

RESPONSIBLE BUSINESS

Environment

Environment overview

Our environment strategy is threefold: to reduce our carbon footprint; to make our products more sustainable; and to use our position as a leading media and communications company to raise awareness and drive positive change on environmental issues amongst our business partners, and to inspire action amongst our customers through Sky Rainforest Rescue.

Now with our expanded group, we will align our environment strategies across our territories, building on the commitments we have already made in the UK and Ireland. We have already established our carbon footprint for the group and will review our targets over the coming year.

Detailed commentary about our progress is provided within this document for our carbon measures, which are our leading indicators, as well as progress against the rest of our targets. Our commentary includes baseline data.

Group carbon emissions

In the UK, we have been reporting and assuring our environmental performance since 2006, well ahead of the mandatory disclosures of greenhouse gas emissions required under the Companies Act from 2013. We have reduced our emissions relative to revenue (tCO₂e/£m) across the UK and Ireland by 38% since our 2008 baseline, meaning we are on track to meet our target of halving our emissions relative to revenue (tCO₂e/£m) by 2020. In addition, even with the significant growth in our business, we are maintaining a reduction in absolute carbon emissions from our 2008 baseline.

With the continued development of our new west London campus, our new buildings and our leased buildings were both still operational over the 2014/15 year. It was therefore challenging to keep our energy use and carbon emissions lower than in the year before. However, as new buildings are BREEAM Excellent and have a number of smart, sustainable initiatives, we expect to see energy demand reduce in the future. We also continue to exceed the industry benchmark for the energy efficiency of our data centres which will help us manage energy demand as our business needs increase. We remain committed to our long-term investments, for example in renewable energy, and are exploring ways to further complement our existing on-site solar, wind, biomass and Combined Cooling and Heating Plant renewable energy generation.

Highlights





Net emissions

We classify our net emissions as the energy that we do not procure from a renewable energy source. Typically, this amounts to small quantities of residual energy at sites where we have less influence over the source of energy procured, e.g. landlarded sites.

In the UK, the majority of our energy is provided by either our own on-site renewable energy plants or through a renewable energy tariff with Scottish and Southern Energy Group. Scottish and Southern retain, on our behalf, Levy Exemption Certificates and a Renewable Energy Guarantee of Origin. This ensures that the energy we use can be traced back to its place of production. This year we've seen an increase in our net electricity emissions which is mainly down to improved reporting practices, as we've included all landlarded sites in our net emissions this year. However, our CCHP and wind turbine have continued to contribute to heating, cooling and powering Sky Studios, still Europe's most sustainable broadcasting facility. Together with our biomass boilers in Scotland, this year 6% of our energy requirements from Sky-owned sites were obtained from on-site renewable energy. We would have expected a greater percentage, but our CCHP was turned off for four months due to maintenance. We also expect the solar panels that have been installed into our new buildings as part of the Campus development to be officially commissioned shortly.

In Germany, the district heating used for heating at our main site is produced by geothermal sources. Similarly, the energy for our main site and customer service centres are procured from a 100% renewable tariff. Conversely in Italy, no renewable energy is purchased at this point in time.

Carbon offsetting

Our first priority is to reduce our gross carbon emissions before offsetting, and to invest in both on-site renewable energy and energy procured from renewable sources. For the remaining unavoidable gross emissions, our carbon neutral status is achieved through the voluntary purchase of verified offsets from The CarbonNeutral Company. We offset our total gross CO₂e emissions, including Scope 1 and 2 and selected gross Scope 3 emissions from waste, and business air and car travel across the Sky Group. For the 2014/15 reporting year we have offset 149,913 tonnes of CO₂e emissions. The full list of projects which the company has supported financially through the purchasing of carbon offsets is available to view in our Carbon Neutral Policy found on our website corporate.sky.com/bigger-picture/sustainability-reporting/policies

Sky group-wide carbon emissions and carbon intensity 2014/15

This year, we established our group-wide carbon intensity of 11.42 tCO₂e/£m of Group revenue. The table on the following page shows our total carbon emissions and our carbon intensity at Group level as well as by the territories in which we operate.



Carbon offsetting continued

	Sky Group	UK and Ireland	Germany and Austria	Italy
Gross absolute carbon emissions (tCO₂e)^{1,2,3,4}				
SCOPE 1	27,145	22,361	2,119	2,665
Fuel combustion (gas, diesel generators, fuel oil, vehicles)				
- Diesel	668	607	1	60
- Fuel oil ⁵	54	n/a	54	n/a
- Gas	4,502	4,344	n/a	158
- Vehicle-fuel	21,226	16,933	2,064	2,229
Operation of facilities (refrigerants)				
- Refrigerants	695	477	0	218
SCOPE 2	101,674	77,363	3,248	21,063
<i>Purchased district heating net⁶</i>	184	n/a	112	72
Purchased district heating gross	485	n/a	413	72
<i>Purchased electricity net⁷</i>	38,649	15,572	2,086	20,991
Purchased electricity gross	101,187	77,361	2,835	20,991
Purchased steam	2	2	n/a	n/a
Total (Scope 1 and 2) net CO₂e (tCO₂e)	65,980	37,935	4,317	23,728
Total (Scope 1 and 2) gross CO₂e (tCO₂e)	128,819	99,724	5,367	23,728
Joint Ventures contribution to total net and gross CO ₂ e (tCO ₂ e) ⁸	138	138	n/a	n/a
Carbon intensity				
Revenue (£m)	11,283	7,820	1,377	2,086
Carbon intensity (tCO ₂ e/£m revenue)	11.42	12.75	3.90	11.37

