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30 October 2024

### **Sky Releases Climate-Related Disclosure**

Sky Network Television (Sky) is pleased to present our first Climate-Related Disclosure (CRD) prepared in accordance with the Aotearoa New Zealand Climate Standards (NZ CS).

The CRD covers the 12-months ended 30 June 2024 and should be read in conjunction with Sky's FY24 Annual Report, released on 21 August 2024.

A copy of Sky's FY24 CRD is available on our website at [www.sky.co.nz/investor-centre/results-and-reports](http://www.sky.co.nz/investor-centre/results-and-reports)

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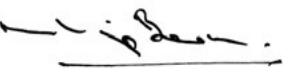
# Climate-Related Disclosure Report 2024

FOR THE 12 MONTHS TO 30 JUNE 2024

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This report is dated 29 October 2024 and is signed on behalf of Sky Network Television Limited:



**Philip Bowman**  
Independent Chair



**Keith Smith**  
Independent Audit and Risk Committee Chair

## Message from the Chair and Chief Executive

We are pleased to present Sky's first Climate-Related Disclosure (CRD) Report, prepared in accordance with the Aotearoa New Zealand Climate Standards (NZ CS).

As a proudly local Aotearoa New Zealand media business, Sky recognises its responsibility to take steps to reduce its impact on the environment and to ensure its business is resilient in the face of a changing world.

This inaugural CRD Report sets out our understanding of the potential risks and opportunities for our business, and our initial thinking on how we can adapt and respond to the challenges posed by climate change.

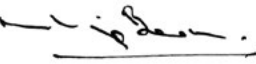
FY24 has seen us undertake significant activity in preparation for this first reporting phase. The process has involved people from all areas of our organisation, along with input from expert external advisors. This work programme has helped to expand our collective knowledge, develop and test our thinking, and take early steps towards creating and strengthening Sky's resilience. We recognise there is more to be done in the years ahead and are committed to this process.

The significant majority of Sky's emissions footprint is within the Scope 3 category that is beyond our own operations and outside of our direct control yet reported within our value chain. In FY24 we have expanded our reporting of these emissions and will continue to develop this further in FY25, whilst acknowledging the known complexities of calculating Scope 3 emissions, and the potential duplication of their reporting with other organisations.

We have not yet set greenhouse gas emissions reduction targets but intend to consider this in the future. We are committed to continuing to assess our emissions profile and options for appropriate targets.

While the process and compliance elements of developing a CRD has at times been challenging and time-consuming, we acknowledge and support the role that climate reporting can play in prompting strategic thinking around climate impacts, and keeping stakeholders informed on progress and plans.

We welcome recent moves by the External Reporting Board (XRB) to facilitate consultation with Climate Reporting Entities in New Zealand to capture feedback that could reduce the significant compliance burden, while maintaining the integrity and intent of the regime. We wholeheartedly support a direction of travel where CRDs are not just a reporting process but also an effective tool to stimulate tangible actions to reduce emissions across New Zealand companies.



**Philip Bowman**  
Independent Chair



**Sophie Moloney**  
Chief Executive

## Important note

This report is published by Sky for the reporting period for the 12 months to 30 June 2024, and was approved by the Board on 29 October 2024 and reflects Sky's current understanding as at 29 October 2024.

This report reflects Sky's current assessment of its climate related risks and opportunities, and how Sky is responding to these. This is the first time that Sky has conducted this assessment. This report has been prepared on the basis of Sky's initial climate related scenario analysis, and its understanding of, and response to, the climate-related risks and opportunities, and the current and anticipated impacts of climate change, that it has identified.

Assessment of climate change risks, opportunities and impacts is an evolving challenge and involves significant uncertainty. This report necessarily contains estimates and assumptions about future external physical and transitional changes driven by climate change and their anticipated impacts on Sky's business. The approach, understanding, responses, estimates and assumptions included in this report will continue to evolve and develop over time.

This report contains forward looking statements, including climate related scenarios, targets, assumptions, climate projections, forecasts, statements of Sky's future intentions, estimates and judgements. These statements have been based on Sky's current understanding of climate change, Sky's assumptions, forecasts, projections and internal planning, and are therefore subject to significant uncertainty and change. The archetypes, modelling

and datasets used by Sky in the creation of its climate-related scenarios and associated outputs are highly subjective and subject to significant change as predictive modelling of the impacts of climate change improves over time. We are reliant on third party sources for the provision of the underlying data behind our scenarios. These sources have been clearly set out in the Strategy section of this report. Sky cautions against reliance on these scenarios, and on all statements in this report that are necessarily subject to significant risks, uncertainties, and/or assumptions.

Sky provides no representation that any statements will not change or will remain correct after publication of the report. The risks and opportunities described in this report are based on such assumptions, and so may not eventuate or may be more or less significant than anticipated. There are many factors that could cause Sky's actual results, performance or achievement of climate-related metrics to differ materially from those described, including economic and technological viability, as well as climatic, government, consumer, and market factors outside of Sky's control. Sky has used reasonable efforts to fairly present such forward-looking statements and is committed to progressing its response to climate-related risks and opportunities over time. However, such assessments are constrained by the ever-changing and developing nature of this subject matter and the availability and quality of the information that is available to it at the date of this report. Sky remains committed to progressing its response to climate-related risks and opportunities over time, and to report progress

each year, but cautions against any person's reliance on aspects of this report that are necessarily less reliable than other aspects of Sky's annual reporting.

To the maximum extent permitted by law, Sky and its directors, officers, employees and contractors do not accept any liability for any loss or damage arising in any way from or in connection with any information provided or omitted as part of the climate-related disclosures.

This report is for information purposes only and nothing in this report should be interpreted as guidance or advice on earnings, investment requirements, future share performance or any other legal, financial or tax advice or guidance. Unless otherwise stated, all currency amounts are in NZ dollars.

# About this report

Sky Network Television Limited (Sky) is a climate-reporting entity under the Financial Markets Conduct Act 2013. This is Sky's inaugural climate report, for the financial year ending 30 June 2024. This report complies with the Aotearoa New Zealand Climate Standards (NZ CS) issued by the External Reporting Board.

Sky is committed to playing its part in addressing the challenges presented by climate change. We are in the early stages of our journey and our plans and disclosure will continue to evolve as we progress.

Our focus in this first year of reporting under the NZ CS disclosure regime has been to establish appropriate frameworks and to develop our understanding of the potential impacts for our business, engaging expert advice where needed to ensure our process is robust, is able to be integrated within our business, and to allow us to identify next steps.

We will continue to report our progress annually as required by NZ CS.

## Adoption provisions

In preparing this report, Sky has applied the following adoption provisions:

- Adoption provision 1: Current financial impacts, noting that Sky has disclosed a preliminary view on FY24 impacts on page 8.
- Adoption provision 2: Anticipated financial impacts.
- Adoption provision 3: Transition planning, noting that Sky has disclosed progress to date as required by NZ CS 2.
- Adoption provision 4: Scope 3 GHG emissions, applied to a selected subset of Sky's Scope 3 emissions, as detailed on page 24.
- Adoption provision 6: Comparatives for metrics, noting that Sky has provided one year of comparative GHG emissions data.
- Adoption provision 7: Analysis of trends, noting that Sky has provided an analysis of trends in its GHG emissions data against the FY23 base year (one year).



## Sky's business model and strategy

Sky is a leading Aotearoa New Zealand-based media company.

Sky has long-term rights agreements with leading local and global content rights partners including sports bodies, studios and international news organisations. Combined with Sky's own commissioned local content (through Sky Originals) and in-house production of live sport and studio shows, this positions Sky as the leading aggregator of sport and entertainment content in Aotearoa New Zealand.

Sky's content is made available across our multi-platform product range which includes: Sky Box<sup>1</sup> and Sky Pod<sup>2</sup>, and Streaming services: Sky Sport Now (for sport) and Neon (for entertainment), as well as through Sky Business customers (including hospitality and accommodation providers), and free to air through Sky Open. In addition, Sky provides 'made for entertainment' broadband services through Sky Broadband.

Sky's revenue is largely generated through customer subscriptions which are predominantly recurring, and through advertising revenue.

