

# Governance

## Executive Chairman's introduction

### Dear Shareholder,

I am pleased to present the Corporate Governance Report for 2021. This report should be read in conjunction with the report on pages 79 to 84, which set out how we have complied with the UK Corporate Governance Code in 2021.

As outlined in my report on pages 14 to 17, 2021 has been a year of growth for the Company, with revenue, cash flow and dividends all up on the prior year, and an increase in our development pipeline to help drive the future growth of the Company.

### Governance

The Board believes that the effective delivery of the Company's strategy requires the underpinning of strong corporate governance. The governance of the Group is supported by a robust structure which allows for constructive debate and challenge by its members. This allows the Directors to make effective decisions.

### Engagement with our stakeholders

The Board is conscious that there are a number of stakeholders in our business and considers the interests of each of our stakeholder groups in its discussions.

We have a comprehensive investor relations programme in place, with the Executive team carrying out a significant number of meetings with our shareholders during the year. The Non-Executive Directors engage with our shareholders as appropriate. Independent feedback on presentations by the Executive Board Directors to major shareholders is provided to the Non-Executive Directors on a regular basis.

The culture of the business is a key part of our success. In the year to 31 March 2021, the Executive Board Directors have continued to visit each of the Group's stores, where restrictions have allowed, and maintain a flat, apolitical, non-hierarchical culture within the business.

We continue to monitor the Net Promoter Score that we receive from our customers, which remains at a very high level of 82.9 (2020: 81.9).

### Looking ahead

Following our performance this year, our attention for the coming year is focused on managing the business through this period of uncertainty induced by the Covid-19 pandemic. We have placed a significant emphasis during this year on ensuring the safety of our employees and customers through additional investment in Covid-19 compliance, communication, training, and employee welfare programmes. We will continue to invest in our Big Yellow Foundation and its partner charities and also work with local charities throughout our network assisting with space which they need to deliver their programmes. We have been reviewing many aspects of our business stimulated by this crisis, such as working from home, flexible working and enhanced online operations.

We will continue to focus on delivering attractive long-term shareholder returns, behaving responsibly to our stakeholders including employees, customers, suppliers, and the community, and appropriately managing risk.



**Nicholas Vetch**  
Executive Chairman

24 May 2021

## How we are structured

The Board has overall responsibility for the manner in which the Company runs its affairs.

### The Board

**Nicholas Vetch**  
Executive Chairman

#### The Board is responsible for:

- setting the strategic direction of the business
- setting the culture and the values of the Big Yellow
- overseeing the internal control system of the Group and its risk management
- approving the annual business plan for the Group
- approving site and store acquisitions and major items of capital expenditure
- approving the Group's financing structure
- ensuring a positive dialogue with our stakeholders is maintained

### Executive Directors

#### The Executive Directors are responsible for:


- implementing the Group's business plan and strategy
- managing the risk of the business
- focussing on financial performance

 Turn to page 79 for more information

### Nomination Committee

#### The Nominations Committee is responsible for:

- reviewing the structure, size and composition of the Board
- succession planning for Directors and other senior Executives
- promoting diversity

 Turn to pages 85 to 87 for more information

### Audit Committee

#### The Audit Committee is responsible for:

- overseeing the Group's financial reporting
- overseeing the Group's internal control framework and risk management process
- overseeing the relationship with the external auditor and monitoring their independence

 Turn to pages 112 to 116 for more information

### Remuneration Committee

#### The Remuneration Committee is responsible for:


- setting, reviewing and recommending the policy on the remuneration of the Executive Directors
- overseeing the senior management team and general workforce remuneration approach
- monitoring the implementation of the Remuneration policy
- overseeing the alignment of reward, incentives and culture

 Turn to pages 90 to 111 for more information

### Sustainability Committee

#### The Sustainability Committee is responsible for:

- overseeing the Group's sustainability framework and strategy
- monitoring sustainability performance
- providing guidance on emerging environmental issues, including environmental risks, and their impact on the Group's business
- overseeing the Group's CSR reporting, including external audit/assurance mechanisms

 Turn to pages 88 to 89 for more information

# Governance

## Directors, Officers and Advisers

### Executive Directors

**Nicholas Vetch,**  
Executive Chairman

#### **Appointment to the Board**

Nicholas was a co-founder of Big Yellow in September 1998 and held the position of CEO until July 2003, when he became Executive Chairman.

