes from these studies.



DATA

Fleet

Target: 25% reduction in CO₂e emissions per van in our fleet by 2012 versus a 2008/09 baseline

Our Fleet equates to 14% of our total gross CO₂e emissions.

An unforeseen change in the market has caused difficulties for our procurement of a viable biodiesel source. The original target included B30 biodiesel as a viable option which would have enabled us to achieve 12% towards this target. This is now not viable and was a consequence out of Sky's control. The market for low emission vehicles (including electric and hybrid vans) has improved slightly but is still in its infancy and unlikely to change substantially in the short term (by 2012). These factors, together with a change in our fleet operating model and 36% increase in the average number of vans in 2010/11 from 2008/09 baseline has moved our original target out of immediate reach. We have recognised this, and have set about how best to make improvements based on options available to us here and now, focusing efforts in areas within our control.

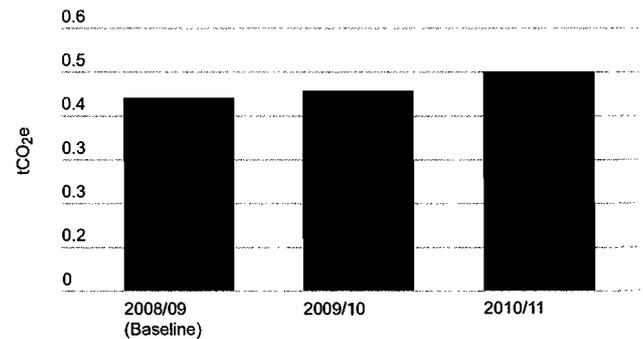
Subsequently, we are working towards a 10% reduction in CO₂e emissions per van in our fleet via the use of a system called telematics. This focuses our target more specifically to CO₂e reduction on each specific van via miles per gallon reduction. We hope to obtain this through driving training, and the telematics system which has been installed in all our 2,000 vans. The system will enable us to review how the vans are being driven and where any additional training is required for more efficient driving.

Concurrently to this, we are purchasing and piloting more efficient vans including hybrids for smaller vehicles and piloting electric vans and cars. It is important to us that we keep abreast of market options available to us.

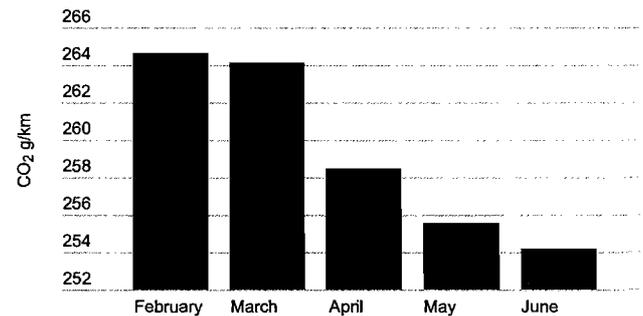
Performance against target

	2008/09 (Baseline)	2009/10	2010/11
Van fleet emissions (tCO ₂ e)	11,664	14,598	15,415
CO ₂ e emissions (tCO ₂ e/van)	0.44	0.45	0.50

Van fleet emissions (tCO₂e/van)



Emissions per van from telematics (CO₂ g/km)



DATA

Business travel

Target: 20% reduction in CO₂e emissions per FTE from employee business travel by 2012 versus a 2008/09 baseline

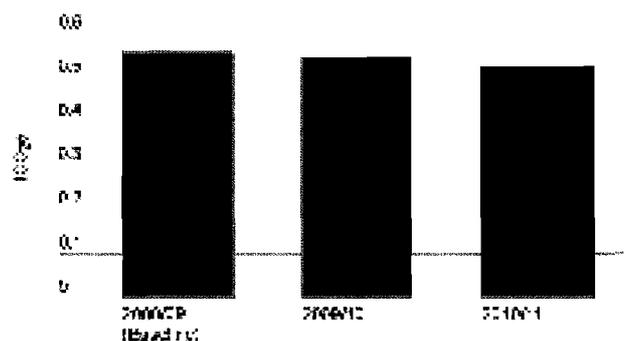
This year we have seen an 8% decrease in CO₂e emissions per employee full time equivalent (FTE) from employee business travel from our 2008/09 baseline year. To meet our 2012 target, we will continue to work with WWF's One in Five Flight Challenge, which aims to reduce air emissions by 20% in five years. We have also identified a key flight route (between our main Scottish and London sites) and have consequently identified and promoted alternative ways of working and travelling.

