

# Sky's Carbon Neutral Policy

## What is a carbon footprint?

A 'carbon footprint' is the total GHG (greenhouse gas) emissions caused directly and indirectly by an individual, organisation, event or product. GHGs include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxides (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>). A carbon footprint is measured in units of carbon dioxide equivalents (CO<sub>2</sub>e), which allows the different GHGs, each with a different Global Warming Potential, to be compared on a like for like basis.

## What is carbon neutral?

GHGs contribute to climate change and are emitted either directly or indirectly by almost everything we do. To become carbon neutral you should first measure your carbon footprint, reduce your emissions and offset any remaining carbon emissions associated with your activities.

The end result is zero net CO<sub>2</sub>e emissions for the activity, business, or individual.

Our approach to our carbon neutral status is described below.

## What is carbon offsetting?

Carbon offsetting is when you compensate for your own, unavoidable emissions by financing an emission reduction project elsewhere. That finance purchases carbon credits, equivalent to one tonne of CO<sub>2</sub> each, which the emission reduction projects generate and are audited by an independent third-party. These are bought by Sky and then 'retired' (i.e. taken off the market to stop anyone else claiming the same reduction). Offsetting is one of the many tools that we need to combat climate change because it delivers immediate results and finances low carbon sustainable development throughout the world that would not otherwise happen. It is not a replacement for a company doing everything it can to reduce its own emissions directly.

## Why did Sky decide to go carbon neutral?

In 2006, we decided to extend our environmental management programme to become carbon neutral. Tackling climate change was becoming more and more important, and we felt that we were in a position to take a lead in reducing and offsetting emissions.

## How is Sky carbon neutral?

We follow these three steps to become carbon neutral:

- **Measure** – We calculate our carbon footprint at the end of each financial year. To do this we calculate our CO<sub>2</sub>e emissions from Scope 1 and 2 emissions i.e. our premises, company owned vehicles and refrigerant use and selected Scope 3 emissions including business travel and waste sent to landfill. (See [our latest Bigger Picture Impact Report](#) for further information on what we include in our carbon footprint).
- **Reduce** – We are committed to avoiding and reducing our emissions before offsetting to achieve our carbon neutral status. We've taken significant action to reduce emissions from transport and waste disposal and to improve energy efficiency. Performance against our [tCO<sub>2</sub>e reduction targets to 2020](#) can be reviewed in our [Bigger Picture Impact Report](#) and we have set an ambition to become net zero carbon by 2030 across our whole value chain.
- **Offset** – Each year, we offset our gross Scope 1 and 2 emissions, and selected gross Scope 3 emissions.
  - **Scope 1** – Emissions from gas, diesel and steam energy use as well as refrigerant use and Sky owned/operated vehicle use.
  - **Scope 2** – Emissions from electricity use
  - **Scope 3** – Emissions from business travel, waste sent to landfill, and from 2019 UK-commissioned productions with a completed [albert carbon footprint](#).

Our gross emissions include the purchase of electricity for UK owned sites from a renewable energy tariff which is supported by Levy Exemption Certificates (LECs) and Renewable Energy Guarantee of Origin (REGOs). In reporting our gross emissions, we follow the DEFRA guidelines and report the emissions associated with the electricity using the grid average conversion factor.

We offset our remaining emissions through independently measured, monitored and verified emission reduction projects. So, for every 1 tonne of gross CO<sub>2</sub>e emissions that Sky emits (Scope 1, 2 and selected Scope 3), we're reducing 1 tonne of CO<sub>2</sub>e somewhere else in the world.

To do all of this, we work with a number of organisations for guidance and support including Natural Capital Partners.

### Measuring & Reporting our emissions

In order to measure our emissions, we have to clearly define the scope of our operations and the emissions associated with those operations. We use the World Resources Institute (WRI) and World Business Council for Sustainable Development's (WBCSD) Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (revised edition) as a guide. The Greenhouse Gas Protocol categorises emissions as follows:

- Scope 1 - Direct emissions. These are emissions from sources a company owns or controls.
- Scope 2 - Electricity Indirect emissions. These are emissions from the electricity that a company buys to use in its equipment or operations.
- Scope 3 - Other Indirect emissions. These are emissions from activities that are relevant to a company, but not within its direct control. For example, transport in vehicles not owned by the company.

Under the WRI/WBCSD Greenhouse Gas Protocol, companies must account for all Scope 1 and 2 emissions. Scope 3 emissions are accounted for on an optional basis only, as the company does not have direct control over these, and therefore may not be able to measure them.