#### **Background and relevant experience**

Prior to Big Yellow, Nicholas was joint Chief Executive of Edge Properties plc, which he co-founded in 1989, was subsequently listed on the Official List of the London Stock Exchange in 1996 and then sold to Grantchester Properties plc in 1998.

#### **Other appointments**

Nicholas is a Trustee of Global Human Rights and Global Human Rights UK.

#### **Committee Membership**

None

#### **Skills and contribution**

The Company under Nicholas Vetch's leadership has an outstanding track record for delivering consistently strong returns and share price outperformance. Nicholas, along with his co-founder Jim Gibson, developed the strategy of the business and this continues to this day. He is also responsible for leading the property team and has over 35 years' experience working within the UK property sector. Further details on Nicholas' contribution to the business is included in the annual report on page 79.

**Jim Gibson**  
Chief Executive Officer

#### **Appointment to the Board**

Jim was a co-founder of Big Yellow in September 1998, initially as Finance Director and he was subsequently appointed Chief Executive in July 2003.

#### **Background and relevant experience**

Jim is a Chartered Accountant by background having trained with Arthur Andersen & Co. where he specialised in the property and construction sectors, before leaving in 1989. He was Finance Director of Heron Property Corporation Limited and then Edge Properties plc which he joined in 1994. Edge Properties was listed on the Official List of the London Stock Exchange in 1996 and then sold to Grantchester Properties plc in 1998.

#### **Other appointments**

Jim is a Non-Executive Director and shareholder of AnyJunk Limited, a Non-Executive Director and shareholder of CityStasher Limited, a Non-Executive Director and investor in Moby Self Storage, a Brazilian Self Storage business, and is the Chairman of Trustees of the London Children's Ballet.

#### **Committee Membership**

None

#### **Skills and contribution**

Jim has been with Big Yellow since its formation, and along with his co-founder Nicholas Vetch, has been instrumental in developing the strategy of the business. He leads the day-to-day running of the business and brings substantial knowledge of self storage to the Board, which is invaluable to Big Yellow as it continues to grow. As CEO, the Board believes Jim has demonstrated outstanding leadership and drive, notably in managing the business through the recent period of uncertainty caused by Covid-19. He will continue to be instrumental in maintaining Big Yellow's market-leading position.

**Adrian Lee**  
Operations Director

#### **Appointment to the Board**

Adrian joined Big Yellow in January 1999 was appointed to the Board in May 2000.

#### **Background and relevant experience**

Adrian was previously a Senior Executive at Edge Properties plc, which he joined in 1996. Prior to that he was a corporate financier at Lazard for five years, having previously qualified as a surveyor at Knight Frank.

#### **Other appointments**

None

#### **Committee Membership**

None

#### **Skills and contribution**

Adrian has twenty two years of operational experience in the self storage sector. He has responsibility for Operations, Human Resources, Corporate Social Responsibility and Construction. His experience has proved invaluable as we have navigated the uncertainties caused by Covid-19.

## Committee key

 Nomination Committee  Audit Committee  Remuneration Committee  Sustainability Committee  Committee Chair

## Non-Executive Directors

### John Trotman

Chief Financial Officer

#### Appointment to the Board

John joined Big Yellow in June 2007 and was appointed to the Board in September 2007.

#### Background and relevant experience

John is a Chartered Accountant having trained with Deloitte LLP, where he specialised in the real estate sector and self storage. On leaving Deloitte in 2005, John worked for a subsidiary of the Kajima Corporation until he joined Big Yellow.

#### Other appointments

John is on the Board of the UK Self Storage Association.

#### Committee Membership

None

#### Skills and contribution

John brings strong financial experience to the Group from his 14 years with Big Yellow and prior to that in his previous roles. As CFO, in addition to dealing with the traditional aspects of the role, John is involved in strategy, and in particular all aspects of the day-to-day operations of the business, working alongside Adrian Lee. He has extensive knowledge of the self storage sector.