1. Emissions are for the full financial year (1 July 2014–30 June 2015) including the period prior to acquisition.
2. We measure our CO₂e emissions according to the Greenhouse Gas Protocol, the global standard for reporting greenhouse gas emissions. Our total gross CO₂e emissions include all direct Greenhouse Gas emissions; and our net emissions include the energy that we do not procure from a renewable energy source. Our net emissions are those remaining after deducting the renewable energy procured from a renewable energy tariff with Scottish and Southern Energy Group. Scottish and Southern retain, on our behalf, the Levy Exemption Certificates and Renewable Energy Guarantee of Origin (REGOs). In addition, we offset our total gross emissions through the purchase of Voluntary Carbon Standard offsets.
3. Our CO₂e emissions data is independently assured by Deloitte LLP. More information about our environmental targets and performance can be found at sky.com/environment.
4. Historical data is recalculated each year in line with the latest guidelines to Defra/DECC's Greenhouse Gas Conversion Factors for Company Reporting and restated accordingly.
5. Fuel Oil only used for heating by Sky in Germany.
6. District heating (i.e. heat obtained from a cogeneration plant) can be used as an alternative source of heat to gas. Sky in Italy and Germany purchase district heating. In the UK, Sky does not purchase any district heating as it generates its own heat from an onsite biomass plant.
7. Sky in Italy does not currently purchase electricity from a renewable electricity tariff and so there is no difference between their gross and net emissions.
8. Joint ventures are enterprises or business where Sky is the majority shareholder (>50%).



Fewer impacts

The table below summarises our progress in relation to our environment targets to 2020. Commentary about our performance on our leading measures - gross and net emissions - is explained on the following pages.

Summary performance against environment targets

	Target	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Reduction in gross CO ₂ e emissions relative to revenue(%) ¹	50	0	-8	-21	-33	-38	-40	-38
Increase in energy efficiency across all buildings (%) ²	20	-	-	-	*	Baseline established	10	5
Energy obtained from owned or controlled renewable energy at Sky-owned sites(%) ³	20	-	-	-	2*	6	7	6
Increase in fleet fuel efficiency(%) ⁴	15	-	-	-	Baseline established*	5	11	11
Reduction in CO ₂ e emissions from travel per full time equivalent (FTE) employee (%) ⁵	20	-	-2	-11	-13	9	17	-8
Waste sent to landfill from our main offices (%) ⁶	0	36	33	9	8	10	6	6
Waste recycled from all Sky sites(%) ⁷	65	60	61	67	70	62	65	62
Food waste recycled from our main offices (%) ⁸	100	-	-	-	*	100	100	100
Water consumption (m ³ /FTE) ⁹	9m³-11m³	8	8	9	6	8	7	9

1. 50% reduction in gross CO₂e emissions relative to revenue (tonnes/£million) by 2020 versus a 2008/09 baseline.
2. Increase energy efficiency by an average of 20% across all buildings by setting energy performance targets by 2020 versus a 2012/13 baseline.
3. Sky-owned sites to obtain 20% of their energy consumption from owned or controlled renewables by 2020 versus a 2008/09 baseline.
4. Increase in fleet fuel efficiency by 15% by 2020 versus a 2011/12 baseline.
5. Reduce CO₂e emissions from travel per full-time equivalent (FTE) employee by 20% by 2020 versus a 2008/09 baseline.
6. Achieve zero waste to landfill at our main offices by 2020.
7. Maintain a recycling rate of 65% across Sky.
8. Recycling 100% of food waste at our main offices by composting and anaerobic digestion methods.
9. Maintaining the efficient use of water at our sites in line with good practice +/- 1m³ from 10m³/FTE.

* New targets set in November 2012.

** Established management processes to enable assurance in 2014/15.



Gross emissions

We have reported and assured our environmental performance since 2008, and in that time have reduced our emissions relative to revenue (tCO₂e/£m) across Sky's UK and Ireland territories by 38%. We remain on track to meet our target of halving our emissions relative to revenue (tCO₂e/£m) by 2020. This year however, our emissions have slightly increased to the previous year (due to the continued development of our new west London campus whilst still leasing old buildings), but we are still well below our 2008/09 baseline.

Our ongoing integration of energy efficiency measures and renewable energy across our property portfolio all support a pathway to reduced energy demand in the future. We also continue to exceed the industry benchmark for the energy efficiency of our data centres which will help us manage energy demand as our business needs increase.

We remain committed to our long-term investments, for example in renewable energy, and are exploring ways to further complement our existing on-site solar, wind, biomass and Combined Cooling and Heating Plant energy generation.