Easynet was sold during this financial year in September 2010. We have therefore removed Easynet data and re-stated our previous years' data to reflect this divestiture so that Sky's annual performance can be compared on a like-for-like basis. Where Easynet has been removed we have included the data within the note sections.

Performance against target

	2008/09 (Baseline)	2009/10	2010/11
Business travel emissions (tCO ₂ e)	7,701	8,111	8,133
CO ₂ e emissions/FTE	0.55	0.53	0.51

Business travel emissions (tCO₂e)



	2008/09 (Baseline)	2009/10	2010/11
Air travel	4,204	4,544	4,125
Company cars	1,653	1,814	1,928
Cars not company owned	1,515	1,399	1,708
Sky Shuttle Bus	329	353	372
Total emissions	7,701	8,111	8,133
Total FTEs	13,951	15,440	16,006
Total emissions/FTE	0.55	0.53	0.51

DATA

Waste

Target: Divert 90% of waste from landfill by 2012 and reuse or recycle 70% of waste by 2012

This year's figures show that we now divert 80% of waste from landfill, and we now reuse or recycle 66% of our waste. Our Scotland sites now have zero waste to landfill. We have therefore made good progress towards our waste targets, partly due to a large internal awareness waste campaign this year. Sky people's enthusiasm and engagement following our waste campaign to reduce, reuse and recycle waste, is reflected in a 16% reduction in total waste against our 2008/09 baseline.

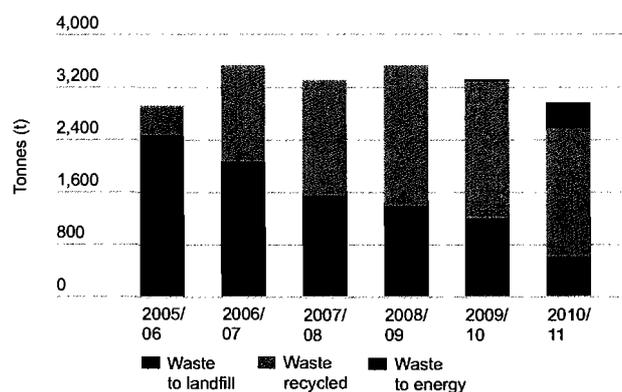
To help us meet these challenging targets by 2012, we will focus on raising and maintaining internal awareness and encouraging our employees to improve recycling. We will work with the smaller sites to ensure the best facilities are available to encourage higher recycling rates.

Easynet was sold during this financial year in September 2010. We have therefore removed Easynet data and re-stated our previous years' data to reflect this divestiture so that Sky's annual performance can be compared on a like-for-like basis. Where Easynet has been removed we have included the data within the note sections.

Performance against target

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
% waste recycled	25%	43%	55%	61%	63%	66%
% waste diverted from landfill	25%	43%	55%	61%	64%	80%

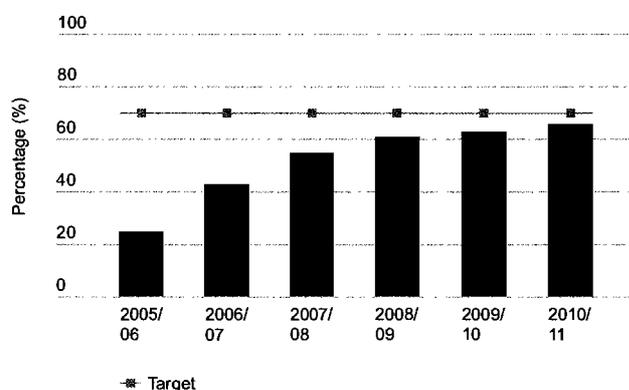
Waste (t)



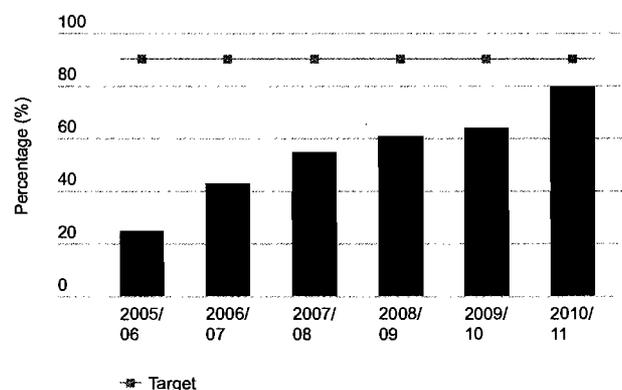
Waste (t)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Waste to landfill	2,470	2,066	1,542	1,382	1,189	606
Waste recycled	449	1,476	1,771	2,154	2,094	1,962
Waste to energy	0	0	0	0	47	400
% waste recycled	25%	43%	55%	61%	63%	66%
% waste diverted from landfill	25%	43%	55%	61%	64%	80%