### Richard Cotton

Senior Independent Non-Executive Director

#### Appointment to the Board

Richard joined the Board in July 2012

#### Background and relevant experience

Richard headed the real estate corporate finance team at JP Morgan Cazenove until April 2009, and subsequent to that was a Managing Director of Forum Partners.

#### Other appointments

Richard is currently the Senior Independent Director of Helical plc as well as a Member of the Commercial Development Advisory Group of Transport for London.

#### Committee Membership

Chair of Nominations Committee, Chair of Remuneration Committee (from August 2020) and Member of Audit and Sustainability Committees.

#### Skills and contribution

Richard has extensive knowledge of the property sector and corporate finance. Richard's leadership of the Nominations Committee has ensured that retiring Non-Executive Directors have been replaced with equally high calibre individuals and further improving the gender balance on the Board. He has also led consultations with shareholders in the prior year on the new Corporate Governance Code and during the year on the new Remuneration Policy.

### Dr Anna Keay

Non-Executive Director

#### Appointment to the Board

Anna joined the Board in March 2018.

#### Background and relevant experience

Anna has been CEO of the Landmark Trust since 2012, operating a portfolio of 200 historic buildings let for holidays. She has a PhD from London University, starting her career at Historic Royal Palaces and from 2002 to 2012 she was Curatorial Director of English Heritage. She was a trustee of Leeds Castle Foundation from 2009 to 2016. She writes and broadcasts widely, presenting on history and buildings for Channel 4.

#### Other appointments

Anna is a Trustee of the Royal Collection Trust and is a Governor and Chair of the Buildings and Projects Committee at Bedales School.

#### Committee Membership

Member of Audit, Nominations, Remuneration and Sustainability Committees. Anna is also the designated Non-Executive Director for workforce engagement

#### Skills and contribution

Anna, as a historian, and with significant experience in the third sector, adds another dimension to the Board alongside her operational experience from her current role as CEO of the Landmark Trust. In her role as the designated Non-Executive Director for workforce engagement, she has worked closely with the HR team in all aspects of employee engagement reporting back to the Board on a regular basis.

## Governance

### Directors, Officers and Advisers (continued)

Vince Niblett (N) (A) (R) (S)

Non-Executive Director

#### Appointment to the Board

Vince was appointed to the Board in June 2017

#### Background and relevant experience

Vince was the Global Managing Partner Audit for Deloitte. He previously held a number of senior leadership roles within Deloitte including as a member of the UK Board of Partners and of the Global Executive Group and the UK Executive Group before his retirement from Deloitte in May 2015.

#### Other appointments

Vince is also a Non-Executive Director and Chairman of the Audit Committee of Forterra plc.

#### Committee Membership

Chairman of the Audit Committee and Member of the Nominations, Remuneration and Sustainability Committees.

#### Skills and contribution

Vince has many years of financial and commercial experience gained from his leadership roles at Deloitte. He has overseen the work of the audit committee, which included monitoring KPMG LLP as auditors to the Company, and meeting with the external valuers of the Company. He has maintained close dialogue with the external auditors and the senior finance team throughout the year and also worked with Richard Cotton on the shareholder consultation exercise in the prior year and the Remuneration consultation in the current year.

Laela Pakpour Tabrizi (N) (A) (R) (S)

Non-Executive Director

#### Appointment to the Board

Laela was appointed to the Board in July 2020.

#### Background and relevant experience

Laela has 15 years' experience in corporate finance, and is currently the Chief Financial Officer of OpenClassrooms, an online platform offering top quality, education-to-employment programs, and career coaching services for students worldwide. She was previously the Group Chief Financial Officer of MotorK, a venture-backed software as a service tech scale-up, the Group CFO of VistaJet, the global private jet operator, and before that worked in Structured Finance for BNP Paribas. She is a graduate of the Institut d'Etudes Politiques de Paris (Sciences-Po) and the London School of Economics.

#### Other appointments

Laela also currently serves as a Non-Executive Director of an award-winning East London women's refuge charity called Ashiana Network and as a Trustee of the British Library, where she sits on the audit Committee and Remuneration Committee.