Every day, Sky connects the people of Aotearoa New Zealand with the best global and local sport and entertainment content to achieve our Purpose:

**To Share Stories.**

**To Share Possibilities.**

**To Share Joy.**

1. Sky Box provides Satellite or Satellite/IP access to Sky content and the Sky Go companion app.

2. Sky Pod provides IP access to Sky and the Sky Go companion app.



### OUR PURPOSE

**Share Stories. Share Possibilities. Share Joy.**

### OUR AMBITION

**To be Aotearoa NZ's most engaging and essential media company**

### STRATEGIC PATHWAYS

**Making Sky a great place to work**

**Giving customers content they love**

**Meeting customers where they are**

**Giving customers the experience they expect**

**Providing innovative solutions for our partners and clients**

### OUR ENDURING COMMITMENT

**A responsible and sustainably profitable, Aotearoa-focused business**

# Governance

## Board oversight

Sky's Board is responsible for challenging, providing input into and approving Sky's vision, purpose and strategic direction. Sky's Board oversees and is ultimately responsible for group-wide risks and opportunities, including those related to climate. The Board is responsible for ensuring that Sky has an appropriate risk management framework and adequate procedures in place to identify and manage the principal financial and non-financial risks of the business, including those relating to climate, as set out in the Board Charter.

Management completes a Strategic Risk Assessment annually (or more frequently as required) to identify risks which are significant to Sky's ability to execute successfully our strategy and achieve our objectives. This reporting is provided to the Board and is considered by the Board when approving and reviewing the implementation of Sky's broader strategy.

In the process of completing this initial climate report we have identified climate-related risks and opportunities for Sky, with the impacts of climate change now incorporated within Sky's documented strategic risks. From FY25 we intend to report and discuss climate-related risks and opportunities annually at the Board level as part of strategic planning.

### The Audit and Risk Committee

The Board is assisted in its oversight of risk management by the Audit and Risk Committee (**ARC**) which has delegated oversight of risk management activities. The ARC is responsible for overseeing Sky's risk management programme and evaluating the effectiveness of its risk management activities.

In addition, the ARC oversees the monitoring, review and reporting of key risks and issues in line with Sky's Enterprise-wide Risk Management (**ERM**) Framework.

Sky's ERM Framework helps to ensure that significant strategic and operational risks, including physical and transitional risks associated with climate change, are identified, assessed and adequately controlled and monitored. The execution of the ERM Framework is the responsibility of the Chief Executive Officer (**CEO**), the Executive Leadership Team (the **Executive Team**) and Senior Management. The Chief Financial Officer (**CFO**) is responsible for administering the Framework and for co-ordinating Sky's effort to ensure risk management activity is appropriately focussed across the business.

The ARC has responsibility for monitoring the progress of initiatives to address climate-related risks. This year, the climate-related risks and opportunities identified as part of the preparation of our climate report were reported to the ARC by Management. The ARC receives an update on broader risk reporting at least four times per year, and from FY25 this will include climate-related risks. The ARC also receives an enterprise-wide Strategic Risk Assessment on an annual basis (or more frequently as required) and this incorporates reporting on climate risks.

The ARC minutes are made available to the Board following every meeting and the ARC Chair provides an update to the next scheduled Board meeting based on those minutes. The Chair of the Board is also a member of the ARC. A standing invitation exists for the Chief Executive Officer and the Chief Financial Officer to attend ARC meetings.

## Skills and expertise

Members of the Board have undertaken personal development on climate-related topics including ESG, climate governance and future financial accounting implications, including through Chapter Zero, the New Zealand Institute of Directors (**IoD**) and the Australian Institute of Company Directors (**AICD**). The full Board also received a briefing by an external expert on the CRD regime and climate-related risks in 2024.

In addition, Sky's Directors have experience gained through their individual board positions on at least four other climate reporting entities, as well as a number of international companies that provide exposure and a global perspective on climate change risk management and reporting.

## Remuneration

The People and Performance Committee of the Board is responsible for Sky's people and performance strategy and policies, including CEO and Executive Team remuneration. Sky's Short Term Incentive Plan (**STIP**) which applies to the CEO, the Executive Team and nominated direct reports to the Executive Team includes non-financial performance metrics covering employee engagement and customer experience. Climate-related key performance metrics are not currently incorporated into Sky's STIP.

## Management's role

Sky's Executive Team is responsible for the identification and day-to-day management of climate-related risks and opportunities.

The Executive Team is responsible for ensuring climate-related risks and opportunities are considered and incorporated within Sky's strategic planning process.

This includes seeking specialist external advice where appropriate to supplement input from subject matter experts throughout the business.

Sky is at the early stages of our journey in understanding how climate related risks and opportunities may impact our business. Some of our operational decisions have already aligned with GHG emissions reductions, including the rollout of the new Sky Box and Sky Pod which are more energy-efficient than the classic Sky Box. We are aiming to increasingly embed management of broader climate-related risks and opportunities within Sky's annual planning and operational process.

## Reporting

Sky's Executive Team reports on climate-related matters to the ARC with input from other governance and management forums as required, including the Sustainability Governance Committee (**SGC**) and the Risk Governance Steering Committee (**RGSC**) detailed below. Reporting takes place under separate Sustainability and Risk agenda items at the relevant forum.

Climate-related risks are reviewed on at least a six-monthly basis as part of the wider ERM programme and more frequently as required. From FY25, the detailed climate-related risks and opportunities will be reported to and discussed with the Executive Team on a six-monthly basis before being referred to the ARC.

We aim to set emissions reduction targets in the future, in which case reporting on progress would be provided to the ARC. In FY24, Sustainability and ESG was an agenda item at three of the four ARC meetings, including discussions on CRD, the governance framework, climate-related risks and opportunities, Sky's GHG emissions and Sky's climate-related scenarios.

## Sustainability Governance Committee

Sky's Sustainability Governance Committee (SGC) has responsibility for overseeing Sky's approach to assessing climate-related risks and opportunities and the delivery of Sky's broader climate disclosures. The SGC is chaired by the Chief Corporate Affairs Officer and includes senior leaders with appropriate experience to carry out the Committee's role.

The SGC met five times in FY24 and provides regular updates on its progress to the Executive Team via the Chair and, via the Executive Team, to the ARC. The SGC has organised briefings by external experts regarding the NZ CS regime and Sky's climate-related risks and opportunities.

## Risk Governance Steering Committee

Sky's Risk Governance Steering Committee (RGSC) assists management with fulfilling its obligations under the Controlling and Managing Risk Policy at an operational level, including the ongoing implementation and management of the ERM within the business. The RGSC includes members of Sky's Executive Team, including the CFO, and relevant senior leaders with appropriate experience.

The RGSC reports to the ARC on a quarterly basis, in line with the cadence of the ARC meetings.

The RGSC ensures business ownership of risk and risk oversight occurs within Sky, including acting as a conduit through which information concerning the identification and resolution of risks and issues moves between the ARC, the Executive Team and the business.



## Governance structure chart

### Board of Directors

Oversees and is ultimately responsible for group-wide risks and opportunities and ensuring Sky has an appropriate risk management framework and adequate procedures in place to identify and manage the principal financial and non-financial risks of the business. Sets the risk appetite within which the Board expects management to operate.

Receives updates from the ARC following every ARC meeting and reporting directly from the ELT as required, including an annual Strategic Risk Assessment.

### Audit and Risk Committee (ARC)

Responsible for overseeing Sky's risk management programme and evaluating the effectiveness of its risk management activities. Oversees the monitoring, review and reporting of key risks and issues in line with Sky's ERM framework, including risk related to climate change.

Receives reporting from the ELT on risks, and from FY25 this will include climate-related risks as part of the ERM on at least a six monthly basis.

### Executive Leadership Team (ELT)

Responsible for the identification and day to day management of climate-related risks and opportunities and ensuring climate-related risks and opportunities are considered and incorporated within Sky's strategic planning process.

Receives regular reporting from the SGC and the RGSC.

### Sustainability Governance Committee (SGC)

Responsible for overseeing Sky's approach to sustainability, encompassing Environmental, Social and Governance matters. Includes oversight to ensure a robust approach to assessing climate-related risk and opportunities.

Oversees the delivery of Sky's Climate Disclosure obligations.