In addition to the effect of running leased buildings whilst developing our new west London campus, the slight increase in gross electricity consumption has also been a consequence of a general increased demand across our network sites and data centres, due to additional broadband requirements. Despite this, we continue to exceed the industry benchmark for how we actually run and manage our data centres – i.e. their power usage effectiveness (PUE). This is a ratio between the total building load and the IT load, and we've consistently continued to improve year on year. Across four other building types, we've also seen an improvement in energy efficiency. Our Office/Studios building type, however, slightly underperformed due to not receiving on-site generated renewable energy from the CCHP as it was down for four months. This had a knock-on impact on the amount of energy we needed to acquire off the grid.

Our environment data set has been re-baselined this year as we have become more thorough in our reporting processes. This decision was made in order to follow best practice guidelines and also adopt new legal requirements and as a result there has been a slight increase in our data set which has been reflected from the baseline year. Relative performance year on year for our carbon-related targets has not significantly changed, with the exception of employee travel (see separate commentary on travel in the following pages).

We continue to retain The Carbon Trust Standard for the fifth year, and were included in the Carbon Disclosure Project's (CDP) Performance Leadership Index as one of the top 500 worldwide firms effectively reducing its carbon emissions, and commended by the CDP as leading on action against climate change with a position also on the Climate Disclosure Leadership Index.

Net emissions

We classify our net emissions as the carbon emissions associated with the energy procured from a non-renewable source. Typically, this amounts to small amounts of residual energy at sites where we have less influence over the source of energy procured (e.g. landlord sites). In the UK, the majority of our energy is provided by either our own on-site renewable energy plants or the rest we purchase from a renewable energy tariff with Scottish and Southern Energy Group for which we retain the Renewable Energy Guarantees of Origin (REGO).



Gross emissions *continued*

This year we've seen an increase in our net carbon emissions which is mainly down to improved reporting practices, as we've included all landlord sites in our net emissions this year. Despite this, our CCHP and wind turbine have continued to contribute to heating, cooling and powering our sustainable broadcasting facility, Sky Studios. Together with our biomass boilers in Scotland, this year 6% of our energy requirements from Sky-owned sites were obtained from on-site renewable energy. We would have expected a greater percentage, but our CCHP was turned off for four months due to extended maintenance works. We also expect the solar panels that have been installed into our new buildings as part of the campus development to be officially commissioned shortly and will also increase the quantity of renewable energy generated on-site.

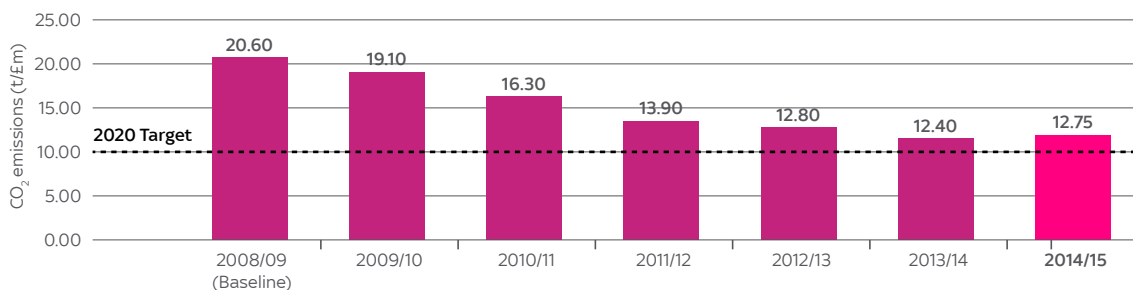
As this is the first year we have incorporated data from Germany and Austria, and Italy, going forward as we implement a group-wide environment strategy we will be reporting trends and changes across our five territories.

Performance against our gross emissions target to halve our carbon emissions relative to revenue by 2020 (UK and Ireland)

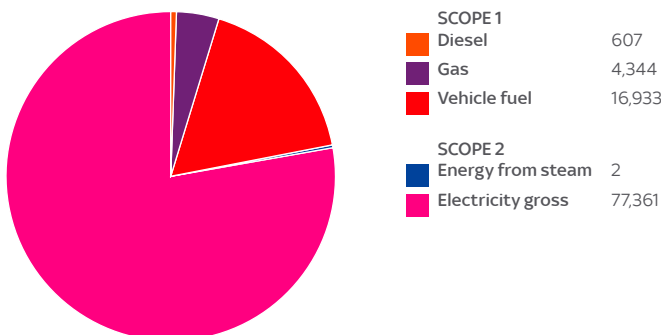
	Target	2008/09 (Baseline)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Reduction in gross CO ₂ e emissions relative to revenue (%) (t/£m)	-50	0	-8	-21	-33	-38	-40	-38
Gross CO ₂ e emissions relative to revenue (t/£m)	-	20.7	19.1	16.3	13.9	12.9	12.4	12.8 ¹

1. Independently assured by Deloitte LLP.

Gross carbon emissions (Scope 1 and 2 - UK and Ireland)