#### Committee Membership

Member of Audit, Nominations, Remuneration and Sustainability Committees.

#### Skills and contribution

Laela has significant corporate and financial experience in high growth businesses, adds to the diversity of the Board and brings her own perspective to Board discussions.

Heather Savory (N) (A) (R) (S)

Non-Executive Director

#### Appointment to the Board

Heather joined the board of the Big Yellow in March 2021.

#### Background and relevant experience

Heather was Vice President of Engineering and Operations for 3DLabs, a high-tech start-up delivering the world's first semiconductor 3D-graphics accelerators for consumer devices and moved on into leadership and advisory roles for high-tech UK SMEs. Heather then worked in various senior government roles including as Director General for Data Capability at the Office for National Statistics which she modernised through a cross-organisation digital, data and workforce transformation. She was also co-Chair of the United Nations Global Working Group on Big Data, developing innovative global data solutions to assist with the measurement and delivery of the United Nations 2030 Agenda for Sustainable Development.

#### Other appointments

Heather serves as a Non-Executive Director of the UK House of Lords Information Authority and on several Not-for-profit Advisory Boards.

#### Committee Membership

Chair of the Sustainability Committee, Member of Audit, Nominations and Remuneration Committees

#### Skills and contribution

Heather brings a track record on sustainability to Big Yellow, following her work with the UN. She has a wealth of experience in the private and public sectors.

### Company Secretary and Registered office

Shauna Beavis  
2 The Deans  
Bridge Road  
Bagshot  
Surrey  
GU19 5AT

Company Registration No. 03625199

### Bankers

Lloyds Bank plc  
HSBC Bank plc  
Bank of Ireland  
Aviva Commercial Finance Limited  
M&G Investments Limited

### Solicitors

CMS Cameron McKenna Nabarro Olswang LLP  
Lester Aldridge LLP  
Slaughter and May

### Financial advisers and stockbrokers

J P Morgan Cazenove

### Statutory Auditor

KPMG LLP  
Chartered Accountant and Statutory Auditors

### Valuers

CBRE  
Jones Lang LaSalle

# Corporate Governance Report

## Introduction

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code issued by the Financial Reporting Council in 2018. The Board also takes account of the Corporate Governance guidelines of institutional shareholders and their representative bodies.

At Big Yellow, we aim to create a culture in which integrity, openness and fairness are rewarded.

We continue to review the composition of the Board to ensure that it has the appropriate skills, knowledge, and balance for the effective stewardship of the Company. The Board has overall responsibility for the manner in which the Company runs its affairs.

## Statement of compliance with the Code

Throughout the year ended 31 March 2021, the Company has been in compliance with the Code provisions set out in section 1 of the 2018 UK Corporate Governance Code, with the exception of the Executive Chairman of the Company having served in position for longer than the recommended period of nine years.

## Chairman's position

During the prior year, which was the Company's first operating under the principals of the new Combined Code, Richard Cotton ("SID") and Vince Niblett consulted with a number of the Company's largest shareholders about the length of Nicholas Vetch's tenure as Executive Chairman [18 years], which is in contravention of the Combined Code. It is now advised as governance best practice that the Chairman should serve for a maximum of 9 years. It is the view of the Board that it is in the Company's best interest for Nicholas Vetch to continue as Executive Chairman for the foreseeable future.

In arriving at this conclusion, the Non-Executive Directors have carefully considered the leadership position that Nicholas Vetch fulfils in the Company and also his leadership of the property team. Moreover, they looked at the governance checks and balances, which are, in their opinion, strong and effective. It is recognised that having a founder Director in post as Chairman for considerably longer than advised, needs justification and the reasons detailed below should inform shareholders that this has been given very thorough scrutiny.

1. The Company under Nicholas Vetch's leadership has an outstanding track record for delivering consistently strong returns and share price outperformance. In the twenty one years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 14.7% per annum, in aggregate 1,671% at the closing price of 1,115p on 31 March 2021. This compares to 5.6% per annum for the FTSE Real Estate Index and 4.7% per annum for the FTSE All Share index over the same period. He has been an integral part of the business since inception.
2. Big Yellow has a strong culture, which has benefited from stable and consistent leadership of the business. This was demonstrated in the Company's response to Covid-19, when all stores remained open and new working practices were introduced very swiftly to safeguard staff and customers.