Sky report publicly both its gross and net emissions. Sky's carbon footprint is established by measuring the following CO<sub>2</sub>e emissions:

- Scope 1 – emissions from all its premises (gas, diesel), refrigerant use, company owned vehicles (petrol, diesel, LPG), and van fleet (petrol, diesel).
- Scope 2 – emissions from operational electricity consumption.
- Scope 3 – emissions from Sky employee business travel (flights and non-company owned vehicles), waste sent to landfill. Other Scope 3 emissions we include in our reporting but are not included in our carbon neutrality are emissions from suppliers and business partners, over which we do not have direct control.

We are also working directly with a number of our suppliers to measure and reduce these indirect (Scope 3) CO<sub>2</sub>e emissions. These are separately reported in our [Bigger Picture Impact Report](#).

### Offsetting our carbon emissions

We offset our emissions by investing in projects provided by Natural Capital Partners. As climate change is a global issue, saving emissions anywhere in the world will help. Each year we purchase offsets for the coming financial year, based on the previous year's emissions. At the end of the year we reconcile the offsets for the reporting year to ensure that we had purchased the correct amount to cover the emissions for that reporting year.

A buffer of 5% of Sky's carbon footprint has been calculated and offset.

To maintain our status as a carbon neutral company, we purchased carbon credits that have been verified to the [Verified Carbon Standard](#). This is a recognised international standard for voluntary GHG offsets.

We work with Natural Capital Partners to ensure that, in line with best practice, the vintages of projects we support match as closely as possible, the period when our emissions were generated. A list of the projects we have supported is below:

Year	Vintage	Project	Country	Standard
13 Jul 2018 – Dec 2019	2018/19	Afforestation/reforestation	Mexico	ICROA aligned
	2018/19	Wind/Solar Energy	India	ICROA aligned
	2019	Wind	UK	REGO
12 2017/18	2017	Rimba Raya REDD+ project	Indonesia	VCS + CCB
	2017	Guatemala Water Treatment and Cookstove Project	Guatemala	Gold Standard VER
	2017/18	Renewable Gas	UK	RGGO
	2018	Biomass	Germany	GO
	2017/18	Wind	Italy	GO
11 2016/17	2017/18	Wind / Solar	UK	REGO
	2016	Wind	Italy	GO
	2016	Biomass	Germany	GO
10 2015/16	2016	Community Scale Solar and Wind	UK	REGO
	2015	Acre Amazonian Rainforest Conservation	Brazil	VCS + CCB
	2015	Ruças Amazonian Rainforest Conservation	Brazil	VCS + CCB
9 2014/15	2015	Jurua Amazonian Rainforest Conservation	Brazil	VCS + CCB
	2012	Andipatti Wind Power Project	India	VCS
	2011	Songyuan Wind Power Project	China	VCS
8 2013/14	2012	Andipatti Wind Power Project	India	VCS
	2011	Songyuan Wind Power Project	China	VCS
7 2012/2013	2012	Guazhou Wind Power Project	India	VCS
	2012	Meru and Nanyuki Community Reforestation Project (credits retired 2014)	Kenya	VCS
6	2011	Bhachu Wind Farm project	India	VCS
	2011	Songshan Wind Power project	China	VCS
	2011	Tensaki Wind Power project	India	VCS
5	2010	Hebei-Wind Power	China	VCS
	2010	Bogeda Wind Power	China	VCS
	2010	Panchpatta Wind Power	India	VCS
	2010	Maharashtra Wind Power	India	VCS
Reconciliation Aug'10	2009	Bogeda Wind Power	China	VCS
4	2002-08	Uchindle –Mapanda Reforestation Project	Tanzania	VCS
Reconciliation Aug'09	2007	Guizhou Hydro Power (TR2)	China	VCS
	2008	Beijing Hydro Power	China	VCS
3	2007	Guizhou Hydro Power (TR2)	China	VCS
	2006	Inner Mongolia Wind Power	China	VCS
	2007	Inner Mongolia Wind Power	China	VCS
	2006	Tirunelveli Wind Power	India	VCS
	2006	Kotmar Waste Heat Recovery	India	VCS
	2007	Kotmar Waste Heat Recovery	India	VCS
2	2007	Shangyi Manjing Windfarm	China	VCS
	2006	Shangyi Manjing Windfarm	China	VCS
	2006	Inner Mongolia Wind Power	China	VCS
	2007	Link Canal Hydro	India	CDM
	2006	Wind Power (PPL)	India	VCS
1	2006	NZ Wind	New Zealand	GS
	2006	Bulgaria Micro Hydro	Bulgaria	VCS
	2007	Bulgaria Micro Hydro	Bulgaria	VCS

We follow the [CarbonNeutral Protocol](#) to ensure that we have maintained and reported our carbon neutral status accurately. Our carbon neutral policy has been assured by Deloitte LLP.