

SKY'S MODERN SLAVERY STATEMENT 2018

Our purpose is to bring better content and innovation to all of our customers; better connecting them to more of what they love.

Our values

Forward-looking & restless

We are optimists. We believe in a better tomorrow and are not afraid to challenge the status quo

Creative & action-orientated

We believe in forging our own path through the power of new ideas

Customer-led & simplifying

We believe in making things better and simpler for our customers

Collaborative & inclusive

We believe in the power of diverse teams and individuals working together to deliver outstanding performance

Fair & responsible

We believe in doing the right thing for our customers, our people, communities and shareholders

We are committed to addressing the risks of modern slavery in our operations and supply chain.



Who we are

Sky is Europe's leading entertainment and communications company operating in seven countries (UK, Ireland, Italy, Germany, Austria, Spain and Switzerland) and with more than 31,000 employees and over 7,000 suppliers. We make and commission programmes, broadcast sports and news, provide services including Sky Broadband and Sky Mobile, as well as supplying products including set top boxes and remote controls to our 23 million customers across Europe.

Our programmes are made by us and by independent production companies all over the world, including countries such as South Africa and Vietnam.

We broadcast sports, including Formula 1, football, cricket, rugby and golf, from the countries where the games are played. In the last year, this has included Bahrain, Azerbaijan and the US.

Our finished electronic products are sourced mainly from China and our merchandise from two suppliers who source from around the world. We work to understand which countries the raw materials in our products, including gold, tungsten, tin and tantalum, come from. Our products are recycled and refurbished in the UK and the Czech Republic. [You can watch a video about the Sky Q life here.](#)

We broadcast news globally across Sky channels including Sky News, TG24 and Sky Sports News.

We engage regularly with suppliers, customers, employees and contractors, both formally and informally. Engagement happens through surveys, events, focus groups and regular meetings. Our audit programme includes interviews with workers in supply chain.

How we approach modern slavery at Sky

We are committed to addressing the risks of modern slavery in our own operations and supply chain.

Our approach has evolved as our understanding of where the risks lie has increased. Our human rights steering group involves representatives from across the business whose role it is to address Sky's salient issues and to identify opportunities for leadership. To tackle the modern slavery risks Sky identified in 2017, we established three workstreams: Corporate, Products and Production which includes Sky Entertainment, Sky News and Sky Sports. Coordination is led by the Bigger Picture team, which also feeds into a subcommittee of the board, the Bigger Picture Committee that oversees the social, environmental and ethical impacts of Sky's activities.

Our policies

Modern slavery is a vast and global problem, affecting every country in the world. Our approach recognises this and seeks to identify vulnerable people in our operations and supply chain wherever they might be and to understand what particular issues might exist for them. For example our audits have identified long working hours and fair pay as risks in factories that are part of our electronics supply chain.

Sky's 'Ways of Working' sets out our values as a business and our expectations of employee behaviour. It signposts ways to spot the signs of modern slavery and gives guidance on steps to take should anyone have concerns. Employees can report confidentially via our human resources helpline PeoplePlus or through the external whistleblowing helpline. Call handlers at PeoplePlus receive regular training on modern slavery to help them recognise potential issues. The [Whistleblowing Policy](#) and helpline for those who work for suppliers is publicly available and provides a way for those who work for Sky's suppliers to raise concerns of criminal offences and ill-treatment of people, amongst other issues. There were no issues

related to slavery raised through the line in 2017/18. Relevant internal People policies, such as our Temporary Worker Policy and the Right To Work Guidance for Recruitment and Hiring Managers, contain information about modern slavery.

[Sky's Responsible Sourcing Policy](#), was updated in 2018 to include further salient issues for our sector and explicitly prohibits involvement in illegal, forced, bonded, involuntary or exploited labour, child labour and involvement in incidences of human trafficking or involuntary movement of persons for exploitation. It also prohibits the charging of fees for recruitment and requires that all these terms are adhered to by suppliers throughout their supply chains and with all subcontractors used to supply to Sky. We include terms to ensure that the supplier signs up to and agrees with our policies in all legal contracts and that they cascade them to their suppliers. Our precedent agreement that we use for our approved suppliers of products and services includes a strengthened obligation to agree with our policies, the right to inspection and audit rights.

In addition to this [Sky's Human Rights Policy](#) outlines in more detail our approach to human rights. This is reviewed by the Human Rights Steering Group and updated accordingly.

HOW WE ADDRESS MODERN SLAVERY

Sky Entertainment

Own operations

We have updated Sky's own internal production documents to reflect the work we are doing to address modern slavery. Our production packs now include guidance on modern slavery for production companies. This is [linked from Sky's website](#), alongside the Anti-Bribery and Corruption Policy and the Whistleblowing Policy. It seeks to raise awareness among production companies of modern slavery issues, areas in which they might encounter them and the types of steps that can be taken.