Provides updates to the ELT via the Chair and via the ELT to the ARC on a regular basis.

### Risk Governance Steering Committee (RGSC)

Oversees the operational application of the Controlling and Managing Risk Policy including the ongoing implementation and management of the ERM.

Ensures business ownership of risk and risk oversight, including acting as a conduit through which information concerning the identification and resolution of risks and issues moves between the ARC, the Executive Leadership Team and the business.

# Strategy

## Current climate-related impacts

Sky has conducted an initial assessment of current climate-related impacts on Sky this year. It is anticipated that this will be refined in future reporting years. In relation to current climate-related *financial* impacts, Sky is relying on Adoption Provision 1. We also express below a preliminary view as to the current *financial* impacts of climate change based on our initial assessment.

### Physical

While some areas in New Zealand experienced extreme weather-related events during the 2024 financial year, there were no material physical impacts to Sky, and accordingly no material financial impacts, were identified.

### Transitional

We have increased our sustainability efforts in recent years to include a greater focus on environmental matters. As our journey continued in FY24 we engaged specialist external advisors to provide challenge and advice. This has contributed to building internal capability, provided expertise to help identify the potential climate-related impacts on our business, and created the foundation for developing our climate transition roadmap. While not insignificant, the financial impact from engaging external advisors and allocating internal resources during the financial year was not considered material for Sky.

## Scenario analysis

In line with the requirements of NZ CS 1, in FY24 Sky undertook stand-alone climate scenario analysis to better understand the potential physical and transitional risks and opportunities we may face as a result of climate change. The resulting scenario narratives provide a method to test the short, medium and long-term resilience of Sky's business and strategy against three temperature-based future scenarios. They are intended to be plausible and challenging, but do not represent inevitable outcomes.

We engaged EY to support our understanding of the potential physical and transitional impacts of climate-change and to facilitate our climate scenario modelling.

In determining the most appropriate scenarios for this work, a number of globally-recognised frameworks were considered, covering a range of temperature outcomes and transitional pathways. The three scenarios selected were developed internationally by The Network for Greening the Financial Sector (**NGFS**) and were chosen for their ability to test Sky's resilience across a range of potential pathways and circumstances. As noted on pages 2 and 11, the data underlying these scenarios, and the assumptions they are based on, is subject to significant uncertainty and change as climate modelling evolves and improves.

## Three chosen scenarios

Fig.1: NGFS scenarios framework

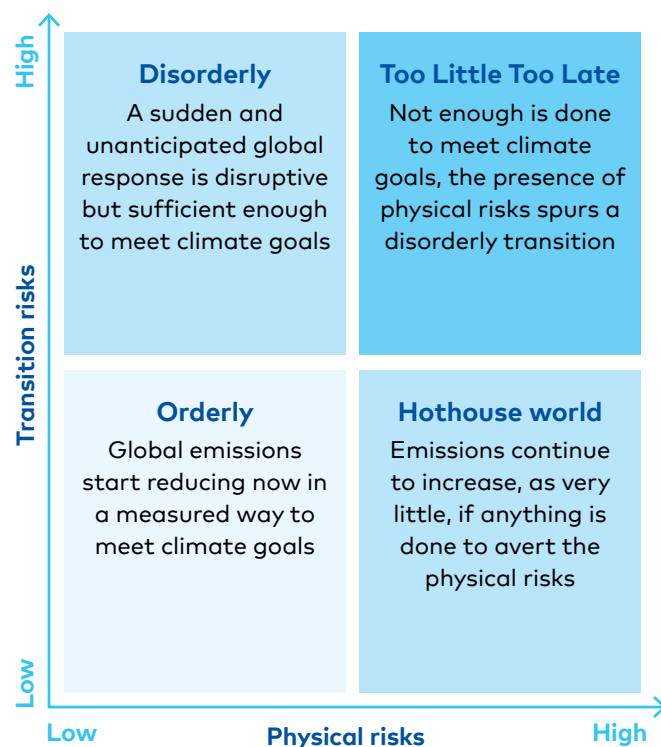
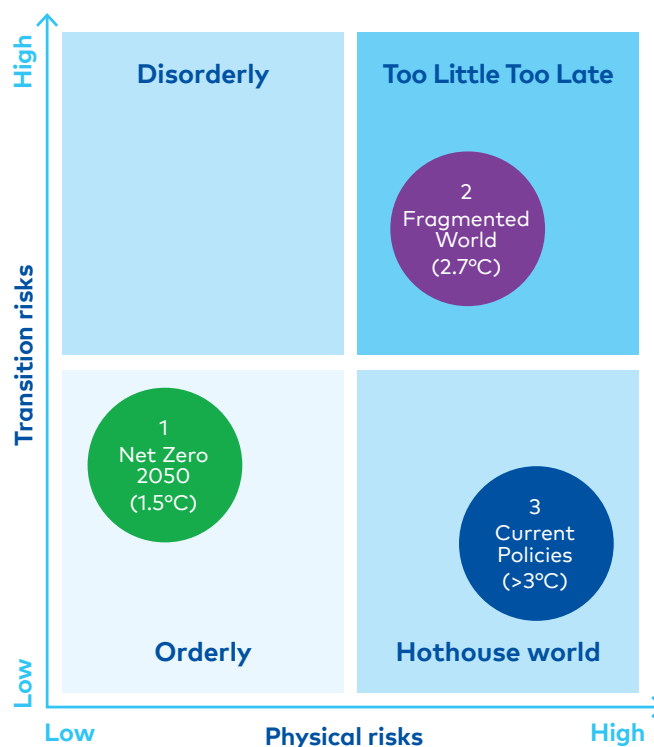


Fig.2: Sky's chosen scenarios



### 1. Net Zero 2050

Limits global warming to 1.5°C by 2100 through stringent climate policies and innovation, reaching global net zero CO<sub>2</sub> emissions by around 2050.

### 2. Fragmented World

Results in warming of 2.7°C by 2100. This scenario assumes limited and delayed policy action to reduce greenhouse gas emissions is insufficient to prevent significant climate change.

### 3. Current Policies

Results in warming of >3.0°C by 2100. This scenario assumes that only currently implemented policies are preserved, leading to high physical risks.

The first and third scenarios '**Net Zero 2050**' and '**Current Policies**' are aligned with the required temperature settings outlined in NZ CS 1, of 1.5°C and 3.0°C or greater. The second scenario '**Fragmented World**' was selected to stress test Sky's resilience against a scenario, where both transition and physical risks are high. Under this scenario New Zealand is assumed to be an early mover on stringent climate policy action, but due to global inaction, does not avoid the high physical impacts of climate change.

The NGFS scenarios are relatively aligned to other recognised scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) 6th assessment and the Shared Socio-economic Pathways (SSP) scenarios and NIWA representative concentration warming pathways (RCP).

Our chosen timeframes and the rationale for their selection is defined as follows:

## Short-term

0-5 years

- Aligns to Sky's 5-year planning cycle
- Enables an assessment of risks and opportunities in the near term
- Enables an assessment of the risks and opportunities to 2030<sup>1</sup>

## Medium-term

6-10 years

- Aligns to the remaining lease term at Sky's Mt Wellington premises (to 2032)
- Aligns to the current Optus satellite agreement (2031)
- Enables an assessment of key transition risk period which will occur over the next decade

## Long-term

11-25 years

- Enables physical risks to be better understood as they will amplify over the longer term
- Enables an assessment of the risks and opportunities out to 2050<sup>1</sup>

These timeframes have also been applied to our identified climate-related risks and opportunities.

Our external advisors worked with an internal team of subject matter experts, recruited from across Sky, to facilitate the scenario modelling process. A number of internal team members had earlier been involved in a process to identify a long list of potential climate related risks and opportunities (**CRRO**), with the scenario analysis workstream expanding on this work.

As with the initial CRRO workshops, the scenario analysis process began with sharing information on climate change from a global and national perspective. The focal question posed to the internal team was to consider how climate change could plausibly affect our business and strategy. This was explored through a STEEP<sup>2</sup> analysis process to develop scenario narratives. We then explored the potential CRRO arising from each scenario. This enabled the identification of any new CRRO and stress tested those identified in phase one of our assessment under each scenario and timeframe. This produced a spectrum of potential climate impacts under different settings. Additional sessions were used to review and refine the scenario analysis before the scenarios were shared with and approved by the Executive Team and the ARC.

