Content
Digging in

The Tunnel, our gripping crime drama from the makers of Broadchurch, became Sky Atlantic’s highest-performing original series when it aired in the autumn. A co-production with France’s CANAL+, and based on Danish series The Bridge, the story followed the uneasy relationship between detectives from the UK and France as they investigate the discovery of the body of a prominent French politician in the Channel Tunnel. Critically acclaimed and a ratings success, the series was a great example of the way that we present our content to work across all platforms. The series peaked at one million viewers on linear TV but the same number again watched it On Demand and on Sky Go.

The Tunnel was just one example of our increased commitment to drama. In all, we screened more than 60 hours of our own commissioned drama in the year, over 60% more than the previous year. There is much more to come next year with our largest commission to date, Fortitude, due to air on Sky Atlantic in 2015. Starring Michael Gambon, Sophie Gräbøl and Stanley Tucci, Fortitude shows our ambition in drama. We are excited about its potential, both for our customers at home and for viewers around the world as we sell it on to other broadcasters via our international distribution business, Sky Vision.
Content (continued)

The single biggest reason that customers choose to take Sky is for a better choice of TV. In this, our biggest year of content yet, Sky’s on-screen offering is larger, more diverse and of a higher quality than ever before.

We invest more on screen than anyone else in Britain and Ireland – more than £2.6 billion this year – with the aim of offering the best and broadest range of programming for everyone in the family. A big part of this strategy in recent years has been about building out our Sky entertainment channels, bringing to them the same sense of ambition that has been so fundamental to our success in sport, movies and news.

We have made huge strides expanding our portfolio of entertainment channels, strengthening the capability of our team and significantly increasing our investment in original production. By the end of calendar year 2014, we will have spent £600 million on home-grown British programming across our channels, an increase of more than 50% over three years.

As part of this drive to increase investment in original British commissions, we have put a particular focus on drama. Since last July, we have screened more than 60 hours of new drama programming across our four entertainment channels – Sky 1, Sky Atlantic, Sky Living and Sky Arts.

Unbelievable, Jeff

Sky Sports set new records for live Premier League football in the 2013/14 season, with more fans enjoying our unrivalled coverage than ever before, at home or on the go.

As the most exciting season in recent years came to its thrilling conclusion, Sky Sports was the one place to watch the title race unfold. In the final weeks of the season, Sky Sports was the only broadcaster to show games featuring the top four sides – Manchester City, Liverpool, Arsenal and Chelsea – and was the exclusive live venue for all three matches on the final day as Manchester City clinched the title.

Across the season, average Premier League audiences on Sky Sports were up 7% as we showed more matches than ever before – 116 live fixtures including 49 of the 50 most watched Premier League matches.

Sky Sports enhanced its coverage by adding Liverpool legend Jamie Carragher to its outstanding line-up of experts and launching new shows including Saturday Night Football.

And the excitement didn’t stop there. The football season was followed by another busy summer on Sky Sports including England cricket, the US PGA Golf and the Ryder Cup, every Formula 1 weekend and US Open tennis. There’s hardly time to take a breath before the start of the new season.
The customer response has been very positive. We have had our best year of TV growth in three years, adding more than a quarter of a million new TV customers since July 2013. At the same time, Sky 1, Sky Atlantic and Sky Living account for three of the top four slots in customers’ ranking of must-have pay TV channels; and Sky Arts has developed a reputation for having some of the best arts programmes on TV.

Because our channels have distinct and complementary identities, we are able to offer a diverse range of programming to suit the whole family. Successful shows this year range from Karl Pilkington’s factual entertainment series The Moaning of Life, which attracted 2.5 million viewers to its opening episode on Sky 1, to the critically-acclaimed Victorian thriller Penny Dreadful. Created by three-time Oscar® nominee John Logan and co-produced with Showtime for Sky Atlantic, it notched up 1.5 million viewers for its opening episode.

Our commitment to bringing our customers new and distinctive content extends to our acquired programming, where we continue to offer many of the biggest and most talked about US shows. Sky Living’s The Blacklist, starring James Spader, was one of the stand-out hits of the year, launching with an audience of 1.7 million viewers. Meanwhile, the fourth series of the epic Game of Thrones became the highest-rating show ever on Sky Atlantic with 2.2 million viewers for the first episode alone.

The success of Game of Thrones illustrates how our investment to grow take-up and usage of new connected TV services is transforming the viewing experience, with customers taking advantage of the flexibility to watch their favourite programmes when and where they choose. In the run up to the launch of series 4, Series 1-3 of Game of Thrones became our most downloaded box set ever.

At Sky, we’re proud of the many strong partnerships that we’ve developed over the past 25 years. Working closely with other content businesses, whether broadcasters, rights holders or content creators, has been crucial to our success right from the very start, helping us to bring our customers the very best programming from around the world. Channels like National Geographic, History and Discovery broaden our offering and are hugely valued by customers.

This year, we took our relationship with some of the world’s leading content creators to another level. In January, we announced a broad new partnership with ITV, giving Sky customers unrivalled access to ITV programming. This has included the launch of a brand new pay channel, ITV Encore, dedicated to drama and exclusive initially to Sky.