Gross Scope 1 and 2 emissions (tCO₂e) 2014/15





Gross emissions continued

Scope 3 emissions

Each year, in the UK and Ireland we work with our business partners to increase the Scope 3 emissions and we report and maintain a proactive approach to managing those emissions outside of our direct control. We continue to commission Trucost, an established environmental data provider, to comprehensively measure and analyse Greenhouse Gas (GHG) emissions from our suppliers. This year Trucost has again reviewed the carbon footprint of our suppliers (almost 3,000 in total), using expenditure data from July 2014 to June 2015. They identified which areas of our supply chain had the highest environment impact and therefore where we had the greatest opportunities for reducing our emissions. We found that Sky's Scope 3 emissions are concentrated in a relatively small number of suppliers. So we're continuing to target the top 50 most carbon intensive suppliers and will encourage them to partake in the Carbon Disclosure Project (CDP) Supply Chain programme next year, our sixth consecutive year. This year we again hosted a series of webinars as part of the current year's programme to help both first time, and previous respondents understand the importance of disclosure and find out how we can help to support business emission reductions.

Absolute gross emissions (Scope 1 and 2) – UK and Ireland¹

	2008/09 (Baseline)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
SCOPE 1 (tCO₂e)							
Diesel	62	122	182	487	592	606	607
Gas	4,871	5,126	4,156	4,267	4,147	4,149	4,344
Vehicle fuel	13,621	16,748	17,846	15,569	15,410	15,469	16,933
Refrigerants	1,821	1,469	915	616	280	382	477
Total Scope 1 emissions	20,322	23,465	23,098	20,939	20,429	20,633	22,361
SCOPE 2 (tCO₂e)							
Energy from steam	0	23	4	17	21	3	2
Electricity net	15,614	20,811	11,696	3,502	4,701	1,803	15,572
Electricity gross emissions	85,517	85,329	84,192	73,660	72,518	73,784	77,361
Total Scope 2 emissions	85,517	85,352	84,196	73,677	72,539	73,787	77,363
Total net emissions (Scope 1 and 2)	35,935	44,276	35,067	24,442	25,130	22,436	37,935
Total gross emissions (Scope 1 and 2)	105,839	108,817	107,294	94,617	92,968	94,420	99,724
Joint Ventures contribution to total net and gross CO ₂ e (tCO ₂ e)		118	115	114	103	103	138
Revenue (£m)	5,121	5,709	6,597	6,791	7,235	7,632	7,820

1. All previously reported figures have been restated in accordance with the latest Defra/DECC's Greenhouse Gas Conversion Factors for company reporting. We also restated these based on an increased scope of sites.



Gross emissions continued

Total Scope 3 gross emissions – upstream and downstream assessed by Trucost

Scope 3 Emissions GHG emissions (tCO ₂ e)		2012/13	2013/14	2014/15
Upstream³	Purchased goods and services ²	258,544	270,839	257,092
	Capital goods	105,513	148,167	123,088
	Employee commuting	14,397	15,995	14,536
	Transportation and distribution	12,924	16,726	13,448
	Business travel	11,211	13,297	15,018
	Leased assets	172	n/a	n/a
	Fuel- and energy-related activities	3,425	9,823	8,324
	Waste generated in operations	98	96	133
	Total Upstream	406,283	474,943	431,637
Downstream⁴	Use of sold products	2,388,870	2,381,385	2,364,108
	Transportation and distribution	13,371	12,557	14,199
	End-of-life treatment of sold products	82	82	81
	Total Downstream	2,402,323	2,394,024	2,378,388
Total Upstream and Downstream	2,808,606	2,868,967	2,810,025	

1. All previously reported figures have been restated in accordance with the latest Defra/DECC's Greenhouse Gas Conversion Factors for company reporting. We also restated these based on an increased scope of sites.
2. Electricity consumed in BT Openreach Exchanges (Local-loop unbundling) generates a large proportion of our Scope 3 emissions. We therefore feel it is important to monitor the emissions from these exchanges separately from the Trucost assessment to better understand our footprint. Our broadband business has seen significant growth over the past few years, and this trend continued this year with a 20% increase in emissions from 53,438 in 2013/14 to 64,824 tCO₂e in 2014/15.
3. Direction in a supply chain opposite to the flow of materials; activities pre manufacturing.
4. The direction in which materials flow; activities post manufacturing.



More sustainable products

To improve the sustainability of our products each year, we have set ourselves a series of commitments. The following table reflects our performance against our goals to lead the way with better, more sustainable products in the UK and Ireland.

This year we continue to focus on incremental changes to the current product set and on the later phases of the product life-cycle, from distribution, maintenance and install, through to end of life. We know there is still a lot to do, and here is a flavour of what we have achieved this year.