Waste recycled of total waste (%)



Waste diverted from landfill of total waste (%)



DATA

Water

Target: Ensure that water consumption remains +/- 1m³ from 10m³/FTE

Our water consumption in 2010/11 was 9m³ per employee full time equivalent (FTE) which is a 10% increase compared to last year, but still within our target of remaining +/- 1m³/FTE from 10m³/FTE. This was caused by the work being completed on our new building, Sky Studios, and also the installation of new showers for employee use to promote cycling to and from work which will also help with reducing business travel associated emissions.

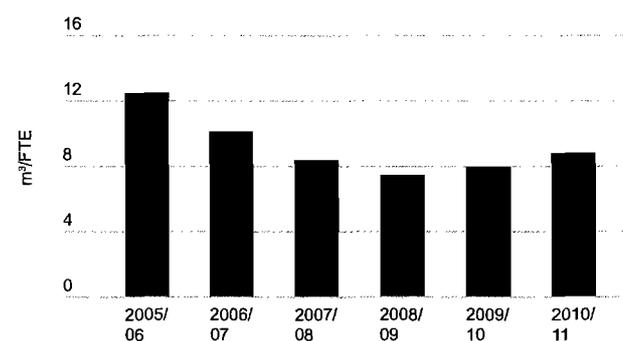
We will continue to review opportunities for water savings initiatives to ensure that water consumption remains on track to meet our target.

Easynet was sold during this financial year in September 2010. We have therefore removed Easynet data and re-stated our previous years' data to reflect this divestiture so that Sky's annual performance can be compared on a like-for-like basis. Where Easynet has been removed we have included the data within the note sections.

Performance against target

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Water use	140,414	133,131	118,803	104,412	123,514	141,088
FTE	11,216	13,087	14,145	13,951	15,440	16,006
Water use (m ³ /FTE)	12.52	10.17	8.40	7.48	8.00	8.81

Water use (m³/FTE.)

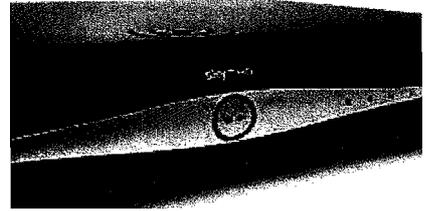


DATA

Products

Target: Cut the total energy consumption (TEC) of newly installed Sky+HD boxes by 30% by 2012 versus our current Sky+HD box

We have cut total energy consumption (TEC) by 29% in Sky+HD boxes and put an off switch on the front of our new set top box. To extend the reach and impact of auto standby, we have now upgraded the software so that it switches inactive boxes to standby during the day as well as overnight. Our new HD digibox further leads the way in energy efficiency with a passive standby of 1/2 watt.



Suppliers

Target: Engage with 50 of our most carbon intensive suppliers to help them measure their carbon footprint and further reduce emissions

This year we have started to engage with our 50 most carbon intensive suppliers to understand further the carbon footprint associated with the products and services associated with them. We have done this through the help of the Carbon Disclosure Project's Supply Chain Programme 2011 which requests businesses to publicly report their carbon emissions. Next year we will work with select suppliers to set targets to reduce these carbon emissions.



DATA

Notes about our environment targets

As data needs to be gathered for reporting before the end of the financial year, a global estimate has been included for June data. This figure is an average from the 11 months data for 2010/11.

Easynet was sold during this financial year in September 2010. We have therefore removed Easynet data and re-stated our previous years' data to reflect this divestiture so that Sky's annual performance can be compared on a like-for-like basis.

All data is rounded to zero decimal places unless otherwise stated.

As far as possible we collect data to measure our energy use, refrigerant use, business travel, waste arising and water use. Where actual data is not available, estimates are included. We also calculate the carbon dioxide equivalent (CO₂e) emissions associated with energy use, refrigerant use, business travel and waste sent to landfill.

The information covered in this report refers to all sites and operations for B Sky B Group companies (excluding joint-venture channels) in the UK, Ireland and overseas.

