



Carbon Neutral Sky

What is a carbon footprint?

A 'carbon footprint' is the total set of GHG (greenhouse gas) emissions, measured in units of carbon dioxide equivalence (tCO₂e), caused directly and indirectly by an individual, organization, event or product¹.

What is carbon neutral?

Carbon dioxide (CO₂) is one of the key gases that contributes to climate change and one that is 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 CO₂ emissions for the activity, business, or individual.

Our carbon neutral status is in line with The CarbonNeutral Company's definition of a CarbonNeutral[®] company as described below.

What is carbon offsetting?

Carbon offsetting is when you compensate for your own, unavoidable emissions by paying someone to make an equivalent reduction in emissions elsewhere. Those reductions come in the form of carbon credits, equivalent to one tonne of CO₂ each, which are bought and then 'cancelled' to stop anyone else claiming the same reduction twice. Offsetting is not a 'cure' for climate change, rather it should be the final action after all reasonable efforts to reduce emissions have been made. However, if done in the right way, offsetting can reduce the impact of our actions and help raise awareness of the issue².

What is CarbonNeutral[®]?

CarbonNeutral[®] is a registered trademark of The CarbonNeutral Company (TCNC). It is awarded to companies who have reduced their GHG emissions to net zero, in accordance with their CarbonNeutral[®] protocol (version 5), effective from 1 July 2008.

TCNC's definitions are in line with the World Business Council for Sustainable Development's and World Resources Institute's (WBCSD / WRI) Greenhouse Gas (GHG) Protocol. They have been endorsed by a technical advisory group made up of experts, scientists, and businesses, to ensure CarbonNeutral[®] companies follow best practice.

The definition of a CarbonNeutral[®] company according to the 'CarbonNeutral[®] protocol (version 5)' includes the following sources of GHG emissions from all sites owned or under direct management control:

- energy consumption (GHG Protocol Scopes 1 & 2).
- other GHG Protocol Scope 1 emissions including, but not limited to refrigerant gas loss, methane emissions from waste water treatment etc.
- business travel.
- company owned vehicles.
- transportation of company owned goods by 3rd party-owned vehicles.
- waste sent to landfill.
- (Optional) staff commuting.

Why did Sky decide to go carbon neutral?

Becoming carbon neutral was the next step in our environmental management programme.

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. So, in 2005, we decided to extend our environmental management

¹ Source: The Carbon Trust 2008

² Source: based on Defra 2009



programme to become carbon neutral and in May 2006, we became the world's first media company to be awarded CarbonNeutral® status.

How is Sky a CarbonNeutral® company?

We follow these three steps to become carbon neutral:

- **Measure** - We calculate our carbon footprint at the end of each financial year. We initially worked out the amount of CO₂e emissions from our premises, company owned vehicles and business travel. We now also include emissions from refrigerant use and from waste sent to landfill. (See 'Measuring our emissions' for further information on what we include in our carbon footprint).
- **Reduce** - To be CarbonNeutral®, in accordance with TCNC definitions, we need to demonstrate that we have worked to reduce our emissions. We take steps to improve energy efficiency and to reduce emissions from transport. We also secure renewable electricity, which is exempt from the climate change levy and is backed by Renewable Energy Generation Obligations certificates (REGOs), for our main sites across the UK. So far, we have managed to reduce our total CO₂e emissions by 11% over the last 5 years.
- **Offset** - Each year, we offset our remaining emissions by investing in voluntary emissions reduction projects. So, for every 1 tonne of CO₂e emissions that Sky emits, within the definition of a CarbonNeutral® company, we're reducing 1 tonne of CO₂e somewhere else in the world.

To do all of this, we work with a number of organisations for guidance and support including, The CarbonNeutral Company and The Climate Group.

Measuring 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. These are emissions from the electricity that a company buys to use in its equipment or operations.
- Scope 3 - Other Indirect. These are emissions from activities that are relevant to a company, but not within its direct control. For example such as 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's carbon footprint is established by measuring the following CO₂e emissions:

- Scope 1 - from its premises (gas, diesel), refrigerant use (at Osterley, Livingston, Dunfermline, Chilworth and Easynet UK only), company owned vehicles (petrol, diesel, LPG), hired cars (petrol, diesel, LPG) and van fleet (petrol, diesel)
- Scope 2 - emissions from operational electricity consumption
- Scope 3 - emissions from employee business air travel and from waste sent to landfill

We are also working with a number of our suppliers to measure and reduce these indirect CO₂e emissions. These would be classified as Scope 3 emissions by the WRI/WBCSD Greenhouse Gas Protocol and are separately reported in our The Bigger Picture Review.

Offsetting our carbon emissions

We offset our emissions by investing in projects provided by The CarbonNeutral Company. 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 year 3, in August 2009, we reconciled the offsets for the previous years to ensure that we have purchased the correct amount to cover each year's measured emissions.

A 5% buffer is calculated and offset to allow for individually insignificant sources of emissions not measured and reported, e.g. business travel by trains and taxis and transportation of company owned goods by 3rd party-owned vehicles, to ensure that the definition of a CarbonNeutral company is matched.

To maintain our status as a CarbonNeutral® company during 2008/09, we purchased carbon credits that have been verified to the Climate Group's Voluntary Carbon Standard (Version 1). This is a recognised international standard for voluntary GHG offsets.

We work with The CarbonNeutral Company to ensure that, in line with best practice, the vintages of projects we invest in match as closely as possible, the period when our emissions were generated. Our emissions generated in 2008/09 have been offset by 2006, 2007 and 2008 vintage projects. A list of the projects we have invested in is below:

| Year | Vintage | Project | Country | Standard |
|--------------------------|---------|----------------------------|-------------|----------|
| 1 | 2006 | NZ Wind | New Zealand | GS |
| | 2006 | Bulgaria Micro Hydro | Bulgaria | VCS |
| | 2007 | Bulgaria Micro Hydro | Bulgaria | 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 |
| 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 |
| Reconciliation Aug'09 | 2007 | Guizhou Hydro Power (TR2) | China | VCS |
| | 2008 | Beijin Hydro Power | China | VCS |

Environmental Resources Management Limited (ERM) has independently assured whether Sky has appropriately reported its financial year 2009 carbon neutral status. Read ERM's independent assurance report to BSKyB.