In addition to considering the NGFS technical documentation<sup>3</sup> the scenario narratives drew on supplementary reference material including: Aotearoa New Zealand climate change projections guidance: Interpreting the latest IPCC WG1 report findings<sup>4</sup>; Climate Change Commission, Ināia tonu nei: A low emissions future for Aotearoa (2021)<sup>5</sup>; NIWA, Projected regional climate change hazards<sup>6</sup>; NIWA, Sea levels and sea level rise<sup>7</sup>; Ministry for the Environment, National Climate Change Risk Assessment for New Zealand (2020)<sup>8</sup>.

1. A key date in New Zealand and International climate agreements and targets.

2. STEEP analysis is a framework used to assess how Social, Technology, Economic, Environmental and Political external factors affect a business  
 3. NGFS Climate Scenarios Technical Documentation V4.2 November 2023  
 4. Bodeker, G., Cullen, N., Katurji, M., McDonald, A., Morgenstern, O., Noone, D., Renwick, J., Revell, L. and Tait, A. (2022). Prepared for the Ministry for the Environment, Report number CR 501, 51p. Accessed from: Climate-Change-Projections-Guidance-FINAL.pdf (environment.govt.nz)  
 5. Accessed from: Ināia tonu nei: a low emissions future for Aotearoa (climatecommission.govt.nz)  
 6. Accessed from: Projected regional climate change hazards | NIWA  
 7. Accessed from: Sea levels and sea-level rise | NIWA  
 8. Accessed from: National Climate Change Risk Assessment – Main Report (environment.govt.nz)

## Sky's chosen climate scenarios

Sky's three climate scenarios were selected to test the resilience of our business and strategy under a range of temperature settings and pathways.

As noted on page 2 and 8, scenario analysis is subject to significant uncertainty and change as climate modelling evolves and improves. These scenarios do not represent Sky's view of the future, but plausible and challenging scenarios of how the future could evolve, in order to test Sky's resilience, as required by NZ CS 1.

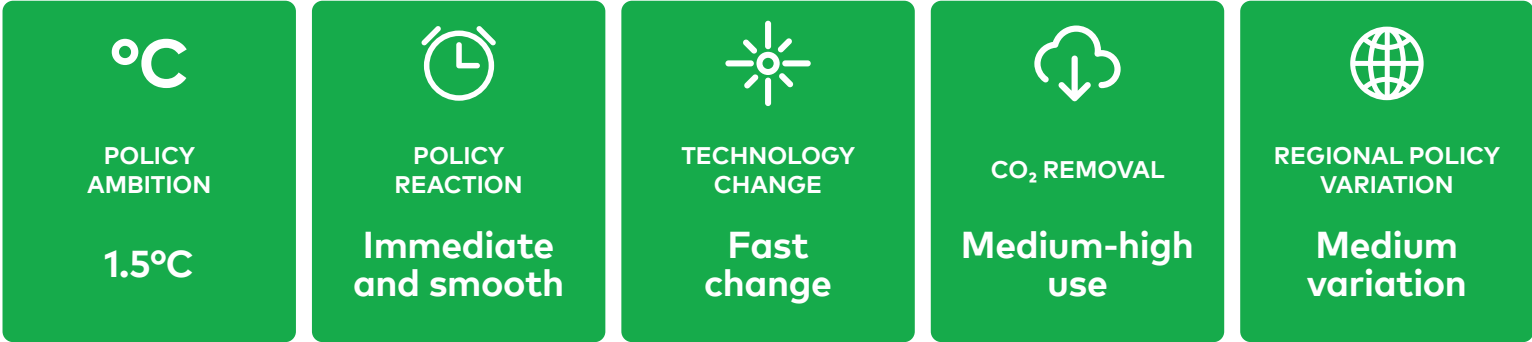
Scenario	Net Zero 2050 Orderly	Fragmented World Too Little Too Late	Current Policies Hothouse World
Temperature Setting	1.5°C by 2100	2.7°C by 2100	>3.0°C by 2100
Scenario Reference	NGFS 'Net Zero 2050' IPCC SSP1-1.9 NIWA RCP 2.6	NGFS 'Fragmented World' IPCC SSP2-4.5 MfE RCP 4.5	NGFS 'Current Policies' IPCC SSP3-7.0 NIWA RCP 8.5
Energy Pathways	Rapid transition to renewable energy sources	Mixed pace of transition to renewable energy sources followed by accelerated adoption	Continued use of fossil fuels at current levels
Emissions Pathway	Emissions steadily decrease to net zero by 2050	Delayed and divergent climate policy response among countries globally	Emissions are not reduced significantly from current levels
Carbon Dioxide Removal	Medium - high	Low - medium	Low
Physical Risk Severity	Moderate across all time horizons	Moderate in the short term and long term. High in the medium term	Moderate in the short term. High in the medium and long term
Transitional Risk Severity	High in the short and medium terms. Moderate in the long term	High across the short and medium terms for the domestic market. Low for the international market. Medium in the long term for the domestic market. High for the international market	Moderate in the short term. High in the medium to long term



# Net Zero 2050

## Orderly

The Net Zero 2050 scenario describes a fast-acting global and domestic economy that mobilises through stringent climate policies and innovation to create a smooth transition towards global climate targets. As a result, high transition impacts are faced in the nearer term, but the effort is rewarded with physical impacts being limited to a moderate level.

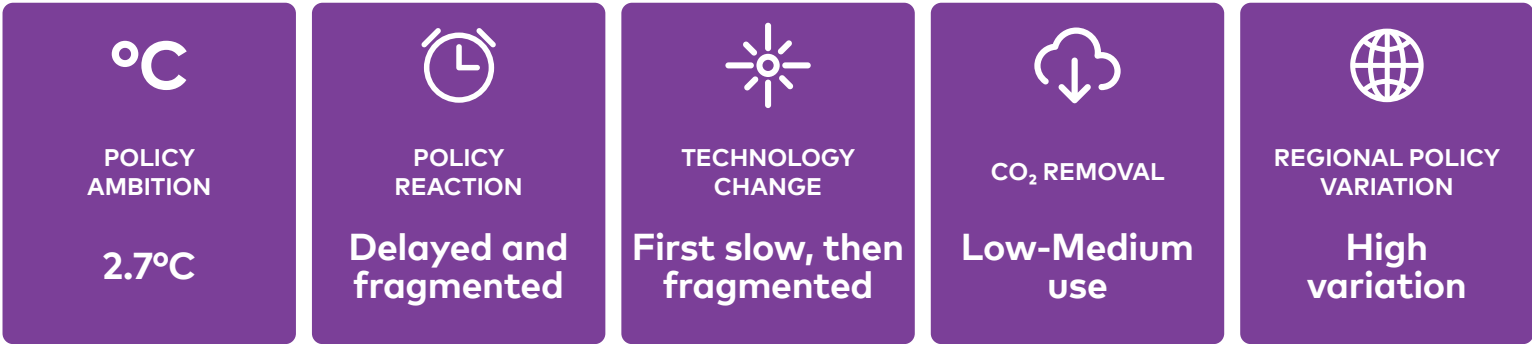


Risk and Opportunity Drivers	
Social	Climate action results in increased demand for international news and factual content about the rapidly transitioning world.
Technological	Investment in technologies to combat climate change and its impacts leads to rapid advancements in energy efficiency and the capabilities of utility infrastructure. Over time, investment to improve the resilience of infrastructure and service delivery is prioritised, reducing the impacts of climate-related events.
Economic	High domestic and global carbon prices drive the transition and increase supply chain, transport and production costs. In the short to medium term this leads to cost-of-living pressures that impact discretionary spending, while in the long term these costs are reduced as emissions reduction targets are achieved.
Environmental	More frequent and severe extreme weather events occur in the short to medium term, due to warming locked in by historical and future emissions. Longer term physical impacts of climate change are avoided as systems begin to stabilise.
Political	In the short to medium term, increased regulation and stringent policy action leads to high carbon costs to drive the transition, increasing cost pressures and creating higher levels of inequity.