Notes about our CO₂e emissions

CO ₂ Source	Definition	Data Source
Diesel	Diesel used in standby generators	Fuel tank content meters or generator meters
Gas	Gas used in utility boilers	Fuel bills
Energy from steam	Emissions associated with heat generated by third party Combined Heat and Power Plant	Fuel bills or meter readings
Vehicle fuel	Company car use and Sky engineer fleet	Fuel card reports
Refrigerants	Refrigerant disposal and leakage from air conditioning systems	Refrigerants used and disposed of, recorded in F-Gas Register
Electricity (Gross)	Purchased electricity - including all sites regardless of electricity tariff	Fuel bills
Electricity (Net)	Purchased electricity - excluding sites supplied by Scottish & Southern's renewable tariff	Fuel bills
Business Air Travel	Business air travel from planes	Distance travelled (km) obtained by corporate travel company reports and CO ₂ reports from a small number of flights are reported directly to Sky by our supplier
Emissions from waste sent to landfill	CO ₂ e emissions from waste sent to landfill	Tonnes of waste sent to landfill from measurements and invoices
Cars not company owned	Employee business travel (in vehicles not owned by Sky)	Employee expense claims for mileage

Sky categorises its Greenhouse Gas Emissions as Scope 1, 2 or 3 as referred to in the WBCSD-WRI Greenhouse Gas Protocol (revised edition, dated March 2004). We calculate our Greenhouse Gas emissions in carbon dioxide equivalent (CO₂e) for Scopes 1 and 2 and selected Scope 3 using the conversion factors listed in the latest Guidelines to Defra/DECC's Greenhouse Gas Conversion Factors for Company Reporting (published in October 2010). All conversion factors (with the exception of international electricity) calculate total direct Greenhouse Gas emissions. For fuel use, gross calorific value conversion factors, as specified in the Defra/DECC Guidelines (October 2010), are used (in line with the UK's Carbon Reduction Commitment Energy Efficiency Scheme methodology).

In addition, our emissions from the electricity used as a result of Local Loop Unbundling purchased from BT OpenReach, has been moved from Scope 2 to Scope 3 emissions as we do not control these emissions. We continue to report them as Scope 3 since they are key to the growth of our business and we are working to influence the efficiency of this operation through collaboration with our suppliers.

We report on both our gross and net CO₂e emissions. Gross emissions include emissions from all electricity usage regardless of the nature of the energy tariff (including our BT OpenReach Exchanges Local Loop Unbundling operations). Gross emissions have been calculated using the Defra/DECC (October 2010) grid rolling average conversion factors (provided in a time-series) for all electricity. Our gross emission target relates to our Scope 1 and 2 emissions.

Net emissions exclude electricity sourced from our renewable tariff, which we consider to be zero due to the nature of the contracts established. Net emissions take into account energy supplied from our renewable tariff with Scottish & Southern. Emissions from Sky Group's sites which are supplied by a renewable electricity tariff which is Climate Change Levy Exempt have been calculated using an emissions conversion factor of zero. This is due to Scottish and Southern retaining on our behalf the appropriate certificates linked with the power purchased in the form of Levy Exemption Certificates and Renewable Energy Guarantee of Origin. As a result, we believe an emissions conversion factor of zero should be applied to energy supplied from this contract. We acknowledge that Defra's guidelines on the definition of 'Green Tariffs' have recently been revised and that the marketplace around these green tariffs is continuing to evolve. For future reporting periods, we shall review these guidelines and take them into account in our reporting of net Greenhouse Gas emissions and carbon neutral reporting.

Emissions from waste sent to landfill have been estimated using an emissions factor provided by Defra 2010, which is 0.024 tCH₄/t waste. Methane has a global warming potential of 25 (Intergovernmental Panel on Climate Change, 2005) and this was used to convert methane emissions to CO₂e.

Emissions from business air travel are calculated using the Defra guidelines and includes the 1.09 uplift factor. Emissions from a small number of flights are reported directly to Sky by our supplier. Previous year's data for this small number of flights has been restated using the carbon emissions reported directly by the supplier to ensure the method of reporting is consistent.

ERM provides independent assurance for our Scope 1 and 2 and selected Scope 3 Greenhouse Gas emissions. The selected Scope 3 emissions consist of emissions from waste disposed to landfill, business air travel, car travel in vehicles not owned by Sky and electricity used at BT OpenReach operations Local Loop Unbundling.

Easynet was sold during this financial year in September 2010. We have therefore removed Easynet data and re-stated our previous years' data to reflect this divestiture so that Sky's annual performance can be compared on a like-for-like basis. Please see following table for Easynet emissions.