Better products charter

Commitments	Progress 2014/15	Comments
Designing sustainability into our products at the concept stage	On track	We continue to put sustainability considerations at the heart of every product design decisions, with iterative mini-Life Cycle Assessment (LCA) exercises measuring the impact of any proposed changes. Creating a full peer-reviewed LCA report is also now a requirement to the Sign-off process of Sky-designed products. We have undertaken a number of workshops for product designers, to ensure best recycling practice is built into all product design. We initiated the development of a Standard (IEEE 1680.6) to drive best practice in the eco-design of Pay TV Set-Top Boxes. The worldwide standard, which Sky chairs, is in development with over 30 working group members to date and expects to be completed over the course of the next two years.
Reducing the Total Energy Consumption (TEC) of new set-top boxes and routers	On track	We know that the use phase of the set-top box life-cycle is the most carbon intensive part of its life because of the energy it uses in customers' homes. We therefore ensured appropriate manual and automatic standby and eco-modes were part of the Sky+HD box design and have continued to improve their configuration over time, to fit in with the way our customers use their set-top box. This meant that although Version 2 of the Sky+HD Box launched in August 2013 introduced built in Wi-Fi, we were still able to reduce the total energy consumption of the set-top box by 20% compared to Version 1 with the introduction of the automatic eco-mode savings. This year, we remotely updated all Sky+HD boxes to extend the overnight automatic eco-mode timing by 50%, further reducing the total energy consumption of the boxes. Sky plays a proactive role in industry bodies. Sky founded and continues to chair the European Voluntary Agreement to improve the energy efficiency of Pay Television (Complex) Set-Top Boxes. This Voluntary Agreement uses Total Energy Consumption (TEC) as its unit of measure which represents the energy usage of the device over the course of an entire year, taking into account the base functionality of the box, and it continues to drive TEC improvements, with a new TEC tier coming into effect on 1 July 2016.
Measure the cradle-to-grave impact for our products in terms of impact on climate change and set further KPIs using a cradle-to-grave approach	On track	We've continued to work with the consultancy Environmental Resources Management (ERM) in the use of LCAs on new products launched and embed the findings of these assessments.
Use less natural resources in manufacturing	On track	Further to the improvements made between the Sky Hub and Sky Hub 2 last year, where a number of materials were designed out, we launched Version 3 of the Sky+HD box in August 2014 which further optimised its design, resulting in reduced material use and lighter product weight.
Increasing the use of recycled content and closed-loop recycling	On track	We have continued to ensure that 100% of all products that are returned to Sky are reused or recycled with particular focus on increasing the number of products that are reused. In our own refurbishment and repair process, we respray and reuse set-top box covers and other electronic components as much as possible. When this is not possible, we find a way to give 80% of faulty and out of warranty hard drives a second life on the second-hand market as they get wiped, repaired and white labelled.
Reducing carbon emissions resulting from production, distribution, install and maintenance	On track	Our In Life Router programme looks at the performance of the product to reduce the number of replacement routers that we send out to customers. Through a combination of customer service training, improving network connectivity, enabling remote fixes and improving self-set-up instructions, we have managed to significantly reduce the number of replacement boxes sent out to customers. This has a significant impact in terms of reducing carbon emissions resulting from production, distribution, install and maintenance.



Products recycling

Two years ago we set ourselves the target to reuse or recycle 100% of our products that are returned to us by our customers. This means that we either reuse or recycle everything we take back from a customer home so that we don't send anything to landfill.

We work closely with our logistics partner, UTL, to maximize the amount of products that are returned to Sky from customers' homes, and have trialled ways of incentivising customers to return to us equipment they no longer need so it can be repaired and reused. Once UTL receive the products they are segregated by type and then classified into three main groups: refurbishment, repair and end-of-life recycling.

When a box breaks down, instead of supplying a new box, when available, a refurbished 'A-Grade' box is given to the customer. Their own box is then refurbished and added to the A-grade stock. This loop within the value chain significantly reduces both electronic waste and the manufacturing of new boxes.

For those boxes that can't be refurbished, we recycle; none of it goes to landfill. We work with partners to repair hard drives where possible, in order to give them a second life in the second-hand market, and the different types of plastics and metals are all recycled into useful materials.

We have a further commitment to leave zero waste in customer homes which complements this target.

Products recycling

	Target	2013/14 ^{1,2}	2014/15 ²
Reuse or recycling of all Sky products returned to Sky (%)	100	100	100

1. Applicable from 1 January 2014.

2. Independently assured by Deloitte LLP.

Bigger reach

As a responsible business, we take action to both minimise our own environmental impact and to drive positive change in areas outside of our direct control. Working with our suppliers to reduce the impact of our supply chain improves our efficiency and helps us to reduce our indirect emissions. This year we've continued to engage our internal product design team and suppliers to achieve efficiency improvements and made great progress across the production industry, encouraging and creating improvements in the way we, and our suppliers, make TV. We've fully embedded BAFTA's industry tool, albert, within our commissioning process and it is used to measure carbon emissions for all of our externally commissioned programmes. We use the results to set genre-specific targets and are also using the next iteration of the tool, the sustainable production certification albert+, on our leading genre programmes, to achieve reductions in their environmental impact.

We've also continued our long-term participation in the Carbon Disclosure Project (CDP) Supply Chain Programme to engage with our key suppliers on climate change which we've been doing since 2010. This year we continued to see a strong response rate with 64% of our selected suppliers disclosing, on average scoring a disclosure score above the global CDP average. These suppliers reported a number of emissions reduction activities, resulting in savings of around two million tonnes of CO₂ and US\$104 million in costs.