Working with suppliers

As well as making our own programmes, Sky commissions independent production companies to make programmes on our behalf. In early 2018, we conducted a pioneering in-depth assessment of one such entertainment production in South Africa with third party experts to understand potential recruitment and labour issues. The assessment found no evidence of forced or child labour or of mistreatment. It did identify a range of good practices that supported non-exploitative working conditions, including fewer layers of subcontracting than anticipated and confidence in the informal channels used for raising concerns. It is the nature of such production activities that working hours are long but for a relatively short defined period of time and these were not deemed to be exploitative by the workers involved or by the assessors.

One area that we are looking to explore further is whether there is a need for more formal grievance mechanisms for individuals to raise issues confidentially and anonymously if necessary. We believe this is the first time in the industry that this type of business activity has been the subject of a labour assessment. The assessment also identified a number of good practices to share with other productions and it helped us engage our people on the issue internally.

Working at industry level

In 2017, we became a founding member of the **TV and Human Rights Working Group**, contributing to a modern slavery tool for independent production companies and sharing data with other working group members to better understand potential risks in programme-making. As the current Chair, Sky has agreed to jointly fund work to develop human rights guidance for the TV production industry.



Carnage, filmed on location in South Africa

Sky Sports

Own operations

We have started to trial a country risk tool for Sky Sports that seeks to empower teams covering sporting events in host countries to recognise potential human rights issues, including specific references to modern slavery, and know how to raise their concerns. The short briefing notes for those that travel overseas combine information on risks with qualitative information related to the sporting situation. For these Sky employees, there are few slavery risks in relation to Sky's operations and subcontractors but there may be occasions when individuals may come across instances of forced labour, such as in hotels where they are staying. Through the development of this tool, we are increasing our own understanding of human rights risks in the sporting context.

Working with suppliers

We have reviewed which of the suppliers used by Sky Sports are at greater risk of having modern slavery in their own operations and supply chain. We have identified those supplying temporary low-paid labour, such as drivers, as being at higher risk. We are now focusing our engagement with these suppliers to ensure that they adhere to our Responsible Sourcing Policy.

Working at industry level

We have participated in the **Institute for Human Rights and Business (IHRB) mega-sporting events platform for human rights**, which includes a focus on the role of broadcasters in addressing human rights challenges related to sport, including tackling modern slavery. We have reviewed and piloted a human rights risk assessment tool for sports broadcasters and participated in stakeholder forums. Sky Sports now sits on the Advisory Council of the newly established [Centre for Sport and Human Rights](#).



Sky News

As a media company, Sky plays a role in increasing the visibility of modern slavery among the general public through broadcasting. Sky News' mission statement emphasises a goal of unveiling wrongdoing and telling the stories of the voiceless and disempowered. This includes those defined as modern slaves, an issue we have covered within the UK and internationally. [You can see our coverage here](#). In October 2017, Sky News published the results of a year-long investigation into exploitation among the Polish community in Birmingham entitled '[Special Report: Britain's Hidden Slaves](#)'. In the same month, Sky News provided a [Special Report on 'Libya's Warehouse of Suffering'](#), which identified slave labour and claims of abuse inside the migrant camps and detention centres. Sky News will continue to shine a spotlight on this issue.

HOW WE ADDRESS MODERN SLAVERY

Products

Own operations

Addressing the risk of modern slavery in products is an important part of the work of Sky's compliance team, who carry out due diligence on suppliers. As well as ensuring that we have the tools we need to identify potential risks, we are also upskilling other teams who may encounter issues. For example, we are aware that issues in factories are likely to be deliberately concealed from auditors. To take steps to mitigate this, we have developed a short training for other types of factory visitors, including our engineers, buyers and quality managers, to increase our capacity to recognise indicators of potential forced or child labour. Such visitors will also be issued with a reminder card of points to remember. We are currently trialling the feasibility of this approach and have started with face-to-face training for our supplier managers at our Far East Office in Hong Kong. Our next step will be to train the engineering teams and our main set-top box and router manufacturers.