Easynet emissions (tCO₂e)

	2008/09	2009/10	July-September 2010
SCOPE 1			
Total	2,023	1,078	115
SCOPE 2			
Electricity Net	7,283	7,787	1,456
Electricity Gross	7,993	8,675	1,588
Total Net (Scope 1 and 2)	9,306	8,865	1,571
Total Gross (Scope 1 and 2)	10,016	9,753	1,704
Total (Scope 3)	1,713	1,910	1,657

DATA

Notes about our energy use

We include diesel, gas, energy from steam and electricity in our energy use calculations. Data is obtained from meter readings or invoices, and are reported in either litres or kWh in Sky's online data management system, Credit 360.

Approximately 6% of building operation energy consumption data for the period from July 2010 to May 2011 has been estimated because actual energy consumption data could not be obtained. This is generally for small sites where Sky lets a property, or is part of a property and energy consumption is included in the service charges.

As data needs to be gathered for reporting before the end of the financial year, a global estimate has been included for June data. This figure is an average from the 11 months data for 2010/11.

Energy used in diesel generators is collected using different methods for different sites. For future reporting periods, we will work to standardise the methods used.

The estimated data has greatly decreased this year due to new metering being rolled out for most Sky sites. Estimations are based on known energy used at other comparable sites, apportioned accordingly.

Easynet was sold during this financial year in September 2010. We have therefore removed Easynet data and re-stated our previous years' data to reflect this divestiture so that Sky's annual performance can be compared on a like-for-like basis. Please see following table for Easynet data.

Easynet global energy use (kWh)

	2008/09	2009/10	July-September 2010
Total emissions	27,804,379	28,981,079	5,436,386

Notes about our business travel

We account for CO₂e emissions generated from the following types of employee business travel:

- Air travel: distance travelled
- Sky shuttle bus: fuel consumed
- Company car fleet: fuel consumed
- Scope 3 Business and employees' own car use: distance travelled or cost of fuel claims (converted to fuel consumption using AA fuel price guide)

Business taxi, rail and bus journeys have not been included in the data.

Emissions from air travel not booked through the corporate travel booking companies, are not included in business air travel data. These emissions are not expected to be material to Sky's total net CO₂e emissions.

Emissions from our company van fleet are accounted for under Van Fleet emissions in this report.

Easynet was sold during this financial year in September 2010. We have therefore removed Easynet data and re-stated our previous years' data to reflect this divestiture so that Sky's annual performance can be compared on a like-for-like basis. Please see following table for Easynet emissions.

	2008/09	2009/10	July-September 2010
Total emissions	2,175	2,365	2,373

Notes about our waste

Waste data includes the following: general waste sent to landfill, general waste sent to a waste to energy plant, waste recycled, Waste from Electrical and Electronic Equipment (WEEE), garden waste, food waste, photocopier/toner cartridges, confidential paper, furniture, scenery, mobile phones, metal/wood, cables, other hazardous waste (e.g. fluorescent tubes, oils, paints, industrial batteries etc), cooking oil, CDs, tapes and DVDs.

Where data is not available for a site, waste generation is estimated using actual data for similar sites divided by number of full-time employees.

Waste diverted from landfill includes waste that is recycled and waste that is converted to energy via an energy from waste plant.

Easynet was sold during this financial year in September 2010. We have therefore removed Easynet data and re-stated our previous years' data to reflect this divestiture so that Sky's annual performance can be compared on a like-for-like basis. Please see following table for Easynet data.

Easynet waste (t)

	2008/09	2009/10	July-September 2010
Waste to landfill	102	53	20
Waste recycled	108	63	6
Waste to energy	0	0	0

Notes about our water

Last year an incorrect water use was reported due to a totalling error for the Osterley site. This value has now been corrected for this year's report and additional controls have been put in place to ensure the error does not occur in the future.

Easynet was sold during this financial year in September 2010. We have therefore removed Easynet data and re-stated our previous years' data to reflect this divestiture so that Sky's annual performance can be compared on a like-for-like basis. Please see following table for Easynet data.