We also extended our partnership with HBO. Building on the success of Sky Atlantic, Sky will remain the exclusive home of HBO in Britain and Ireland until 2020, making it the only place to enjoy new series, of global hits such as True Detective and Girls or much-anticipated new shows like Silicon Valley and The Leftovers. Significantly, the new agreement will also see Sky and HBO co-produce major new cinematic drama series.

Our deal with HBO is just one of a growing number of co-production partnerships that we are building. We know that if we want to deliver the best content from around the world, we can’t do that alone. That’s why we worked with Showtime on our Victorian thriller Penny Dreadful and with NBC Universal on Dracula, starring Jonathan Rhys Meyers. And it’s why we are partnering with FX Networks to develop brand new post-watershed comedy for audiences on both sides of the Atlantic.
Sky Movies is another area where the benefits of our connected TV strategy have been transformational. Two-thirds of Sky Movies customers had a connected box at the end of the year helping to increase On Demand views on Sky Movies by 60% on the prior year. Over the Christmas period, Sky Movies customers downloaded twice as many films as the previous year. This was helped in part by a dedicated Christmas Movies On Demand section complementing the return of the Sky Movies Christmas pop-up channel.

We also took steps to strengthen the range and quality of titles available on Sky Movies with the renewal of our output deal with Paramount which gives us exclusive rights across all platforms to blockbusters like *Noah* and *Anchorman 2*. This means that we have secured new agreements with five of the six major Hollywood studios in the last two years.

Sky Sports had another great year, enjoying its highest audience share in seven years. We had an outstanding football season thanks to one of the most exciting Premier Leagues in recent times and a great end to the Football League. This performance was boosted by sports customers choosing Sky Go to watch matches on the move. We recorded the three biggest-ever Sky Go audiences in the year, including a peak of 379,000 viewers for Manchester City against Chelsea in February. As the football season ended, Sky Sports’ customers could still look forward to an incredible summer of live cricket, rugby and Formula One, with the Ryder Cup – the tenth to be shown live on Sky – coming in September. Sports customers can also now enjoy a brand new channel, Sky Sports 5, which will screen up to 600 live European football matches over the 2014/15 season.

Meanwhile, we continued to broaden the Sky Sports offering, signing 30 rights deals over the course of the last 12 months. This includes new deals for IPL cricket, Super League Rugby, Top14 Rugby, Gaelic Athletic Association and the Masters and PGA Tour golf, all of which gives us certainty over 90% of our sports costs through to 2016.

**Content (continued)**

And the Winner is...?

We all know that winning isn’t everything and we use lots of measures at Sky to assess our performance. But, it’s still great to know that the effort and investment we’ve put into creating world-class content has been recognised and celebrated by our peers.

**Three BAFTA TV Award wins**
- *A League of their Own*, Best Comedy and Comedy Entertainment
- *David Attenborough’s Natural History Museum Alive 3D*, Specialist Factual
- *Sky Sports’ coverage of last year’s Ashes*, Best Sport and Live Event

**International Emmy®**
- *Moone Boy*, Best Comedy

**Three Royal Television Society Awards**
- *Game of Thrones*, Best International Programme
- *Sky Sports’ coverage of last year’s Ashes*
- *Best Sports Presenter*, Gary Neville

**Sports Industry Awards**
- *Sky Sports Digital Media*, Digital Platform of the Year

**Broadcast Awards**
- *Sky Sports’ Ryder Cup coverage*, Best Sports Programme
- *A Touch of Cloth II*, Best Comedy Programme
- *A Young Doctor’s Notebook*, Best Multichannel Programme

**British Broadcasting Press Awards**
- *The Tunnel*, Best Multichannel Programme

**Broadcast Digital Awards**
- *Bradley Wiggins: A Year in Yellow*, Most Popular Factual.
Twenty-five years after giving Britain its first taste of 24-hour rolling news, Sky News has lost none of its appetite for innovation. The launch of Sky News on Catch Up TV in May is just the latest example of the way that Sky News has embraced new technology to enable customers to curate the news in the way that they want it. Sky News’ mobile applications have been downloaded over 10 million times while Sky News for iPhone has been named in Apple’s top ten free UK apps of all time. All this has helped Sky News become the European news channel of choice, according to the 2014 European Media and Marketing Survey.

As we increase our investment on screen, it’s become increasingly important that we monetise that content effectively. One of the ways we have done that is by increasing the distribution of our content across the marketplace.

In October, we took a significant step forward with the launch of the Entertainment Month Pass on our over-the-top streaming service, NOW TV. This offers a simple, contract-free way to access ten of the top subscription TV channels, including Sky 1, Sky Atlantic, Disney and Discovery, allowing customers to stream episodes of the latest series, live and on demand on a pay-as-you go basis.

We also extended our content distribution through a series of new wholesale agreements. These included a major new five-year channel distribution deal with Virgin Media, giving Virgin customers an additional selection of HD channels, more content on the go, and access to the Sky Sports and Sky Movies apps. In addition, we agreed a new distribution deal with TalkTalk which significantly extends the take-up of our basic channels. We also added the NOW TV Sports Day Pass to TalkTalk’s YouView platform.
Innovation
If getting customers connected to On Demand was our first priority for the year, helping them to enjoy the full range of services on offer was the next. The launch of the new home page on our Electronic Programme Guide (EPG) in the spring was a crucial step to achieving that.