# Fragmented World

## Too Little Too Late

The Fragmented World scenario describes a major rift between the global and domestic economies, whereby New Zealand and a number of developed nations strive to meet global climate targets through rapid transition while the rest of the world fails to act. This exposes New Zealand to high transition risks as well as high physical risks as global emissions continue to rise and warm the atmosphere, despite our domestic efforts.



Risk and Opportunity Drivers	
Social	The fragmented transition leads to social unrest in economies that take swifter action. Consumers are driven to spend less and stay at home more, increasing demand for in-home entertainment services.
Technological	Lack of global transition leads to slow technological development, resulting in domestic utility infrastructure providers and media companies facing increased challenges to develop innovative and resilient low-emissions solutions.
Economic	Significant transition and physical impacts eventuate for the domestic market, leading to compound cost pressures throughout the economy. New Zealand is less globally competitive in the short to medium term but benefits in the longer term.
Environmental	New Zealand's vulnerability to climate impacts leads to an increase in severity and frequency of acute weather events in the short and medium term due to the lack of fast and cohesive global climate action.
Political	The New Zealand economy is faced with disproportionately higher costs and increased regulation in the short to medium term compared to the global economy due to fast and ambitious domestic climate policy.

# Current Policies

## Hot House World

The Current Policies scenario describes a future where only current policies are implemented and no further action on climate change is taken to tackle emissions. This avoids the impacts associated with transitioning but sets the world on track for a significant and irreversible level of atmospheric warming and physical risk.



Risk and Opportunity Drivers	
Social	Demand for in-home entertainment increases and viewer content preferences evolve in response to the significantly changed climate, leading to increased demand for international news and factual content as well as opportunities to escape the confronting physical issues brought on by climate change.
Technological	Inadequate policies result in frequent disruptions to key infrastructure, with increased maintenance costs, lower levels of reliability and a slow pace of climate technology development.
Economic	Short-term economic benefits from low regulatory costs are overshadowed by long-term material burdens from physical climate impacts, leading to increased adaptation costs and economic downturns.
Environmental	Consumers, businesses and key infrastructure are frequently and severely disrupted by acute extreme weather events and the chronically changing climate.
Political	Lack of strong policy action results in unchecked temperature rise and emissions growth, with low carbon prices and insufficient funding for adaptation and emissions reduction research.

## Climate related risks and opportunities

In FY24 Sky undertook an analysis of the potential physical and transitional risks and opportunities arising from climate change (CRRO).

As noted on page 10, our external advisors (EY) facilitated workshops with an internal team of subject matter experts from across Sky, to identify a long list of potential CRRO. Consistent with the scenario analysis workshops, the focal question in the CRRO workshops was, "How might climate-related risks and opportunities plausibly impact Sky?"

The Climate Related Risks (CRR) identified were assessed using Sky's existing risk matrix framework to ensure a consistent approach to the assessment and management of business risk and integration within the wider ERM framework. Risks were assessed based on the likelihood of occurrence and consequence of impact. The matrix considers not only the potential financial impact but also the impact on operations, reputation, regulatory compliance, and impacts on stakeholders such as customers and employees. Controls and mitigations were also considered to determine the inherent and residual risk ratings for each CRR. In conjunction with the scenario analysis workstream, each risk rating was assessed against each scenario and over the three time horizons for each scenario, to develop an overall CRR heat map.

All parts of Sky's value chain were included in our climate-related risk and opportunity assessment.

A calibration process in line with Sky's materiality assessment was then used to appropriately assimilate the CRRs within the broader ERM framework. A risk is considered material if the residual risk (following application of assessed mitigations) is assessed as potentially having a major impact on the business. Material Risks have been grouped based on the nature of their origin, causation or impacts.

A summary of the key themes and business impacts that could arise from the CRROs is outlined in the table on the following pages.

This CRRO identification and analysis process was a standalone exercise. As outlined on page 6 climate-related risks are being integrated into the ERM and will continue to be reviewed on at least a six-monthly basis as part of the wider ERM programme and more frequently as required.

## RISK: Increasing frequency and intensity of extreme weather events (Physical)

Climate related risks and opportunities, and anticipated business impacts	Time Horizon	Relevant Scenarios	Current strategy to respond to identified risks
<b>Direct Impact</b>			
Extreme weather events within New Zealand could impact Sky's broadcasting capability or that of third-party infrastructure providers, disrupting delivery of services and reducing demand from affected customers which may impact on revenue and costs.	Short term Medium term Long term	Net Zero 2050 Fragmented World Current Policies	Sky has Business Continuity Management and Disaster Recovery plans which are regularly reviewed, updated and tested (where practical). Planned satellite technology enhancements, assuming these are undertaken by the responsible third party, are expected to reduce atmospheric impacts, and IP delivery is also available. Sky continues to seek to develop our medium to long term response to potential impacts of extreme weather.
Live event content could be subject to cancellations or disruption that may impact on transactional revenue and/or production costs. Non-live content could be subject to scheduling delays.	Medium term Long term	Fragmented World Current Policies	Sky expects to continue offering significant depth and breadth of content rights across sport and entertainment, via multi-year agreements, to limit the impact of disruption to specific events. We regularly review the nature of the content acquired and our access to content. Sky is focussed on what is important to our customers and we utilise data-based insights and research to help ensure our content strategy is achieved.
Customers' homes and premises could be impacted by severe localised weather events, disrupting access to Sky services. This may lead to increased costs and potential revenue loss.	Short term Medium term Long term	Net Zero 2050 Fragmented World Current Policies	Sky has customer support plans in place, including customer care, technical support and logistics services where practical. Sky maintains an inventory of physical assets to enable replacement where needed. Sky's response plans are regularly reviewed, tested and updated where practical.
<b>Indirect Impacts</b>			
Global supply chains of goods and services could be disrupted more frequently, which may increase input costs and/or delay delivery of projects.	Medium term Long term	Net Zero 2050 Fragmented World Current Policies	Sky aims to mitigate exposure to supply chain risk through diversity of supply, where practical, local inventory of physical assets and maintaining close partnerships with key suppliers.
<b>Opportunity</b>			
Greater frequency and intensity of adverse weather events and disruption to transport networks, may increase the appeal of in-home based entertainment and informative content options leading to additional or upgraded subscriptions and increased viewership.	Short term Medium term Long term	Net Zero 2050 Fragmented World Current Policies	



## RISK: Rising cost of living (Transition and Physical)

Climate related risks and opportunities, and anticipated business impacts	Time Horizon	Relevant Scenarios	Current strategy to respond to identified risks
<b>Indirect Impacts</b>			
Cost of living pressures could reduce consumer discretionary spending including on content services. This could lead to existing customers making budget-driven choices to reduce or cancel services and potential customers may be less willing to commit to new spending.	Short term Medium term Long term	Net Zero 2050 Fragmented World Current Policies	<p>Sky continually monitors the macro-economic environment and utilises trend analysis of our own data to understand the current and possible future impacts of an economic downturn, and we will continue to evolve our response. Sky proactively and responsibly manages our own costs.</p> <p>Sky monitors customer viewing preferences, subscription trends and value perceptions.</p>
<b>Opportunity</b>			
Cost pressures, including emissions-related costs, may increase the appeal of in-home based entertainment options, versus going out, leading to additional or upgraded subscriptions.			

## RISK: Increased regulation and a rising carbon price (Transition)

Climate related risks and opportunities, and anticipated business impacts	Time Horizon	Relevant Scenarios	Current strategy to respond to identified risks
<b>Indirect Impacts</b>			
Increased regulatory intervention to accelerate the transition to a lower carbon economy could lead to increased input and compliance costs.	Short term Medium term Long term	Net Zero 2050 Fragmented World	<p>Sky responsibly manages our own cost base. We aim to mitigate exposure to input cost risks through diversity of supply and maintaining close relationships with key suppliers.</p> <p>Sky will be assessing the transition pathway options available and will develop our response as part of our transition planning workstream.</p>

Risk: Stakeholder demands for climate action (Transition)

Climate related risks and opportunities, and anticipated business impacts	Time Horizon	Relevant Scenarios	Current strategy to respond to identified risks
Indirect Impacts			
Evolving preferences of Sky stakeholders (including customers, advertisers and investors), could lead to reputation, revenue and funding impacts if Sky's response to climate change is slow or out of step with expectations.	Short term Medium term	Net Zero 2050 Fragmented World	Sky has internal checks, policies and processes in place covering compliance with key legal and regulatory requirements. We monitor changes and proposed amendments to compliance obligations and engage external legal advisors to ensure we remain compliant.  Sky will be assessing the transition pathway options available and developing our response as part of our transition planning workstream.