Easynet water (m³)

	2008/09	2009/10	July-September 2010
Water use	11,100	3,973	312

Sport

Cycling

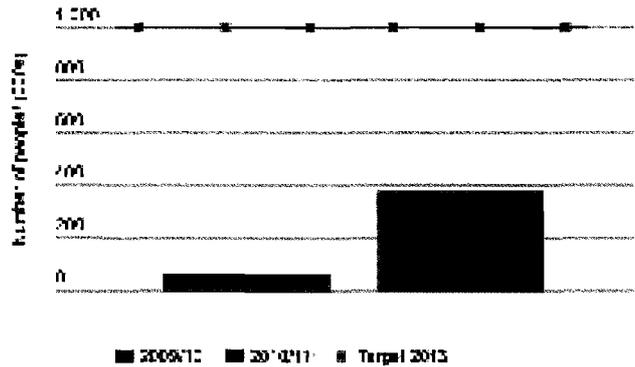
Comment on performance

We still have another two years to go to meet our target of getting one million more people cycling regularly by 2013. We are confident that by increasing our effort in supporting the professional cycling teams, mass participation events and local events, we will achieve our goal.

Note:

1. The number of people cycling is the total number of people who have become regular cyclists where Sky has been an influencing factor.
2. The total for 2010/11 includes the number of people who have become regular cyclists in 2010/11 plus the number of people who became regular cyclists in 2009/10 (less attrition from 2009/2010).

People cycling regularly as a result of Sky activities

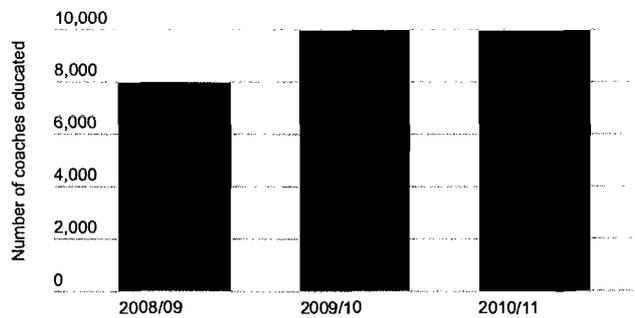


England and Wales Cricket Board Coaching scheme

Comment on performance

This year we have surpassed our overall target for the England and Wales Cricket Board Coaching scheme of educating 30,000 new coaches, having educated 5,000 in the first year of the programme (2007/08). We are very proud of this achievement and believe that it's a testament to how well the programme is working.

Coaches educated through England and Wales Cricket Board

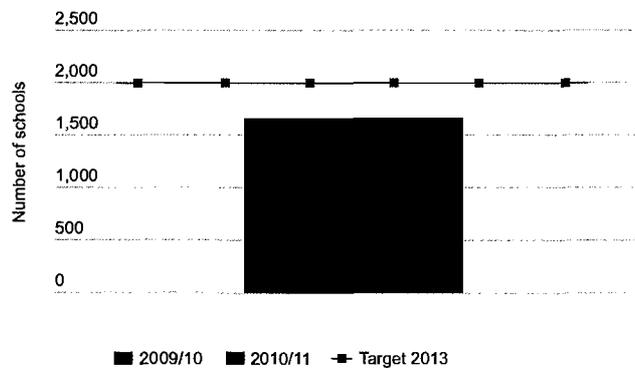


Sky Sports Living for Sport

Comment on performance

We are well under way to achieve our target of having 2,000 schools across the UK to sign up for the Sky Sports Living for Sport initiative. If we achieve this target, it will equate to 45,750 young people who will benefit from the initiative before August 2012.

Schools uptake of Sky Sports Living for Sport

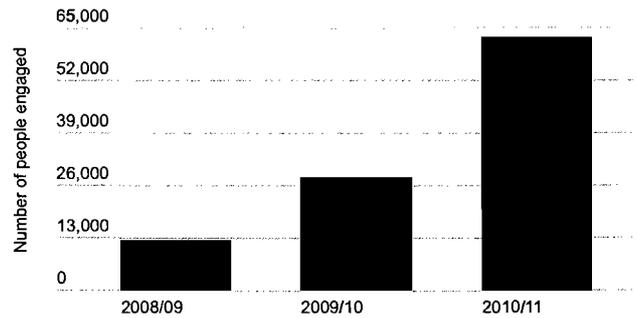


Arts

Comment on performance

Building on the success of our ongoing partnership with the Hay Festival, Sky Arts forged partnerships with four more book festivals over the past year - the Cheltenham Literature Festival, the Bath Literature Festival, Words by the Water Festival in Cumbria and the Dublin Writers Festival. Over the past three years we have managed to double the number of people who have participated in an arts related activity through our on the ground initiatives at each festival, fulfilling our promise to open up the arts to a wider audience.