For the very first time, we moved away from linear viewing as the default option in order to showcase all our On Demand content. The new EPG gives Box Sets, Catch Up and Sky Store much greater visibility, encouraging customers to engage with the full breadth of content now available to them.

The new EPG also increases the prominence of our new search functionality which delivers integrated search results across linear and On Demand, making it much easier for customers to find the programme that they are looking for. It’s early days but the initial response from customers has been very strong with On Demand downloads higher and customer satisfaction up.

And there’s more to come. Our next software update, later this year will enable us to dynamically change the home page to do things like promoting the launch of a new show or film. For the first time, we’ll also be able to make recommendations on programmes that customers might like to watch based on what they are choosing to record on their planner.
We have a proven track record of harnessing the latest technology and driving new trends in TV viewing, such as giving customers more control with Sky+ or a step change in picture quality with High Definition. This year, we built on that track record by investing to accelerate the take-up and usage of our new connected TV services. Our aim is to put Sky at the heart of the ‘connected household’, meeting customers’ growing desire to consume content on their own terms.

A key focus has been getting customers connected. In the last 12 months, we have connected 3 million Sky+HD boxes to broadband, equivalent to 57,000 new households every week. This explosive growth means that more than half of our 10.7 million Sky TV customers now have access to the full range of On Demand services. This is more than double the number in the prior year and makes Sky Britain and Ireland’s most popular connected TV platform.

Sky’s ability to innovate across multiple technologies allows us to provide customers with the very best viewing experience, wherever and whenever they want. It is also enabling us to take our business into new areas, opening up new revenues in emerging segments of the market and exploiting adjacent sectors.

**Great TV, NOW**

This year NOW TV changed the game in ‘smart’ TVs with the launch of the new NOW TV Box. Available for just £9.99, this compact and easy-to-use box provides a low-cost, low-commitment way for customers to start streaming programming from the internet direct to their TV. And it’s a brilliantly simple way for Sky to attract new customers in the 13 million homes yet to pay for TV.

The NOW TV Box can be up and running in minutes. Once connected, homes get instant access to the full NOW TV experience which includes Sky Sports and Sky Movies as well as a huge range of Catch Up TV from popular online services like BBC iPlayer, 4OD and ITV Player. In October, we extended the range of content available on NOW TV with the launch of the Entertainment Month Pass. This provides customers with instant access to ten of the top pay TV channels, such as Sky 1, Sky Atlantic, Disney and Discovery, making more of the best TV available to anyone with a connected device.

It’s just one way that NOW TV is appealing to a new group of customers – people who love the quality of Sky content but want a more flexible approach than the full-service Sky subscription. NOW TV is also available on a broad range of internet-connected devices that includes tablets, PCs and consoles, with PS4 being added to the list this summer.
Everything we see tells us that customers love the benefits that come with the connected box. Connected customers can access a much richer range of content, including Britain’s biggest Catch Up TV service and Box Sets of hit series like Game of Thrones, Stella, Prison Break, Mad Dogs and 24. With On Demand usage up more than threefold in the last year, the impact on the viewing experience has been transformational. Evidence shows that connected TV customers are watching more TV – an average of 20 minutes more per day – as they respond to the greater choice of content available and the greater flexibility over how they watch. They are also more satisfied, more likely to stay with Sky and more likely to recommend Sky.

More customers than ever before are also choosing our mobile TV service, Sky Go, to watch content both in and out of the home. The number of households registered for Sky Go rose by a fifth over the year to 5.5 million, helped by the addition of 22 new channels and the launch of the service on more devices including Android tablets. We ended the year with more than 1 million customers taking Sky Go Extra, our paid-for service which offers the ability to watch on more devices and download content to watch offline.

As well as increasing the value that customers get from their Sky subscription, the new connected TV services are opening up new revenue opportunities for the business. With our expanded Box Sets offering included within our HD package, we have seen more and more customers upgrading to HD, while revenues from movie rentals via Sky Store have doubled in the year. In the spring, we also launched our Buy & Keep service, enabling customers to buy a film from Sky Store and download it to keep on their set-top box, as well as receiving a DVD in the post. It’s early days but we are very excited about the opportunity for Sky to enter the purchase segment of the film market, estimated to be worth £1.6 billion a year in the UK.

For the first time, we are using innovation to provide Sky for everyone. We are addressing the emerging ‘pay light’ segment in the marketplace by rolling out our over-the-top streaming service, NOW TV. This is proving an effective new way of growing our TV customers among the 13 million homes that don’t yet take a pay TV service. Among new developments this year, the launch of the new NOW TV Box and our monthly Entertainment Pass have attracted increasing numbers of customers to the service.

Of course, our success in accelerating take up and usage of connected TV services has been helped by our strength in home communications. Continued growth in this area meant we surpassed 5 million broadband customers in the year, maintaining our lead as Britain’s favourite triple-play provider. In all, we sold 1.3 million home communications products over the 12 months as customers’ appetite to switch from other providers to save money with Sky remained strong. We also successfully integrated the O2 broadband customers we acquired in April 2013.