Bigger reach continued

Commitments	Progress 2014/15	Comments
Work with key production companies to reduce the impact and associated emissions	Completed	We've continued to use a carbon calculator tool, albert, for all externally commissioned programming at Sky. We have then set targets specific to each genre via the use of 'Environment Checklists'. We've further embedded awareness and impact of programming via trialling albert+ across three different genre programmes. albert+ is a tool to not only measure but reduce carbon emissions associated with production.
Lead the way across our industry in promoting sustainable production	Completed	We have continued our strong contribution within the sector via the BAFTA Sustainability Consortium and have worked with the National Film and Television School (NFTS) to promote the use of albert within their coursework material. We've also begun to use a logo on end screen credits to acknowledge awareness of sustainable production, for example our comedy series, <i>Trollied</i> .
Measure the carbon emissions associated with production across all genres and set production specific KPIs	Completed	100% of our productions commit to the delivery of a carbon footprint report via the use of albert.
Engage our top 50 most carbon intensive suppliers to publicly report their carbon emissions and targets through the Carbon Disclosure Project (CDP)	Completed	For the fifth consecutive year, we participated in the CDP Supply Chain programme, engaging our top 50 most carbon-intensive suppliers. 87% of responding suppliers reported their Scope 1 and Scope 2 emissions and 83% set a reduction target. In total, a saving of two million tCO ₂ e was achieved, producing a saving of US\$104 million as a result of their emissions reduction initiatives.
Help small and local business suppliers understand and reduce their environmental impacts	On track	By working in partnership with Mace Construction we've been supporting local businesses through a number of volunteering events, and donating materials and furniture. Together we've provided timber waste to Community Wood Recycling for local projects and re-homed chairs, desks, and canvas marquees with local businesses. We use local suppliers for more and more of our on-site catering, e.g. Lick, Brighton-based frozen yogurt supplier.
Continue to play a leadership role on key issues to address climate change	On track	As members of the UK Corporate Leaders Group (CLG) and Aldersgate Group, we promote the drive for a sustainable economy and lobby for support of strong policies on climate change.

Building energy efficiency

We started reporting on our energy efficiency across seven main building types in 2012/13, categorising them in line with CIBSE guidelines but tailored to Sky-specific requirements. We measure the efficiency of all of our building types in terms of the amount of energy they use per square metre apart from data centres, where efficiency is measured by the specific industry standard, Power Usage Effectiveness (PUE).

Since our baseline year, we've increased our energy efficiency on average by 5% across these building types. More specifically this year, five of the seven building types showed an improvement in energy efficiency with call centres and data centres showing the most improvement. The studios however are underperforming due to not receiving renewable energy from our on-site CCHP. Our technical spaces have also decreased in energy efficiency due to an overall energy demand for increased broadband.

This year we re-baselined the data to exclude any sites that are estimated so that we are consistent and apply this target to sites where we receive energy bills directly and are able to control the operation of the building.

Our target is to increase energy efficiency by an average of 20% across all building types by 2020.



Building energy efficiency continued

Overall average energy consumption by building type

	2012/13	2013/14	2014/15	Change in energy efficiency (%)
Building type (kWh/sqft)				
Office	27	23	26	4
Call centre	34	22	25	27
Studio	41	49	58	-43
Technical	133	141	144	-8
Warehouse	8	7	7	9
Training centre	13	10	10	20
Building type				
Data (PUE) ^{1,2}	1.79	1.46	1.33	26
Overall change in energy efficiency				5

1. Power usage effectiveness (PUE) is a metric developed by the Green Grid to measure the energy efficiency of data centres and is a ratio between the total building load and the IT load. The ideal Sky PUE is 1 (e.g. the only load observed in the data centre is generated by the IT equipment and no power is consumed to generate cold air or feed UPS etc). The average measured PUE in the data centre industry is 2.
2. Current average PUE for the four co-located data centres (Edinburgh 1, Edinburgh 2, Hemel, and Slough) is 1.33, exceeding the industry standard of 2.

Renewable energy

Our wind turbine and biomass boilers have continued to contribute to the generation of on-site energy, but unfortunately our CCHP was inoperable for four months this year whilst being serviced for an unexpected engineering issue. This meant that the full potential of the CCHP wasn't met which has impacted our overall performance. This year we achieved 6% against our 20% target to obtain energy from owned or controlled renewable sources at Sky-owned sites. However, despite the CCHP not being fully operational, we completed the connections to buildings within the west London campus, ensuring that all heating can be utilised to further reduce our CO₂e emissions. Also, we successfully installed over 1,000m³ solar panels at our campus but are waiting for them to become fully commissioned before reporting on them.

We continue to investigate Power Purchase Agreements (PPAs) as an additional source of controlled off-site renewable energy to help meet this target.