3. The Board has five independent NEDs, four of whom have been appointed within the past four years, providing fresh perspective and challenge. Furthermore, Michael O'Donnell is joining the Board in September 2021 as an additional independent NED. The NEDs have a wide range of corporate experience and provide effective challenge to the Chairman and the other Executive Directors, which was endorsed by the external appraisal undertaken by Simon Robertson Associates in 2020.
4. The Board has separate committees for Audit, Nomination, Remuneration and Sustainability, each of which are chaired by a Non-Executive Director, and we have a Senior Independent Director who is considered important in sharing the role of Chairman's duties. Specific examples of the board discussion include examination and engagement in the acquisition of new sites, funding decisions, and the strength and quality of the property team.
5. As a Board, we have contingency plans in place in the event one of the Executive Directors cannot fulfil their responsibilities, with a matrix of who would step in to cover their roles. Considerable thought has been given by the Board to succession, which has been approached in the context of a very successful senior team of whom the majority have been in post since the Company was listed in 2000. More detail is provided in the Nominations Committee Report.

The Board were encouraged by the support of its major independent shareholders as it chose to explain rather than comply with the Code on this issue.

## Statement about applying the principles of the Code

The Company has applied the principles set out in the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the principles and supporting principles have been applied is set out below and in the Nominations Committee Report, the Remuneration Report, and the Audit Committee Report.

## Leadership

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed.

## Chairman and Chief Executive

The division of responsibilities between the Chairman and the Chief Executive has been agreed by the Board and encompasses the following parameters:

- the Chairman's role is to provide continuity, experience, governance, and strategic advice, while the Chief Executive provides leadership, drives the day-to-day operations of the business, and works with the Chairman on overall strategy;
- the Chairman, working with the Senior Independent Non-Executive Director, is viewed by investors as the ultimate steward of the business and the guardian of the interests of all the shareholders;
- the Board believes that the Chairman and the Chief Executive work together to provide effective and complementary stewardship;

## Governance

### Corporate Governance Report (continued)

- the Chairman:
  - takes overall responsibility for the composition and capability of the Board;
  - takes overall executive responsibility for the property development team; and
  - consults regularly with the Chief Executive and is available on a flexible basis for providing advice, counsel, and support to the Chief Executive.
- the Chief Executive:
  - manages the CFO and Operations Director and the Group's day-to-day activities;
  - prepares and presents to the Board strategic options for growth in shareholder value;
  - sets the operating plans and budgets required to deliver agreed strategy; and
  - ensures that the Group has in place appropriate risk management and control mechanisms.

The Directors believe it is essential for the Group to be led and controlled by an effective Board that provides entrepreneurial leadership within a framework of sound controls which enables risk to be assessed and managed. The Board is responsible for setting the Group's strategic aims, its values and standards and ensuring the necessary financial and human resources are in place to achieve its goals. The Board ensures that its obligations to shareholders and other stakeholders are understood and met. The Board also regularly reviews the performance of management.

#### Effectiveness

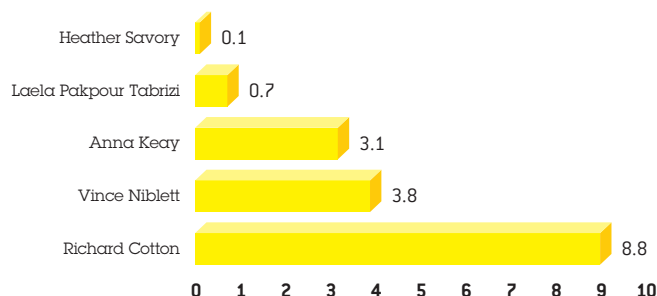
##### Composition of the Board

The Nominations Committee is responsible for reviewing the Board Composition and makes recommendations to the Board on the appointment of Directors. There are presently five independent Non-Executive Directors on the Board, with Richard Cotton being the Senior Independent Director. The Company complies with the UK Corporate Governance Code in that at least half of The Board is comprised of independent Non-Executive Directors.