We know customers like our market-leading quality and value proposition and we continue to find new ways to give them more value and improve the quality of the communications product. This year, for example, we introduced a WiFi booster for broadband customers to help them make the most of their service throughout their home. With more than 60% of our customer base yet to take all three of TV, telephony and broadband from Sky, there’s plenty more growth to come.

### Targeting new revenue

Sky’s ability to innovate adds value to our content and changes the viewing experience for customers. It’s also enabling us to open up new revenue opportunities by extending our business into adjacent sectors. Sky AdSmart, our new targeted advertising service, is a great example of the way in which we are opening up markets that we’ve been unable to reach until now.

Launched at the start of 2014, Sky AdSmart enables advertisers to target their campaigns more accurately by tailoring what’s shown in TV ad breaks according to a household’s profile and location. In doing so, it’s increasing the size of our advertising opportunity by attracting new brands to advertise on Sky. This includes local businesses that may have concluded TV advertising wasn’t for them and brands that have previously tried TV but left.

In just six months, almost 600 advertising campaigns have been run across 180 advertisers, of which 15% are new to TV and 68% are new to Sky. This includes brands like Audi, Dyson, Lego, Prime Location and Chester Zoo.

Our new strategic partnership with Johnston Press further strengthens the Sky AdSmart offering by enabling local companies to create and deliver campaigns that combine Johnston’s regional print titles with TV advertising focused on specific local markets. Sky AdSmart is another first for Sky – the first broadcaster in Europe to introduce targeted advertising – and it’s already been recognised, winning Best Technology and Best Innovation at the MediaTel Connected Consumer Awards and Achievement in Advertising at the Connected TV World Summit.
Customers

Sky Broadband Shield

As the UK’s second largest broadband provider, we take our responsibilities to our customers extremely seriously. We want them to enjoy the best of what the internet offers while giving them the ability to enjoy it in a safe environment.

The launch in November 2013 of Sky Broadband Shield was a big step forward in achieving this aim. Free to all Sky Broadband customers, Broadband Shield is a brilliantly simple tool which enables customers to filter website content across all internet-connected devices in the home, giving parents in particular greater control over how their children use the web.

Customers can filter websites by age-bandings similar to movie classifications or exclude sites that contain pornography or other categories of content identified by customers as a potential cause for concern.

At the moment, Sky Broadband customers are asked to make an active choice about the filters when going online with Sky for the first time, or when they upgrade their router. Later this year, we will ensure that all remaining customers will have made a choice about whether or not to apply whole-home filters. Even those homes without children can benefit as Sky Broadband Shield also helps provide protection against phishing sites and malicious websites containing viruses.

We think that using technology in this way makes a real difference to our customers as they look to protect their family. However, we also know that technology doesn’t provide all the answers, which is why we’ve joined forces with the other leading ISPs to launch a campaign called Internet Matters, designed to promote awareness of internet safety. For further information go to internetmatters.org.
Customers (continued)

Our direct, long-term relationships with over 11.5 million households across Britain and Ireland are fundamental to the success of our business. Customers value what we offer and trust Sky to keep meeting their needs, from the content we put on screen to the products that we put in their hands.

As the connected home becomes more established and customers are faced with ever-greater choice of products and providers, we believe that service delivery is becoming an increasingly important differentiator. The strength of the Sky brand in home entertainment and communications and the capability that we have developed in the past 25 years means that we are able to bring new products to market quickly and at scale, supported by best-in-class customer service. This is a great source of competitive advantage.

We understand the value of good customer service and have continued to raise the bar in this area. Much of our focus this year has been on simplifying the customer experience. Our ‘One Service’ model was developed to join up different elements of the service experience more effectively. Piloted last year, ‘One Service’ puts customers straight through to an expert agent who can manage the case from start to finish, coordinating directly with our engineers on the ground. This year, we have been steadily rolling out ‘One Service’ across our contact centres, so that it now covers around 20% of all inbound calls.

As part of our move towards ‘One Service’, we brought a further 740 engineers into Sky in October. This means that Sky people now complete almost all UK service visits and installations, giving us greater control over the customer experience and helping us to drive continued improvement.

In October 2013, we expanded our service delivery capability by bringing in house 740 engineers – the people who install and service Sky customers’ in-home equipment. The transfer of the engineers and other key personnel from our outsource partner AVC meant we were able to create one integrated nationwide team within Sky of around 3,000 engineers. This has had an immediate positive impact on our customer service operation.

Having one integrated team, all working from the same systems and under the same terms, helps us to deliver a consistent level of service to all customers every day. And it’s not just about fixing faults. All our engineers spend six days a year ensuring they are up to speed with the latest products and developments. This means that they can take the time when they are in homes to show the customer around all the content and services they can get from their subscription. For example, using iPads, engineers are now able to demonstrate the benefits of Sky Go – available at no extra cost to all Sky customers. This helps us ensure that our customers get the best value from their subscription, improving satisfaction and increasing loyalty.
We are also investing more than £20 million a year in training to ensure that our people have the right tools and skills to do their jobs well. After their initial training, all our call centre staff now spend an average of one day a month learning about new developments and building their expertise of Sky products so that more of our customers get their issues resolved in one call.