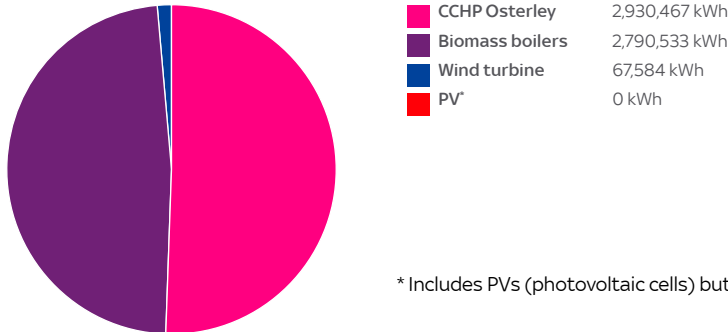
	Target	2008/09 (Baseline)	2009/10	2010/11	2011/12 ¹	2012/13	2013/14	2014/15
Energy obtained from owned or controlled renewables at Sky-owned sites (%)	20				2*	6	7	6
On-site renewable energy (kWh)	-	0	-	-	2,348,152	6,543,089	7,719,139	5,788,585

1. Electricity, heating and cooling energy from CCHP plant operating for six months.

* New target set in November 2012.

Renewable energy continued

Composition of on-site renewable energy



* Includes PVs (photovoltaic cells) but zero output as not yet fully commissioned.

Fleet fuel emissions

Our van fleet emissions make up almost a fifth of our gross emissions. As this is a considerable chunk of our total footprint, we want to make sure that all 3,000 vans are run as efficiently as possible. This is why we've set ourselves a target to increase fleet fuel efficiency by 15% by 2020. So far, we've achieved an 11% improvement from our baseline year, even during a period of acquiring our outsourced partners vans.

To achieve the remaining 4%, we will continue to invest in more energy efficient vans, including the VW Transporter and VW Caddy, both of which are more energy efficient than previous models. The entire fleet has been switched to more efficient vans, the first of which were introduced in 2012. The fleet team continually work with van manufacturers to identify the most efficient vans, and the latest technology that will help to deliver the sustainable remaining 4% improvement.

More efficient driving is another part of increasing fuel efficiency. We've already installed telematics in each of our vans to provide information about driving behaviours to engineers and their managers. Now we're setting regional challenges between the teams of engineers to improve their efficiency, incentivising through various competitions and Green Driving Awards. We're always looking at our intelligent routing too, so that each day, the route used by all our engineers is the most effective and streamlined as possible. We're also seeing a general trend as our online customer service improves that the number of engineer visits per customer is reducing.

More broadly, we continue to actively encourage the industry to develop low-emission alternatives through collaboration with other businesses, e.g. through membership of the UK Corporate Leaders Group on Climate Change, and the Aldersgate Group.

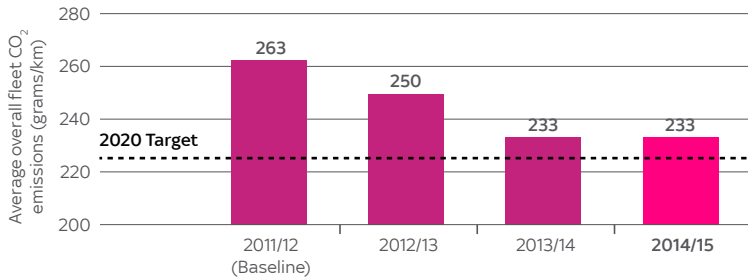
Performance against our fleet efficiency target

	Target	2011/12 Baseline	2012/13	2013/14	2014/15
Increase in fleet fuel efficiency (%)	15	Baseline established*	5	11	11
Average overall fleet CO ₂ emissions(g/km)	-	263	250	233	233

* New target set in November 2012.

Fleet fuel emissions continued

Average overall CO₂ emissions (grams/km)



Travel

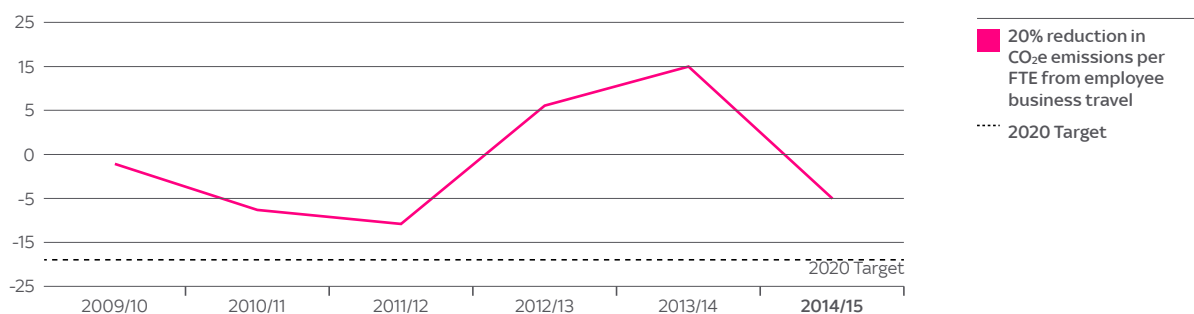
This year, we've seen a significant decrease in our emissions from travel and have achieved an 8% reduction mainly due to a reduction in flights, which is the biggest contributing factor to our impacts from travel. We've also improved our reporting methods and re-baselined our data to reflect a significant change in emission factors - specifically the inclusion of radiative forcing in air travel.