People attending Sky Arts book festival events¹



Note

1. Numbers indicate amounts of people engaged in arts activities through our book festival partnerships.

Financial

A summary of our financial performance is presented below. For additional information please see Sky's **Annual Report 2011**.

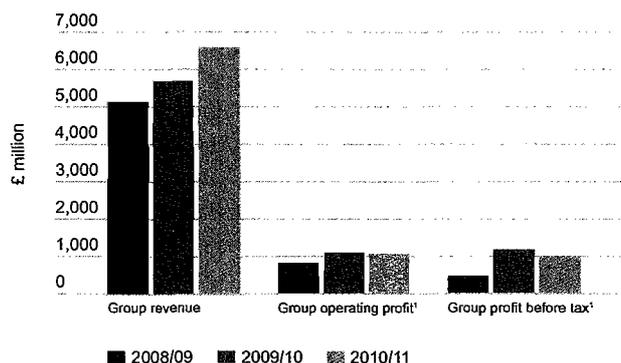
Revenue and profit¹ (£million)

Comment on performance

Group revenue from continuing operations increased as the business performed strongly across many areas. The addition of more new customers and the continued growth of services such as Sky+HD and Sky Broadband meant subscription revenues increased. Additionally, the Group benefitted from a stronger advertising market, the acquisition of the Living TV Group and the wholesaling of Sky channels to more customers on other platforms.

Group operating profit and profit before tax from continuing operations grew as we increased revenues, expanded margins and benefited from lower finance costs. Profitability was also impacted by one-off items, including a £191 million impairment of our investment in ITV in 2008/09, as well as a £115 million profit on disposal of part of our stake in ITV and litigation settlement income and related investment income of £318 million in 2009/10. For more information please see Sky's **Annual Report 2011**.

Revenue and profit (£million)



Note

1. From continuing operations.

Economic value distributed

Comment on performance

Distributed economic value is a measure of the monetary value a company adds to local economies. Strong business performance in 2011 across the business has enabled Sky to deliver considerable economic value in the UK with regard to the taxes it pays, the wages and benefits received by Sky people, the investment of funds in the broader community and the returns delivered to shareholders. Our operating costs reflect the money we pay to our suppliers.

	2008/09	2009/10	2010/11
Total tax contribution ¹ (£million)	711	935	973
Operating expense ² (£million)	4,315	4,865	5,524
Group employee benefits ³ (£million)	709	766	825
Total shareholder return ⁴ (%)	-11.9	41	39.7
Community ⁵ (£million)	7.10	11.70	11.32

Notes

1. Further details on Sky's total tax contribution are set out in the next table. The tax figures are on a cash basis and include continuing and discontinued operations.
2. From continuing operations.
3. Includes wages and salaries, social security costs, costs of employee share option schemes and contributions to the Group's pension schemes.
4. Total shareholder return represents the change in value of a share held for the 12 months to 30 June, assuming that dividends are reinvested to purchase additional shares at the closing price applicable on the ex-dividend date. The value of the share is based on the average share price over the three months prior to 30 June.
5. Amount invested directly in the community through funding, volunteering and mentoring services. Calculated according to the London Benchmarking Group framework and independently assured by Corporate Citizenship.

DATA

Total tax contribution¹ (£million)

Comment on performance

Sky's total tax contribution includes both taxes paid and taxes collected, providing a measure of Sky's total economic contribution in taxes. Sky is one of the largest tax payers in the UK, with the vast majority of our taxes being paid and collected in the UK.

Taxes borne:	2008/09	2009/10	2010/11
On profits (e.g. corporation tax)	179	322	219
On transactions (e.g. duties and levies)	22	28	33
On labour (e.g. employer's NIC)	60	72	70
Other taxes and levies	13	15	20
Total taxes borne	274	436	343
Taxes collected:			
On transactions (e.g. net VAT)	294	316	463
On labour (e.g. PAYE, employees' NIC)	143	184	167
Total taxes collected	437	499	630
Total tax contribution	711	935	973

Note

1. The total tax contribution includes continuing and discontinued operations.

Independent Assurance Report to BSkyB Plc

British Sky Broadcasting Plc (BSkyB) engaged Environmental Resources Management Limited (ERM) to provide independent assurance on selected information presented in BSkyB's online The Bigger Picture Review 2011 and on BSkyB's carbon neutral web pages (all selected disclosures are referred to in this Assurance Report as "the report").