The impact on the customer experience has been significant. According to our own internal performance measures, customer satisfaction is at record levels. Meanwhile, we have retained our service leadership in the triple-play sector, ranking number one in this year’s Ofcom survey, with the highest satisfaction scores for customer service. We have also won recognition from consumer group uSwitch, winning four awards in all, including Britain’s best triple-play provider.

Of course, equally important to the delivery of a good customer experience is making sure we are doing everything we can to prevent things going wrong. One of the ways we are achieving this is by continuing to drive penetration of our most reliable Sky+HD box, which was in 83% of homes at the end of June, versus 75% in the prior year. Combined with the growing popularity of our online self-help function, this has led to a significant decline in the number of calls we receive from customers and the number of engineer visits we need to make. Over the last four years, both have fallen by more than a third despite the continued growth of our customer and product base.

Our home communications business is a great example of the way in which we innovate and work hard to offer our customers great value. We have invested heavily in our network, which now serves more than 90% of UK homes. And seven years after we launched, customers’ appetite to switch from other providers to save money with Sky remains strong: we are number two in the broadband market and 37% of our customers take the triple play of TV, phone and broadband from Sky.

To make sure we give customers great value, we have a range of products to suit all needs and budgets. Sky Broadband Unlimited is ideal for surfing and downloading music and movies. Sky Fibre Unlimited, with download speeds of up to 38Mb, is perfect for families who have lots of devices on the go at once. It means more online games, the ability to stream movies as well as non-stop music playlists. We also have Sky Broadband Lite for people who just occasionally want to browse the internet and check a few emails.

We know that to make the most of the connected home, you need a great broadband service. So that’s why our unlimited services are genuinely unlimited, with no usage limits and access to over 20,000 Sky WiFi hotspots around the country – great news for our millions of Sky Go customers. We continue to develop our kit to make sure everything is easy to use and customers can get the best performance. So we have designed routers that customers can install themselves, and wireless boosters that extend the WiFi signal further. With more than 5 million of our customers yet to switch their home communications service to Sky, there is plenty more room to grow.

One of the big shifts in our business has been the growing number of customers that want to help themselves when they have a problem or query about their service. We’ve responded to this by developing and increasing the range of customer help services we offer online.

Over the last year, we have provided more information and tools to help customers to resolve many of the common problems that arise. By cutting out the middle man, we’re empowering the customer. But it’s also saving us money, reducing the number of calls to our contact centres and ensuring that the time that our service teams spend with customers is focused on helping those with more serious issues. We also provide specific guidance for customers with disabilities on how to get the most out of our services through our bespoke Accessibility website.

Our online help visits have doubled over two years to more than 1.2 million visits a week. This summer, we are taking another important step forward with the launch of a dedicated customer service smartphone app, making all of our help topics even easier to access.

Help yourself

Service without limits

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Bigger picture
Sky Academy

A whole generation has been born since Sky launched in 1989. They and their families are the bedrock of our business. So, in our 25th anniversary year, we decided to make a step change to the support that we give young people across Britain and Ireland.

This is a role that we are well placed to play. The nature of our business, spanning TV, sport and technology, is a good fit with young people and we know the Sky brand resonates strongly with them. As a major employer, we understand that young people need more than academic qualifications to reach their potential – it’s also about things like team work, self-confidence and self-awareness. We want to play our part in giving young people the help and opportunities they need to succeed in a changing world.

This is where Sky Academy comes in. Bringing together a range of initiatives – some well-established, others just getting going – Sky Academy aims to use the power of television, creativity and sport to inspire young people and help them build skills and confidence. Just as Sky Academy is about encouraging the under-25s to aim high, we are also ambitious in our targets. We want to create opportunities for up to one million young people by 2020.

Headquartered in our new Believe in Better building, due to open in the autumn at the heart of our West London campus, Sky Academy is comprised of four initiatives: Sky Sports Living for Sport, Sky Academy Skills Studios, Sky Academy Scholarships and Sky Academy Starting Out.

Sky Academy Skills Studios has welcomed over 20,000 students, aged 8-18, to the purpose-built facility in West London in less than two years since launch. The Sky Academy Skills Studios experience takes schools behind the scenes at Sky, giving them the opportunity to use the latest technology to create their own news reports on subjects they’re studying. We will be launching our second Skills Studios in Livingston, Scotland in 2015.

Sky Academy Scholarships provide financial assistance and mentoring to support some of the most exciting emerging talent in sport, television and the arts. This year, we have helped 17 young artists and athletes and this spring, we launched a brand new scheme with the National Film and Television School to provide support to young people from economically-disadvantaged backgrounds considering a career in television.

Sky Academy Starting Out helps prepare young people for work by offering a range of work experience, apprenticeships and graduate roles. Reaching almost 600 young people in the last year, we aim to double the number of places across the business over the next three years, helping to create the next generation of talent at Sky and giving more young people a head start in their careers. As part of this, we’re set to launch a new one-day career experience for 16-18 year olds this autumn.
Bigger Picture  
(continued)

Seeing the bigger picture is fundamental to the way we do business at Sky. It means making a positive impact on the communities where we live and work and being willing to look beyond the delivery of short-term results in order to build a better business that is durable for the long term. This approach helps us build long-term relationships and earn the trust of our customers, employees and partners. And it’s an area in which we made important progress in the past year.