We know that reducing our travel emissions continues to be a difficult area for us, especially with the continuous growth of the business and now international distribution of our sites. To offset this, we continue to make significant investments in alternatives to travel, such as Microsoft Office Lync and our own vis-à-vis suites which create great opportunities for everyone to host meetings from their place of work. In the forthcoming year we will also be allowing for even more alternative working approaches as we continue rolling out flexible working practices.

Performance against our travel target¹

	2008/09 (Baseline)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Company cars (tCO ₂ e) (Scope 1)	1,647	1,808	1,913	2,091	2,168	2,236	2,111
Sky Shuttle Bus (tCO ₂ e) (Scope 1)	329	353	389	347	435	640	622
Air travel (tCO ₂ e) (Scope 3)	7,891	8,555	7,186	7,661	10,962	12,891	10,422
Cars not company owned (tCO ₂ e) (Scope 3)	2,818	3,068	3,504	4,027	5,702	6,373	4,209
Total emissions (tCO ₂ e)	12,685	13,783	12,950	14,126	19,267	22,2140	17,365
Total full-time equivalents (FTE) ¹	13,951	15,440	16,006	17,937	19,413	20,841	20,829
Emissions from travel per full-time equivalent employee (tCO₂e/FTE)	0.91	0.89	0.81	0.79	0.99	1.06	0.83

Change in CO₂ emissions from business travel compared to 2008/09 baseline



1. Full-time equivalent (FTE) employees include permanent employees, and those on fixed-term and adhoc hours employment contracts from continuing operations only. Exclude those employees who work for our joint ventures. For UK and Ireland.
2. Includes emissions within the company's control (Scope 1 emissions) and emissions outside the company's control (Scope 3).



Waste

This year we remain in line with achieving our waste targets – maintaining a 62% recycling rate across all our sites (against our target of 65%), only sending 6% of our waste to landfill (against our target of zero waste to landfill by 2020) and composting 100% of food waste from main offices. However, we want to push ourselves to be as efficient and effective in our waste strategy as possible.

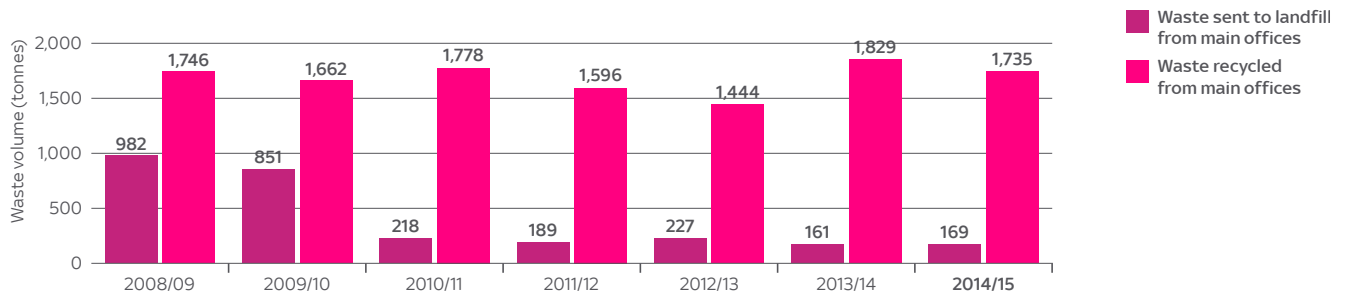
We continue to support our integrated services contractor as they manage the waste strategy with us and work together to streamline processes. We’re re-looking at the management of our current bin segregation whilst considering best collection and management methods. To support this, we’re planning an employee engagement campaign to encourage long-term behaviour change and making sure any waste generated goes into the right recycling bin.

All data has been re-baselined to include sites as we’ve improved our data reporting processes.

Performance against our waste target¹

	Target	2008/09 (Baseline)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Waste sent to landfill from our main offices (%) ¹	0	36	33	9	8	10	6	6
Maintain a recycling rate of 65% across Sky (%)	65	60	61	67	70	62	65	62
Recycle 100% of food waste at our main offices (%)	100	-	-	-	*	100	100	100

Segregation of total waste



1. Main offices include: Osterley, Chilworth, Fairoak, and Scotland.

* New target set in November 2012; trend reported for information.



Water use

Our water consumption in 2014/15 increased slightly by 1m³ to 9m³ per full-time equivalent (FTE) employee. We remain within the target range, our long-term trend showing that we are effectively managing our ongoing water use, including supporting the streamlining of management processes as well as visibility over quarterly billing.

In terms of absolute water consumption however, we've seen a slight increase this year which ties into our continued growth as a business. We realise water is becoming an increasingly precious commodity and remains a vital natural resource. We continue to ensure we integrate water saving technologies into our new west London campus development, installing low flush toilets and low flow taps/showers and collecting rainwater wherever possible that we can use it on-site.

	Target	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Water consumption (m ³)	n/a	105,146	124,224	137,560	111,776	150,666	141,239	191,255
Water consumption per FTE (m ³)	9-11	8	8	9	6	8	7	9

🔗 To see the scope and how we measure our performance please refer to our Basis of Reporting documentation which can be found on our website sky.com/biggerpicture