All of the Non-Executive Directors bring considerable knowledge, judgement, and experience to Board deliberations. Non-Executive Directors do not participate in any of the Company's share option or bonus schemes and their service is non-pensionable. The Non-Executive Directors are encouraged to communicate directly with Executive Board Directors between formal Board meetings. The Non-Executive Directors meet at least once a year without the Executive Board Directors being present.

The Non-Executive Directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They are required to satisfy themselves on the integrity of the financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration for Executive Board Directors and have a prime role in appointing and, where necessary, removing Executive Board Directors, and in succession planning.

The tenure of the independent Non-Executive Directors at 31 March 2021 is set out below:



##### Changes to the Board and its Committees

Steve Johnson and Georgina Harvey retired from the Board with effect from the Annual General Meeting in August 2020. Julia Hailes stepped down as a Non-Executive Director with effect from January 2021. Laela Pakpour Tabrizi joined the Board with effect from 1 July 2020 as an independent Non-Executive Director. Heather Savory was appointed to the Board as an independent Non-Executive Director with effect from 1 March 2021. Michael O'Donnell has been appointed as an independent Non-Executive Director, joining the Board with effect from 1 September 2021.

Vince Niblett will succeed Richard Cotton as the Senior Independent Director and Chair of the Nominations Committee with effect from the forthcoming Annual General Meeting. Richard Cotton will retire from the Board with effect from the 2022 Annual General Meeting. Laela Pakpour Tabrizi will succeed Vince Niblett as the Chair of the Audit Committee with effect from the forthcoming Annual General Meeting. Heather Savory succeeded Julia Hailes as the Chair of the Company's Sustainability Committee on her appointment.

#### The Board and its Committees

##### Standing committees of the Board

The Board has Audit, Remuneration, Nominations and Sustainability Committees, each of which has written terms of reference. They deal clearly with the authorities and duties of each Committee and are formally reviewed annually. Copies of these terms of reference are available on the Company's website. Each of these Committees is comprised of Independent Non-Executive Directors of the Company who are appointed by the Board on the recommendation of the Nominations Committee.

All the Committees are authorised to obtain legal or other professional advice as necessary; to secure, where appropriate, the attendance of external advisers at its meetings and to seek information required from any employee of the Company in order to perform its duties.

The Chairman of each Committee reports the outcome of the meetings to the Board. The Company Secretary is secretary to each Committee.

Attendance at meetings of the individual Directors at the Board Meetings that they were eligible to attend is shown in the table below:

| Director              | Position                | Number of meetings attended |
|-----------------------|-------------------------|-----------------------------|
| Richard Cotton        | Non-Executive Director  | ●●●●●●●●                    |
| Jim Gibson            | Chief Executive Officer | ●●●●●●●●                    |
| Julia Hailes          | Non-Executive Director  | ●●●●●○○○                    |
| Georgina Harvey       | Non-Executive Director  | ●●○○○○○○                    |
| Steve Johnson         | Non-Executive Director  | ●●○○○○○○                    |
| Anna Keay             | Non-Executive Director  | ●●●●●●●●                    |
| Adrian Lee            | Operations Director     | ●●●●●●●●                    |
| Vince Niblett         | Non-Executive Director  | ●●●●●●●●                    |
| Laela Pakpour Tabrizi | Non-Executive Director  | ○○●●●●●●                    |
| Heather Savory        | Non-Executive Director  | ○○○○○○●●                    |
| John Trotman          | Chief Financial Officer | ●●●●●●●●                    |
| Nicholas Vetch        | Executive Chairman      | ●●●●●●●●                    |

- attended
- absent
- not applicable

The Board meets approximately once every two months to discuss a whole range of significant matters including strategic decisions, major asset acquisitions and performance. A procedure to enable Directors to take independent professional advice if required has been agreed by the Board and formally confirmed by all Directors.