Social and economic contribution
As Sky grows, so does the positive social and economic contribution we make to Britain and Ireland. According to this year’s research from the independent consultants, Oxford Economics, we contributed an estimated £6 billion to UK GDP in 2013/14 and worked with 7,000 suppliers.

With more than 25,000 employees, we are one of Britain’s largest companies. However our total impact is much wider than this. Including suppliers and partners, 117,000 jobs in Britain were dependent on Sky in the last year. In all, Sky generated £2.7 billion of tax revenues in the year, equivalent to £42 for every person in the UK.

As well as being a valued part of everyday life for millions of customers, we are the biggest commercial supporter of the creative and sports industries in the UK. Within our £2.6 billion investment in content, we are on track to spend a record £600 million on UK-produced content across our channels (excluding sports rights) by the end of December 2014. This has seen us work with more than 150 independent production companies in the last 12 months, providing a platform for their creativity and helping them grow their businesses.

Road to nowhere
Through Sky Rainforest Rescue, our partnership with WWF, we’re working together to help protect one billion trees in the Amazon rainforest in Brazil.

Our presence in 11.5 million homes across Britain and Ireland gives us a unique opportunity to raise awareness of the issue of climate change, one of the world’s biggest challenges and something we feel passionate about. Self-confessed environmental sceptic Freddie Flintoff may not have been an obvious first choice for a film about the work that we are doing in the Amazon rainforest. But when we gave him a chance to embark on the journey of a lifetime, he jumped at the chance. Never one to turn down a tough physical test, Freddie had an added reason to give it a go – his daughter had been learning about the rainforest at school and was desperate to try to help.

The resulting two-part Sky 1 documentary, Flintoff’s Road To Nowhere, followed Freddie and extreme cyclist and environmentalist Rob Penn as they cycled Brazil’s Trans-Amazonian Highway, exploring one of the world’s most enigmatic regions at a time of unprecedented change. It was just one way that we sought to raise awareness about climate change over the year.
Changing the game

Sky Sports Living for Sport is now in its 11th year and is our longest-running initiative. Delivered in partnership with Youth Sport Trust, over 95,000 students from primary and secondary schools across Britain and Ireland have taken part in a Sky Sports Living for Sport activity this year.

At the heart of the programme is our team of over 90 world-class athlete mentors headed up by our ambassadors, Olympic athletes Jessica Ennis-Hill, Darren Campbell and Katie Taylor, as well as our Sky Academy Ambassador, David Beckham. Our mentors go into schools and use sports skills to help build young people’s confidence and life skills, whatever their athletic ability. We also host Sky Sports Living for Sport Community Games events in local communities throughout the UK for primary school children.

We’re proud of what we’ve achieved with Sky Sports Living for Sport but we wanted to go further, incorporating Sky Sports Living for Sport and the ethos that underpins it into our TV schedule. So last autumn, we launched Game Changers, a brand new TV show for kids that introduces inspirational role models and encourages them to try out different sports.

Recorded live in front of a studio audience of children, the show goes out on Sky Sports 1 and Sky 1 on Saturday mornings, presented by Di Dougherty and Sky Sports Living for Sport Ambassador, Darren Campbell, one of Britain’s most successful and well-known sprinters.

The show marked the end of its first season in May with a live Game Changers Special to celebrate the achievements of the young people and teachers involved in Sky Sports Living for Sport. With awards presented by our Ambassadors, David Beckham and Jessica Ennis-Hill, it was a fitting end to a successful first season for Game Changers.
In sport, we continued to strengthen our relationships at all levels, helping to improve performance, participation and infrastructure through the investment and promotion that we provide. One area of particular focus in the past year has been women’s sport. In the last 12 months, Sky Sports concluded new rights deals to broadcast England Netball and Women’s Rugby and extended its relationship with the Ladies’ Professional Golf Association. Reflecting its commitment to the area, Sky Sports launched a new weekly show in September dedicated to women’s sport as well as supporting The Sunday Times as the exclusive partner for the 2013 Sportswomen of the Year Awards in December.

A responsible business day to day
Of course, we understand that what we do as a business is only part of the answer. We know that how we do business is just as important. For Sky, believing in better also means doing the right thing and acting responsibly in all that we do. This approach is integral to the culture and values we seek to promote among our people. The millions of customers across Britain and Ireland that choose Sky for their home entertainment and communications have high expectations of us and it’s our job to maintain their trust in the decisions we take every day.

One example of the way in which we do that is in our work to make our products and services accessible to everyone, including those with disabilities. We provide subtitling and audio description on 24 of our Sky-owned TV channels, with over 80% of linear content delivered with subtitles and over 20% with audio description. The new Electronic Programme Guide that we rolled out this year was designed in consultation with the Royal National Institute of Blind People. And in May, we strengthened the capabilities of our 90-strong accessibility customer service team when we extended the use of our Video Relay Service to enable hard of hearing customers to call in and use sign language.