Next steps – financial impacts and transition planning

The next steps are for Sky to understand and model the potential financial impacts of CRROs while embedding consideration of the risks and potential opportunities within our strategy. We will begin drafting our transition plan, including evolving our plans to manage and mitigate the potential impacts of climate-related risks, in FY25. We will also progress our modelling of the potential financial impacts in FY25. Sky is utilising Adoption Provision 2 in relation to anticipated financial impacts and Adoption Provision 3 in relation to transition planning.

Capital deployment

Currently, CRRO do not serve as direct inputs to Sky's internal capital deployment and funding decision making process. As Sky develops our understanding and modelling of the potential financial and transitional impacts of CRRO this will inform our approach to ensuring alignment of capital allocation and funding decision processes.

# Risk

## Risk management

The Board is responsible for ensuring that Sky has an appropriate risk management framework and adequate procedures in place to identify and manage the principal financial and non-financial risks of the business.

Sky's Controlling and Managing Risk Policy formally defines the roles and responsibilities for enterprise risk management across the organisation. The Controlling and Managing Risk Policy is reviewed and approved annually by the Board.

The Board has delegated oversight of risk management activities to the ARC which oversees Sky's risk management programme, evaluates the effectiveness of Sky's risk management activities and oversees the monitoring, review and reporting of key risks and issues in line with Sky's ERM framework.

Sky's ERM framework ensures that significant strategic and operational risks, including physical and transitional risks and opportunities associated with climate change, are identified, assessed, controlled and monitored. Climate related risks are reviewed on at least a six-monthly basis as part of the wider ERM programme and more frequently as required.

The ARC has responsibility for monitoring the progress of initiatives to address climate related risks and opportunities and will receive regular updates from Management. The ARC receives an enterprise-wide update of key risks on a six-monthly basis (or more frequently as required), and from FY25 this will incorporate climate risks.

The RGSC oversees the operational application of the Controlling and Managing Risk Policy including the ongoing implementation and management of the ERM framework. The RGSC ensures business ownership of risk and risk oversight, including acting as a conduit through which information concerning the identification and resolution of risks and issues moves between the ARC, the Executive Team and the business.

Whilst the CRRO identification workshops noted on page 15 were initially conducted as a stand-alone exercise, the climate-related risks are now being integrated into the existing risk management processes under the ERM framework. This will enable the risks to continue being assessed, evaluated and prioritised relative to the risk exposure of Sky's other enterprise risks. Through their integration, CRR will be treated like Sky's other risks.

The SGC retains oversight of CRRO within Sky's risk register, and in addition, a primary business unit owner has also been identified for each risk, consistent with the approach taken for other operational risks.

# Metrics and Targets

## Sky's greenhouse gas emissions

Sky began collecting and tracking greenhouse gas (GHG) emissions within our value chain in FY23 with support from Toitū Envirocare (Toitū).

FY23 emissions tracking focused on Scope 1, Scope 2 and select Scope 3 emissions defined as compulsory by Toitū, including: business travel, upstream and downstream freight, disposal of waste and transmission of energy (T&D losses). In addition, Sky included a number of other Scope 3 categories, most notably, indirect emissions from the use of Sky products in customer homes, travel, accommodation and working from home. This information formed our base year data set and Scope 1-3 emissions totals were disclosed in Sky's 2023 Annual Report.

In FY24 we have expanded the capture of Scope 3 emissions categories and this work will continue in FY25. Where possible, historical information for additional sources has been included in a restatement of FY23 data. A table outlining the restatements is available on page 23. We provide information on Scope 3 emissions categories that have not been included in our GHG emissions inventory on page 24.

Sky's FY24 GHG emissions have been externally verified by Toitū. GHG emissions were measured and certified in accordance with the requirements of International Standard ISO 14064-1 Greenhouse gases – Part 1: Specification with guidance at the organisational level for quantification and reporting of greenhouse gas emissions and removals (ISO 14064-1:2018) and aligned with the GHG Protocol. Subsequent to verification and

certification, a non-material discrepancy was identified in the calculation of Scope 3 indirect emissions from products used by Sky, which would have led to higher emissions in this category. The discrepancy will be reviewed and corrected if appropriate in Sky's FY25 GHG emissions reporting.

### Other metrics

We have disclosed tCO<sub>2</sub>e and emissions intensity (calculated as tCO<sub>2</sub>e/\$million revenue), which are widely used metrics within our sector. In addition, we have undertaken review of potential industry-based metrics relevant to our business through an initial scan of international peers and through reviewing the Sustainability Accounting Standards Board's (SASB)<sup>1</sup> standards covering Media and Entertainment. Development and adoption of specific metrics relevant to Sky's business is at an early stage and with limited take-up across the industry. Sky will continue to monitor the development of industry metrics that could assist primary users to better understand our emissions profile.

Sky does not utilise an internal emissions price.

1. SASB Standards – Media & Entertainment Sustainability Accounting Standard, Services Sector Industry Standard, Version 2023 - 12

## Analysis of changes between FY23 and FY24

Sky has not set GHG emissions reduction targets but intends to consider this in future as we continue to assess our emissions profile and options for appropriate targets. While this is under consideration, Sky is electing to withdraw from Toitū's Carbon Reduce Programme, which otherwise requires emissions reductions to specified levels. Sky will still measure and report its emissions with support from Toitū while this consideration is underway.

Scope 1: In FY24 Sky recorded an 11% reduction in Scope 1 emissions which largely relates to lower fuel usage in leased vehicles.

Scope 2: In FY24 Sky's Scope 2 emissions (from imported energy) show a 62% reduction year on year. Whilst actual Scope 2 kWh usage (which is within Sky's control) was 15% lower, the overall percentage change was largely due to a lower MfE electricity emissions factor which is used to calculate electricity-based emissions, and which is outside of Sky's control. MfE periodically updates electricity emissions factor data to adjust for changes in methodology, generation type, fuel type, efficiency, or to adjust for errors. Toitū emissions verification undertaken in FY23 and FY24 is based on MfE data available at the time. Sky is mindful that future movements in the MfE electricity factor are likely to deteriorate before potentially improving over time through additional greening of New Zealand's electricity generation.

Sky has not used offsets in FY24 or FY23.

Specific activities that have helped Sky to lower Scope 1 and 2 emissions in FY24 include:

- A reduction in Sky's property footprint following the exit of leased premises.
- Efficiency improvements to Sky's in-house data storage facility in FY24 that will have full year and ongoing impact from FY25.
- Impacts from outsourcing some operations during FY23, including partial outsourcing of customer care and fully outsourced logistics.

## Reported GHG emissions FY23 and FY24

Scope	Emissions Source	FY24 (tCO <sub>2</sub> e)	FY23 Restated base year (tCO <sub>2</sub> e)	% change
<b>Scope 1</b>	Direct emissions	121.1	135.9	-11%
<b>Scope 2</b>	Indirect emissions from imported energy (location-based method <sup>1</sup> )	386.1	1,012.2	-62%
<b>Total gross Scope 1 and 2 emissions</b>		<b>507.2</b>	<b>1,148.1</b>	<b>-56%</b>
<b>Scope 3 measured emissions</b>	Indirect emissions from transportation	1,007.6	1,259.8	-19%
	Indirect emissions from products used by organisation	3,690.9	3,999.5	-8%
	Indirect emissions associated with the use of products from the organisation	3,667.7	8,968.6	-59%
	Indirect emissions from other sources	-	-	-
<b>Total gross Scope 3 measured emissions</b>		<b>8,366.2</b>	<b>14,227.9</b>	<b>-41%</b>
<b>Total gross Scope 1, 2 and Scope 3 measured emissions</b>		<b>8,873.4</b>	<b>15,376.0</b>	<b>-42%</b>
Category 1 direct removals		-	-	-
Purchased emission reductions		-	-	-
<b>Total net Scope 1, 2 and Scope 3 measured emissions</b>		<b>8,873.4</b>	<b>15,376.0</b>	<b>-42%</b>

## Emissions Intensity Ratio (tCO<sub>2</sub>e / \$millions of Revenue<sup>2</sup>)

<b>Total gross Scope 1 and 2 emissions<sup>1</sup></b>	<b>0.6</b>	<b>1.3</b>	<b>-53%</b>
<b>Total gross Scope 1, 2 and Scope 3 measured emissions<sup>2</sup></b>	<b>11.6</b>	<b>20.4</b>	<b>-43%</b>

1. Scope 2 emissions are reported using a location-based methodology.

2. Emission intensity has been calculated using Scope 1, Scope 2 (location-based) & Scope 3 total measured emissions.



Scope 3: As with Scope 2 emissions, a portion of Sky's Scope 3 emissions also benefitted from a lower FY24 electricity emissions factor. This included a reduction of 59% recorded for the 'Indirect emissions associated with the use of products from the organisation' category. This category largely relates to electricity usage associated with Sky products in customer homes.