There is a formal schedule of matters reserved for the Board's attention including the approval of Group strategy and policies; major acquisitions and disposals, major capital projects and financing, Group budgets and material contracts other than in the normal course of business. The Board also considers matters such as cyber security, reputational risks, and other non-financial risks as part of its review of the Group's risk register.

At each Board meeting, the latest available financial information is produced which consists of detailed management accounts with the relevant comparisons to budget. A current trading appraisal is given by the Executive Board Directors.

### Information and professional development

All Directors are provided with detailed financial information throughout the year. On a weekly basis they receive a detailed occupancy report showing the performance of each of the Group's open stores. Management accounts are circulated to the Executive monthly and a detailed Board pack is distributed a week prior to each Board meeting.

All Directors are kept informed of changes in relevant legislation and changing commercial risks with the assistance of the Company's legal advisers and auditor where appropriate. All Directors have access to the advice of the Company Secretary on governance matters.

The professional development requirements of Executive Board Directors are identified and progressed as part of each individual's annual appraisal. All new Directors are provided with a full induction programme on joining the Board.

Non-Executive Directors are encouraged to attend seminars and undertake external training at the Company's expense in areas they consider to be appropriate for their own professional development. Each year, the programme of senior management meetings is tailored to enable meetings to be held at the Company's stores. During the year, the Executive Board Directors made visits to all of the Group's stores.

## Accountability

### Risk management and internal control

The Group operates a rigorous system of risk management and internal control, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a comprehensive system in place for financial reporting and the Board receives a number of reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout the Group, including those matters which are reserved specifically for the Board.

The Board has established a continuous process for identifying, evaluating, and managing the significant risks the Group faces and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board regularly reviews the process, which has been in place from the start of the year to the date of approval of this report and which is in accordance with revised guidance on internal control published in October 2005 (the Turnbull Guidance). The Board is also responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board regularly reviews the effectiveness of the Group's risk management and internal control systems. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed, and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has also performed a specific assessment for the purpose of this annual report. This assessment considers all significant aspects of risk management and internal control arising during the period covered by the report, including the work carried out by the Group's Store Compliance team. The Audit Committee assists the Board in discharging its review responsibilities.

# Governance

## Corporate Governance Report (continued)

A formal risk identification and assessment exercise has been carried out resulting in a risk framework document summarising the key risks, potential impact and the mitigating factors or controls in place. The key risks the Group faces are detailed on pages 42 to 46 in the Financial Review. The Board has a stated policy of reviewing this risk framework at least once a year or in the event of a material change. The risk identification process also considered significant non-financial risks.

During the reviews in the year, the Directors:

- challenged the framework to ensure that the list of significant risks to business objectives is still valid and complete;
- considered new and emerging risks to business objectives and included them in the framework if significant;
- ensured that any changes in the impact or likelihood of the risks are reflected in the risk framework; and
- ensured that there are appropriate action plans in place to address unacceptable risks.

The results of this exercise have been communicated to the Board and the Audit Committee. This was in the form of a summary report which included:

- a prioritised summary of the key risks and their significance;
- any changes in the list of significant risks or their impact and likelihood since the last assessment;
- new or emerging risks that may become significant to business objectives in the future;
- progress on action plans to address significant risks; and
- any actual or potential control failures or weaknesses during the period (including “near misses”).

During the course of its review of the risk management and internal control systems, the Board has not identified, nor been advised of any failings or weaknesses which it has determined to be significant, consistent with the prior year. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

All management are encouraged to stay abreast of all technical and other competitive advances that could impact the business.

At 31 March 2021, the Group had two associates, Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited. Jim Gibson and John Trotman are Directors of both associates, and report back to the Big Yellow Group PLC board on the business planning, risk management and internal controls of the businesses.

### Going Concern

The Group’s activities, and a fair review of the business, are included in the Strategic Report on pages 18 to 50. The financial position of the Group, including its cash flow, liquidity, and committed debt facilities are discussed in the Financial Review on pages 36 to 41.

The Directors have a reasonable expectation that the Group and Company have adequate resources to continue operations for the foreseeable future. They have therefore continued to adopt the going concern basis in preparing the financial statements.