We continue to make good progress against our ambitious 2020 environmental targets. Our greatest operational impact is in our own energy use, so we’re aiming to halve our carbon intensity (CO2e emissions relative to revenue) by 2020. As at the end of 2013/14, we’ve already achieved a 40% reduction against our 2008/09 baseline. Over the same time period, our absolute gross emissions have decreased by 10% to 95,000 tonnes CO2e. Where we have unavoidable emissions we offset and continue to be carbon neutral. More detail around our greenhouse gas emissions can be found on page 79.

Powering down
We have set out ambitious targets to reduce our impact on the environment, including a target to improve energy efficiency across all our buildings by an average of 20% by 2020 (compared to the 2008/09 baseline). One way we are doing this is to improve the efficiency of our data centres, the buildings we use to house the millions of pieces of data that help our business work.

We've installed monitoring tools to measure the performance of our data centres and we're making the most of virtual servers and cloud-based technology. By the end of 2014, we will have moved almost all of our servers into our newer, more energy-efficient data centres.

By 2017, we hope to have closed our smaller data centres completely, reducing costs and giving us greater control over our IT systems. This is a big step towards building a more durable business for the long term.
We are committed to building productive, fair and ethical relationships with our suppliers and distributors – relationships on which so much of the success of our business relies. We set out our expectations in our Responsible Sourcing Policy, which is available on our website. Over the past year we have assessed 100 per cent of our strategic suppliers against our responsible sourcing questionnaire.

While we do not have a specific human rights policy, we have a strong commitment to upholding the principles of human rights across our business. Our commitments to human rights are included within our Environment Policy and our Responsible Sourcing Policy. These principles are also outlined in Sky’s Ways of Working. This is the code of conduct that everyone who works at Sky is expected to adhere to. Further information is available on our website at sky.com/biggerpicture

**Inspiring action**

We know that we have the opportunity to use our position as a leading media and communications company to reach beyond our business and make a positive impact on society.

We made a step change in our approach this year with the launch of Sky Academy in November. This is a unique and groundbreaking set of initiatives that use the power of TV, creativity and sport to inspire young people and give them the skills and confidence they need to succeed.

Sport is at the heart of what we do and we believe in its power to change lives. Our partnership with British Cycling, now in its sixth year, has got more than one million people on their bikes since 2009, and the elite success of Team Sky delivered a British winner of the Tour de France for the second consecutive year in 2013.

Sky Rainforest Rescue is our partnership with WWF and the State Government of Acre in Brazil, which aims to save a billion trees in the Amazon rainforest. Through the campaign, we’re also inspiring our customers in Britain and Ireland to take action to address climate change.

With the partnership now in its fifth year, more than 1,500 families in Brazil have registered to take part in a voluntary land certification scheme to help give local people ways of making a living from the forest without cutting down trees. As a result of knowing about Sky Rainforest Rescue, 27% of people are now more aware of the issue of deforestation. The partnership has raised a total of over £4 million, with Sky then matching every contribution pound for pound.

We are proud of our work to make a positive contribution to society and we are committed to doing more in the future.

<table>
<thead>
<tr>
<th>Carbon intensity</th>
<th>Target: 50% reduction in gross CO₂e emissions relative to revenue¹²</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>12.4</td>
</tr>
<tr>
<td>2012/13</td>
<td>12.8</td>
</tr>
<tr>
<td>2011/12</td>
<td>13.9</td>
</tr>
<tr>
<td>2010/11</td>
<td>16.2</td>
</tr>
<tr>
<td>2009/10</td>
<td>19</td>
</tr>
<tr>
<td>2008/09</td>
<td>20.6</td>
</tr>
</tbody>
</table>

1. 2013/14 data is independently assured by Deloitte LLP and can be viewed online at sky.com/biggerpicture
2. Relative to 2008/09 baseline
3. Gross CO₂e emissions include emissions from premises and company-owned vehicles (Scope 1 and 2)
We know we’re only as good as the people that work for us and nowhere is this more true than in technology where our ability to stay one step ahead depends on attracting the best talent with the most up-to-date skills.

Our requirement for software developers has grown in the past few years with the expansion of our connected TV services. However, it’s also been clear that we’re not the only company out there looking in what is an increasingly competitive jobs market.

So, we took the decision to develop more of our talent in house. In 2011, we set up the Sky Software Engineering Academy. This takes 24 graduates every July, fresh out of university and passionate about technology, and over the course of seven months helps turn them into fully-fledged developers. The new starters begin with a four-week boot camp to get them all up to the same level. We then get them out on the job, working on live projects to apply what they have learnt under the close supervision of one of our experts. Over the next five months, they work in small teams on a variety of different tasks to help get them ready for a career in Sky. At the end, we sit down with them to help them decide where in the business they might want to pursue a career.

Two years in and the scheme’s been a great success so, last September, we decided to accept a further 12 young people into the programme. In addition, we recruited 12 people into a newly-created Development Operations Academy with the aim of training up graduates to work on our hardware and infrastructure requirements.

With almost 100 bright young graduates through its doors in the first three years, our Software Engineering Academy is one of the many ways Sky is building skills for the future.
People (continued)

Our people are critical to our success. We aim to foster a culture where they can do their best work every day, fulfil their potential and achieve great things together.