Specific activities that have helped to lower our Scope 3 emissions profile include:

- Sky is refreshing our device fleet through the introduction of a new Sky Box and Sky Pod. The changing box fleet (including the change in the mix of devices as well as an overall reduction in box numbers) is positively impacting emissions, as higher emitting, older box types are replaced with new, lower emissions alternatives.
- Increased efficiency from a number of Sky's suppliers.

#### Activities that may impact our emissions profile over time:

- Changes to electricity emissions factors as mentioned above, which impact Scope 2 and some Scope 3 categories. In future, Sky may choose to restate historical emissions factor data to adjust for this impact.
- Transport based emissions may fluctuate between periods due to travel associated with content production for major international events such as the Rugby World Cup and the Olympics.
- Sky's planned migration to a new satellite could result in additional electricity use at our Mt Wellington site for a short period in FY25.

- Changes implemented to logistics and operations settings in FY24 led to a 22% reduction in the total number of service call outs that will have delivered a positive impact, although these emissions are not currently included in our GHG emissions inventory. Some service call outs in FY24 related to satellite migration activity as disclosed to the market on 19 August 2024<sup>1</sup>. This activity will increase in FY25 before returning to the new, lower level as we accelerate migration to a new satellite by May 2025.
- Increased demand for Sky Broadband products would be likely to result in increased indirect cradle-to-grave-emissions from equipment.
- Increased demand for streaming and on-demand content is likely to lead to increased use of data centre capacity. At the same time, data centre operating efficiency is expected to improve over time.
- Following an acceleration of investment to build inventory of new Sky Box and Sky Pod products this will begin to moderate in FY25, resulting in lower emissions associated with raw material, manufacturing and end-of-life processes.

#### Business activities vulnerable to transition and physical risks

Through the process of assessing Sky's potential exposure to risks we have established there is no residual exposure to transitional or physical risks, above a rating of moderate in the short term. Accordingly, we have assessed that no aspects of Sky's business activities or assets are currently vulnerable to our identified climate-related transition or physical risks. We expect to continue to take action to address

potential risks, in line with our enterprise-wide approach to risk management and will be working on our transition plans in FY25.

We have assessed that all aspects of our business activities are currently aligned with our identified climate-related opportunities.

Sky has deployed \$0.8m in capital expenditure during FY24 on projects related to the efficiency of our in-house data storage facility that have contributed to lower Scope 2 emissions.

1. Link to Market announcement: Sky provides update on status of satellite supply, 19 August 2024

## GHG inventory basis of preparation

Sky began collecting and tracking GHG emissions within our value chain in FY23, and included an initial disclosure of Scope 1, Scope 2 and limited Scope 3 emissions in our 2023 Annual Report.

The 2023 disclosure included all available Scope 1 and 2 data identified at that time. In FY24 additional information from a landlord led to a minor restatement of Scope 2 emissions.

In the latest financial year Sky also worked to expand disclosure of Scope 3 emissions. In some cases, this information was not previously available. Where possible, we have sourced historical information and restated FY23 data to assist readers to form a view on the change in Sky's emissions profile over time.

The process to broaden Scope 3 emissions capture included engaging with suppliers to add indirect emissions associated with products and services used by Sky including related to purchased goods and services such as telecommunications, data warehousing and logistics. Additional information provided by the manufacturers of products used by Sky customers also enabled the inclusion of emissions related to raw material, manufacturing and end-of-life processes.

The nature of emissions reporting means that certain categories of Sky's reported Scope 3 emissions will be reported by other entities as their Scope 1 and 2 emissions. This may result in double counting of emissions between Sky's and other entities' emissions inventories. Sky is reliant on information supplied by third parties in determining its Scope 3 emissions inventory and therefore is reliant on the reliability of the data received.

## Restated FY23 Emissions

Scope	Category	FY23 Base Year (Restated) (tCO <sub>2</sub> e)	Adjustments	FY23 Base Year (Previously reported) (tCO <sub>2</sub> e)
Scope 1	Direct emissions	135.9		135.9
Scope 2	Indirect emissions from imported energy (location-based method <sup>1</sup> )	1,012.2	5.7	1,006.5
<b>Total gross Scope 1 &amp; 2 emissions</b>		<b>1,148.1</b>	<b>5.7</b>	<b>1,142.4</b>
<b>Scope 3 measured emissions</b>	Indirect emissions from transportation	1,259.8		1,259.8
	Indirect emissions from products used by organisation	3,999.5	3,840.4	159.1
	Indirect emissions associated with the use of products from the organisation	8,968.6	49.5	8,919.1
	Indirect emissions from other sources	-		-
<b>Total gross Scope 3 measured emissions</b>		<b>14,227.9</b>	<b>3,889.8</b>	<b>10,338.1</b>
<b>Total gross Scope 1, 2 and Scope 3 measured emissions</b>		<b>15,376.0</b>	<b>3,895.5</b>	<b>11,480.4</b>
	Direct removals	-		-
	Purchased emission reductions	-		-
<b>Total net Scope 1, 2 and Scope 3 measured emissions</b>		<b>15,376.0</b>	<b>3,895.5</b>	<b>11,480.4</b>

1. Emissions are reported using a location-based methodology.

## GHG emissions exclusions

A number of Scope 3 emissions sources within Sky's value chain are not currently included in our GHG inventory, largely due to limitations on the availability or reliability of source information.

- **Content:** Whilst our GHG inventory includes emissions related to Sky's production of sports events and studio shows, emissions associated with purchased content are not currently included within Sky's GHG emissions inventory. This includes emissions relating to the production of pass-through channels, content sourced from studio partners, sports content not produced by Sky and the emissions related to content partners.
- **Customer support:** We track and disclose emissions relating to our small team of Auckland based in-house service technicians. Whilst we maintain records of each service call to customer premises undertaken on Sky's behalf by external contractors, it is currently not possible to track the emissions from this activity. Source data is not available or is of low quality and significant estimation would be required that is likely to produce an inaccurate result and is therefore excluded from the current emissions inventory. Consolidation of service provision to a single provider during FY25 will enable high quality information to be collected and reported in future, as outlined on page 21.
- **Commercial customers:** Sky currently captures emissions related to Sky Box use in customer homes. A methodology for capturing emissions related to Sky Box use at commercial customer premises is currently under development.

- Further work will be undertaken in FY25 to capture Scope 3 emissions data primarily relating to purchased goods and services where these are material.

Sky has utilised adoption provision 4 under NZ CS 2 relating to disclosure of Scope 3 emissions. In the coming year we will work towards finalising our Scope 3 emissions inventory and where possible we will source historical information. This may result in a material restatement of historical data.

### Organisational boundaries

An operational control consolidation approach was used to account for emissions, with reference to the methodology described in the GHG Protocol, a Corporate Accounting and Reporting Standard, and the ISO 14064-1:2018 standard<sup>1</sup>. Sky has an interest in two businesses where ownership is less than 100%. Emissions from these businesses are not considered material. Sky subsidiaries that are inactive or holding companies are excluded as they have no emissions from their operations. A full list of subsidiary businesses is included on page 66 of Sky's 2024 Annual Report.