Our brief

We were asked to provide external independent assurance as to whether the following environmental performance data are appropriately reported in the report:

1. Total Carbon dioxide equivalent emissions (CO₂e): Total CO₂e (tonnes) from BSkyB's scope 1, 2 and selected scope 3 activities (namely business air travel, electricity consumption at BT OpenReach LLU operations, emissions from waste disposed to landfill and road travel using non-company owned vehicles) as referred to in the WBCSD-WRI Greenhouse Gas Protocol (revised edition March 2004), and as presented in the report (see pages 98-100);
2. Water: Total water usage (m³) as presented in the report (see page 106);
3. Waste: Total hazardous / non hazardous waste recycled / re-used, sent to landfill and waste to energy (tonnes) as presented in the report (see page 105); and
4. BSkyB's declaration of carbon neutrality for its 2010-11 reporting period in relation to its total net CO₂e emissions (from scope 1 and 2 activities) plus selected scope 3 CO₂e emissions (from waste sent to landfill and selected business travel activities) as presented in the report (see page 99).

Our approach

Standards and criteria used

We delivered our work in accordance with ERM's assurance methodology which is based on the following international assurance and audit standards: ISAE 3000, ISO14064-3, and ISO 19011.

BSkyB applies its own internal approach to managing and reporting the assurance topics outlined above. The KPIs and declaration of carbon neutrality, as defined above and within the report, have been used as the criteria for our assurance engagement.

DATA

We planned and performed our work to obtain all the relevant information and explanations that we believe were necessary to gather sufficient evidence to provide a basis for our assurance conclusions as to whether the reported information and data set out in the 'Our Brief' was appropriately reported i.e. that nothing has come to our attention through the course of our work that the data are materially mis-reported (limited assurance).

If we had been asked to conclude on whether the reported subject matters were robust (reasonable assurance), we would have needed to conduct more work at corporate and site 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.

Our work

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

Our assurance activities included:

- Face-to-face interviews at corporate level to understand and test 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 and Sky Network Services in Slough) involving face-to-face interviews with the environmental data owners for the UK operations and testing on a sample basis the measurement, collection, aggregation and reporting processes in place;
- Review of BSkyB's approach to defining a company carbon neutral status;
- Review and sample testing of 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;
- Reporting of our assurance findings to management as they arose to provide them with the opportunity to correct them prior to finalisation of our work; and
- Review of the presentation of information relevant to the scope of our work in the report to ensure consistency with our findings.

DATA

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 agreed brief.

During 2010-11, ERM has worked with BSkyB on other consulting engagements, which are not related to this engagement and its scope of work. ERM operates strict conflict checks and we have confirmed our independence to BSkyB for delivering our assurance engagement.

Our assurance conclusions

Based on our work undertaken as described above, we conclude that in all material respects, the above selected environmental performance data and BSkyB's carbon neutral status for 2010-11 are appropriately presented in the report.

Our key observations and recommendations

Based on our work set out above, and without affecting our conclusions, here are our key observations and recommendations for improvement.

Observations:

- Overall, BSkyB continues to work towards achieving their environmental performance targets. For example, this year, BSkyB (excluding reductions realised through the sale of Easynet in 2010) has made good progress towards reducing waste volumes overall and diverting waste from landfill by increasing levels of both recycling and waste to energy through implementing waste management initiatives

Recommendations for improvement:

- As presented within the report, continue to monitor evolutions in the marketplace on the accounting and reporting of Gross and Net GHG emissions, especially in relation to 'green' electricity tariffs, and respond to these changes as appropriate
- Consider extending the scope of external assurance to cover other corporate responsibility information presented in the report



**ENVIRONMENTAL RESOURCES
MANAGEMENT LIMITED (ERM)**

London, UK, 9 September 2011

ERM is an independent global provider of environmental, social and sustainability consulting and assurance services. Over the past 5 years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs.

Our assurance statement provides no assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since it was first published. These matters are the responsibility of BSkyB but no control procedures can provide absolute assurance in this area.

Corporate Citizenship Assurance Statement

We use the London Benchmarking Group (LBG) reporting model to calculate our contribution to charities and community organisations. 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.



In 2010/11 Sky contributed £11.3 million to community causes, in the form of time, in kind and in cash. More detail relating to our community contributions can be found in the Data section under Community (page 94). Sky's community contributions were independently verified by Corporate Citizenship, a specialist global corporate responsibility and sustainability consultancy who developed the London Benchmarking Group model. Their assurance statement is outlined below.

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 30 June 2010. 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.com
September 2011