In a fast-moving industry, we know that success comes from a willingness to embrace change. We want to encourage our people to strive for continual improvement in everything that they do. That is at the heart of our Believe in Better ethos and has been the basis of Sky’s achievements over the past 25 years. We believe it is the best foundation for the future.

Our aim is to create an environment where all of our people can fulfil their potential. To help them progress, we provide a wide range of opportunities for development such as mentoring and new skills training. The Sky Development Studio, for example, is an online learning portal which provides access to a huge choice of learning resources and courses available to all. Last year, this delivered more than 75,000 hours of e-learning across the business.

Because we know that the quality of our managers has a big influence on performance and engagement, we launched a new two-day training programme this year for newly-promoted managers. ‘Sky Management HD’ covers everything from interview techniques to objective setting over the two-day programme. More than 600 managers have completed the programme in the first year, contributing to a total of 100,000 training days in the last 12 months across the company.

However, learning is not just about formal training. As a large and diverse company, we are also able to offer our people the opportunity to broaden their experience through exposure to different parts of the business. We actively encourage internal moves and job rotations at all levels of the organisation, from project work and short-term placements to new full-time roles. This helps us to build a broader skills base and strengthens collaboration across departments.

Space to work

For our people to flourish and do the best they can, it’s important that we provide them with the best working environment. This summer we opened a brand new building, known as The Hub, right at the heart of our campus in West London, in the latest stage of the redevelopment of the Osterley headquarters where we have been based since 1989.

The Hub is Sky’s first major flexible workspace, housing around 450 employees over three floors. Next on the list is the new headquarters for Sky Academy and construction has also begun on a further phase of development. In line with our commitment to sustainability, all the new buildings are designed to have minimal environmental impact. This project, which started in 2010 with the construction of Sky Studios, represents a transformation of the working environment for the thousands of our people now based at Osterley.

We aim to create a state-of-the-art media and technology campus to support Sky’s growth far into the future and are confident that the new facilities will have a positive impact on our people, our business and on our local community.

It’s not just in Osterley where we’re constantly trying to make Sky a great place to work. This year we’ve provided access to gyms to keep our people fit, and refurbished all our cafés and restaurants. We know how important the working environment is and we’re always changing and adapting it to create the best workplace for our people. This year we’ve invested in our sites across the UK and Ireland from Livingston to Victoria and from Dublin to Newcastle.
Because we want Sky to be a great place to work, we offer a comprehensive reward package which includes generous holiday entitlement and maternity leave allowance, a pension and healthcare, as well as free Sky+HD, Sky Broadband and discounted Sky Talk.

As well as developing and rewarding the people who already work at Sky, we want to encourage new talent to join us. We continue to grow our employee base, adding more than 4,500 new jobs in the last three years to take our total employee base to 25,400.

The launch of Sky Academy in November 2013 has brought a step change in our commitment to provide opportunities for young people within the business. Through Sky Academy Starting Out, we will more than double the size of our work experience and employment programmes over the next three years across a range of work experience, placement, apprenticeship and graduate schemes.

This means growing the size of our existing programmes, but it also means we’ll launch a brand new programme offering thousands of teenagers the opportunity to spend a day at Sky for a hands-on experience of the workplace. This will open Sky to even more young people and help them prepare for the world of work. To underline our commitment, Sky Academy will be headquartered in a new building at the heart of our Osterley campus. This will also serve as a space where Sky people will come together for training, development and mentoring.

We believe that a diverse workforce creates a stronger business and therefore we work to create an environment that encourages diversity and innovation.

We are committed to increasing female and ethnic representation in our employee base and in particular in leadership roles. The ratio of male to female colleagues, based on the number of employees as at 30 June 2014, is outlined below:

<table>
<thead>
<tr>
<th>Diversity gender</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td>Senior managers</td>
<td>105</td>
<td>36</td>
</tr>
<tr>
<td>All employees1</td>
<td>14,740</td>
<td>7,508</td>
</tr>
</tbody>
</table>

1 Based on full-time equivalent employees from continuing operations and excluding people who work for our joint ventures.

2013/14 data is independently assured by Deloitte LLP and can be viewed online at sky.com/biggerpicture

We know that we will be better placed for success as a business if we have a balanced and diverse workforce that reflects our customers and includes the most talented people, regardless of gender or ethnicity. That’s why we are committed to improving diversity in our industry.

One way that we are seeking to improve is by increasing diversity on screen, including on Sky News, for example, where we have increased the representation of women as expert commentators.

Another way is the introduction this year of five Sky Academy TV Scholarships. Available to successful applicants on courses run by the National Film and TV School (NFTS), the scholarships will be offered to young people from economically-disadvantaged backgrounds. We will fully fund three places at the NFTS on the Broadcast Production course and two on the Digital Content and Formats course, which we already support through placements and mentoring.

The aim is to encourage individuals who may not otherwise have considered a career in the media, with a particular focus on supporting students from black, Asian and minority ethnic backgrounds, and those with disabilities. Added to existing initiatives like our partnership with MAMA Youth Project, where Sky sponsors 12 young people from minority and disadvantaged backgrounds, the NFTS scholarships are another step towards increasing diversity in the broadcasting industry.

A Sky for everyone