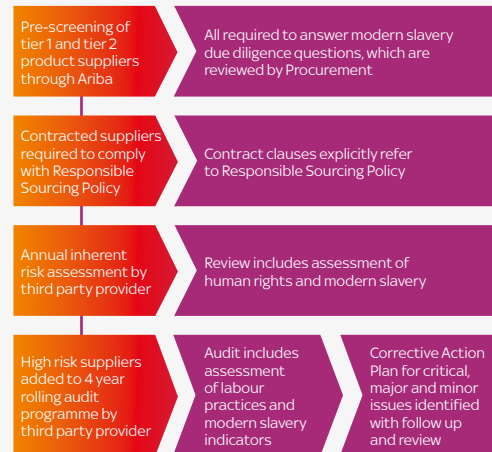
Merchandise

To address potential risks in relation to merchandise, we are working to improve our purchasing practices. This includes giving our merchandise suppliers longer lead times so they can ensure that all merchandise is sourced from factories that meet the highest standards of compliance.

Working with suppliers

Suppliers that are concerned about their own workforce, the quality of their parts and services and their impact on the environment make the best long-term partners for creating great Sky products. We have a programme to assess suppliers, foster international certification and aid improvement through site visits, compliance training and an in-depth audit programme, which includes interviews with workers. Our modern slavery training with tier 1 suppliers includes information on freedom of association and its role in reducing risks. We aim to work with our suppliers to resolve any potential issues rather than terminating the supplier contract and leaving the issue unresolved. In 2017/18, the work we have been doing through our campaign [Sky Ocean Rescue](#) to remove single-use plastics has helped us to understand our supply chain in considerably more depth and has created stronger supplier relationships. Most of this work has been carried out by Sky's manufacturing and operational enablement teams based in Hong Kong.

Audit process



Through our human rights due diligence, we identified approximately 120 potentially high risk suppliers this year, who have been added to our rotating four year audit programme. Each will be audited at least once in that time. We typically audit c.30 suppliers per year and receive an additional 10 external audits through our membership of the Responsible Business Alliance. We have also identified the recycling industry as a potential risk and we only allow companies to bid for our end of life products if they are willing to be audited for human rights requirements.

All our main strategic suppliers provide information to us monthly on wages, working hours, including the number of workers exceeding 60 hours and the worst case. In relation to our products, audits have found that support staff in factories, such as those providing cleaning, catering and security services, are among those most vulnerable to poor labour practices. Any critical issues identified are prioritised and suppliers are required to address these within an agreed and reasonable timeframe and dealt with at the most senior level of our business. For minor issues suppliers are required to address these within 90 days. This is an ongoing process and we continue



to focus on engaging with suppliers to address non-compliances. In 2017/18, audits identified 52 critical or major issues related to labour practices and 70 minor issues.

We require all suppliers to respond to modern slavery qualification questions.

For raw materials, our biggest risks lie with metals such as gold, tungsten, tin and cobalt. We are members of the Responsible Minerals Initiative (formerly the Conflict Free Smelter Initiative), which is updating this year to include a focus on forced labour, among other serious human rights abuses. We have already undertaken a child labour assessment as part of our work on conflict minerals.

Working at industry level

We engage on modern slavery issues at industry level through our membership of the **Responsible Business Alliance and TechUK**. Sky is also working with the Gangmasters and Labour Abuse Authority (GLAA) and Waste Compliance Schemes to develop an industry protocol to address modern slavery for the electronics sector focusing on electronics waste recycling. There have been several cases of modern slavery found in the UK's waste recycling sector. Tackling this issue will require an industry response which we are keen to initiate in relation to electronics waste. The GLAA has already developed similar protocols for the apparel and construction sectors and we are learning from their experiences.

Corporate

Own operations

In 2017/18, we conducted our annual review and update of the modern slavery risk register, which reviews our activities against known risk factors for slavery. Due to our greater understanding of where risks lie our focus has shifted away from our own operations towards increasing our understanding of risks in production and Sky Sports and to putting further practices in place to address risks in our supply chain for products. Our activities in these three areas are outlined within this statement.

Training

We continue to provide training to relevant teams on modern slavery. In 2017/18 this included using third party experts to deliver a modern slavery briefing and working meetings with five teams in Sky Germany (human resources, property services, production, products, Sky Sports), briefings for senior executives and embedding modern slavery into new health and safety training for UK Sky Sports production teams.

Working with suppliers

We continue to work with our main facilities management supplier to improve working conditions for those on Sky's premises involved with cleaning, catering and maintenance. The risk profile for other suppliers managed by Property Services changes throughout the year as projects are completed and new projects start. We are working to improve our monitoring of such projects.

Working at industry level

Group Chief Executive Officer Jeremy Darroch has joined the **Home Office's Business Against Slavery Forum**, which aims to discuss leadership in tackling modern slavery. The business leaders' forum is supplemented by more frequent working group meetings to which Sky is also contributing.

This statement has been approved by the Board of Directors of Sky plc.

Signed

Jeremy Darroch
Group Chief Executive Officer, Sky plc,
July 2018