## Emissions sources and methodology for data collection and uncertainty

The table on page 25 provides details on data sources and the calculation methodologies and assumptions used in the preparation of Sky's GHG emissions inventory.

Sky is reliant on information supplied by third parties in determining its emissions inventory and therefore is reliant on the reliability of the data received. Sky has sourced emissions factor data from Toitū Envirocare which generally use the relevant MfE emissions factors<sup>2</sup>. Other sources included in our inventory include pre-calculated emissions data provided by suppliers, supplier emissions intensity data (tCO<sub>2</sub>e), Toitū and Climate Transparency<sup>3</sup>.

1. Control: the organisation accounts for all GHG emissions and/or removals from facilities over which it has financial or operational control.

2. New Zealand Ministry for Environment – MfE Guidance for Voluntary Greenhouse Gas Reporting (2022, 2023 and 2024). MfE periodically updates emissions factor data. Toitū emissions verification undertaken in FY23 and FY24 is based on MfE data available at the time.

3. Carbon Transparency Climate Report 2022 (CT2022), [www.climate-transparency.org](http://www.climate-transparency.org)

Emissions Type	Emissions Source	Data Source and Calculation Method	Uncertainty, Assumptions and Estimates
Scope 1			
Direct Emissions	Mobile combustion – leased fleet vehicles	Fuel card data reported by supplier in monthly invoicing, providing volume of fuel (litres) by fuel type.	Low uncertainty. Reliance on supplier to provide complete and accurate invoice data.
Scope 2			
Imported Electricity	Purchased electricity using location-based method	Direct invoicing from electricity retailers for Sky leased and owned properties (Mt Wellington and Albany). Based on kWh data.	Low uncertainty. A third-party energy management company provides invoice verification checks on a monthly basis.
		Indirect invoicing from landlord for leased property (Central City, Auckland). Based on kWh data.	Medium uncertainty. Reliance on supplier to provide complete and accurate data.
Scope 3			
Indirect emissions from transportation	Business travel – Transport	Travel company invoicing includes pre-calculated kgCO <sub>2</sub> e for flights and rental vehicles. Employee mileage claims include distance, fuel type and (in most cases) cc rating. Taxi/Uber invoicing includes distance.	Low uncertainty. Reliance on suppliers and employees to provide complete and accurate data. Some assumptions applied where vehicle types not available, however employee mileage and taxi/Uber are not significant categories for Sky.
	Business travel – Accommodation	Travel company invoicing includes pre-calculated kgCO <sub>2</sub> e.	Medium uncertainty. Reliance on supplier to provide complete and accurate data with some estimation assumed.
	Upstream Freight	Supplier invoicing provides weight and shipping location details. International shipping websites and distance mapping tools used to calculate tonne per km for conversion to tCO <sub>2</sub> e.	Medium uncertainty. Reliance on supplier to provide complete and accurate data. Average distances applied.
	Downstream Freight	Supplier invoicing through third-party logistics company provides pre-calculated tCO <sub>2</sub> e. Other supplier data calculated on spend-based method.	Low to Medium uncertainty due to mix of calculation methods. Reliance on supplier and third-parties to provide complete and accurate data.
	Working from Home	Based on survey and on-site attendance data. Calculation based on MfE and Toitū emissions factors.	Medium uncertainty due to averaging of distance data and transportation type, and survey frequency.

Emissions Type	Emissions Source	Data Source and Calculation Method	Uncertainty, Assumptions and Estimates
<b>Scope 3 continued</b>			
<b>Indirect emissions from products used by organisation</b>	<b>Transmission of energy – (T&amp;D losses)</b>	Invoices from electricity retailers and suppliers.	Low uncertainty. Reliance on suppliers to provide complete and accurate data.
	<b>Purchased goods and services – supplier pre-calculated</b>	Supplier invoicing or specific reporting for some goods and services categories includes pre-calculated tCO <sub>2</sub> e data (e.g. data centre usage, certified manufacturing data for some Sky products).	Low to medium uncertainty. Lags in receipt of some reports requires use of estimates or averages. High level of reliance on suppliers to provide complete and accurate data.
	<b>Purchased goods and services – not pre-calculated</b>	Supplier invoicing and reporting. A combination of calculation methods used based on most accurate approach (e.g. spend data using supplier tCO <sub>2</sub> e emissions intensity factor; supplier estimates of kWh attributable to Sky based on percentage of site usage or headcount (calculation methods include MfE NZ; Climate Transparency); spend based method (calculation methods include MfE, NZ)).	High uncertainty. Medium to high reliance on averages or estimates. Up-to-date intensity data and receipt of information may lag reporting timeframes requiring use of estimates. Some impact from exchange rate conversion to NZD.
	<b>Waste</b>	Supplier invoicing provides waste type and weight or bin size for calculating tCO <sub>2</sub> e. Waste at third-party logistics supplier attributable to Sky calculated using spend-based method.	Medium uncertainty. Averages and estimates used. Reliance on suppliers, including via third-parties, to provide complete and accurate data.



Emissions Type	Emissions Source	Data Source and Calculation Method	Uncertainty, Assumptions and Estimates
<b>Scope 3 continued</b>			
<b>Indirect emissions associated with the use of products from the organisation</b>	<b>Raw materials and manufacturing</b>	Suppliers of products used in customer homes provide pre-calculated cradle to grave kgCO <sub>2</sub> e per unit data, including raw material and manufacturing emissions. Independent, cradle to grave product carbon footprint verification provided for some product categories (SGS Group). Emissions calculations for reporting purposes based on receipt date of inventory.	Low uncertainty. Reliance on suppliers to provide complete and accurate data and update as necessary.
	<b>Use stage of sold products</b>	Emissions derived from internal data for product numbers, type and model (Sky Box, Sky Pod, Sky Broadband routers), internal and supplier derived data on average kWh per product, and average viewership data.	High uncertainty based on use of average data, assumptions on customer energy sources, and customer behaviours.
	<b>End of life of sold products</b>	Suppliers of new products used in customer homes provide pre-calculated cradle to grave kgCO <sub>2</sub> e per unit data, including end of life emissions. Independent, cradle to grave product carbon footprint verification provided for some product categories (SGS Group). Emissions calculations for reporting purposes based on receipt date of inventory. End of life emissions for pre-existing products (Sky Box) not currently reported. Recycling programme in place.	Low uncertainty for included sources. Reliance on suppliers to provide complete and accurate data and update as necessary.

# Glossary

**ARC:** Audit and Risk Committee, a committee of the Board

**Board:** Refers to Sky's Board of Directors unless otherwise stated

**CRD:** Climate Related Disclosure

**CRE:** Climate Reporting Entity

**CRR:** Climate Related Risks

**CRRO:** Climate Related Risks and Opportunities

**ERM:** Enterprise Risk Management (framework)

**ESG:** Environmental, Social and Governance

**ELT or Executive Team:** Executive Leadership Team, comprised of the Chief Executive and direct reports to the Chief Executive

**FMA:** New Zealand Financial Markets Authority

**GHG emissions:** Greenhouse gas emissions

**IPCC:** Intergovernmental Panel on Climate Change

**MfE:** New Zealand's Ministry for the Environment, the Government's primary adviser on environmental matters

**NGFS:** The Network for Greening the Financial Sector

**NZ CS 1:** Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures

**NZ CS 2:** Aotearoa New Zealand Climate Standard 2: Adoption of Aotearoa New Zealand Climate Standards

**NZ CS 3:** Aotearoa New Zealand Climate Standard 3: General requirements for Climate-related Disclosures

**PPC:** People and performance committee, a committee of the Board

**RGSC:** Risk Governance Steering Committee

**SGC:** Sustainability Governance Committee

**SSP:** Shared Socio-economic Pathway

**STEEP:** STEEP analysis is a framework used to assess how Social, Technology, Economic, Environmental and Political external factors affect a business

**STIP:** Sky's short-term incentive plan

**tCO<sub>2</sub>e:** Tons of carbon dioxide equivalent. The universal unit of measurement to indicate the global warming potential of each of the seven GHGs, expressed in terms of the global warming potential of one unit of carbon dioxide for 100 years

**XRB:** New Zealand External Reporting Board

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