### Engagement With Stakeholders

The long-term success of our business is dependent on the way we work with our various stakeholders. The table below shows our key stakeholder groups, how we engage with them, and how the results of this engagement are reported up to the Board and influence the decision making with the business. Not all the information is reported directly to the Board, however it informs business-level decisions with an overview of developments being reported on a regular basis to the Board.

The Board has identified a number of key stakeholders which it seeks to engage with on a regular basis. The key stakeholders are our employees, our shareholders, our customers, our suppliers, and our communities.

| Stakeholder Group    | Form of engagement  | How this influenced the Board during the year   |
|----------------------|---|---|
| <b>Our employees</b> | <p>During the year, the Executive Directors have been actively engaging with our teams on working practices and ensuring our team members and our customers are in a safe environment.</p> <p>The Directors have continued to visit every store this year, albeit some of the visits this year have been virtual due to lockdown restrictions.</p> <p>We also carried out a number of pulse surveys of our staff during the year on matters such as preferred choices of PPE, and the provision of Covid testing kits.</p> <p>Further detail is provided below on how Anna Keay, the designated Workforce Engagement Director has carried out her role during the year.</p> | <p>Store teams have been encouraged to email the Directors directly with any recommendations or observations to improve our working protocols, particularly in light of the pandemic.</p> <p>The Directors have responded directly to all these emails, and changes have been made to the Group’s practices where applicable.</p> <p>The pulse surveys provide the Board with an insight into how our employees are feeling and what is important to them.</p> <p>There is further detail on how the Board engage with our people on page 84.</p> |

|                                |   |   |
|--------------------------------|---|---|
| <p><b>Our shareholders</b></p> | <p>The Company has an active dialogue with its shareholders through a programme of investor meetings which include formal presentation of the full and half year results. The Executive Board Directors have participated in a number of virtual investor conferences and meetings during the year. During the year ended 31 March 2021, the Chief Executive and other Executive Board Directors carried out 167 meetings with UK and overseas institutional shareholders and potential investors. These meetings comprised group and individual presentations.</p> <p>The Board also welcomes the interest of private investors and believes that, in addition to the Annual Report and the Company's website, the Annual General Meeting is an ideal forum at which to communicate with investors and the Board encourages their participation.</p> | <p>The Board receives regular feedback on investor perceptions about the Company. After each set of results, key investors are interviewed on their perceptions of the performance of the business and management. The findings are reviewed by the Board. At each Board Meeting, the Board is updated on any shareholder meetings that have taken place, and any views expressed, or issues raised by the shareholders in these meetings.</p> <p>The Senior Independent Non-Executive Director Richard Cotton, and the Chair of the Audit Committee Vince Niblett, engaged with a number of our investors during the year. Meetings mainly focussed on the proposed new Remuneration Policy.</p> |
| <p><b>Our customers</b></p>    | <p>The Group sends surveys to all customers who have moved in and moved out of the business. A high response rate is received to these surveys, which show a net promoter score of 82.9.</p>  | <p>The net promoter scores are reported to the Board at each Board meeting and any recurring themes highlighted to allow discussion around the approach to our customers.</p> <p>The net promoter scores achieved from our customers are used as one of the metrics in the bonus plan of the Executive Board Directors.</p>   |
| <p><b>Our suppliers</b></p>    | <p>Regular meetings are held between suppliers and their Big Yellow contact. Appropriate external tendering is carried out for any new suppliers.</p> <p>On anti-corruption and anti-bribery matters, we expect all our suppliers to be compliant with the Modern Slavery Act and we work closely with our suppliers to promote best practice. During the year this included engaging with suppliers we had identified as being within potentially high-risk categories and carrying out audits of their compliance with these regulations and providing support to them.</p>   | <p>The Board annually approves the Group's Modern Slavery statement.</p> <p>The Group is a member of the Prompt Payment Code, supporting our smaller suppliers with on time payments.</p>   |
| <p><b>Our communities</b></p>  | <p>We demonstrate Big Yellow's culture and commitment to our communities through the work of the Big Yellow Foundation which aims to help vulnerable people lead better lives, working in partnership with several charities.</p> <p>Big Yellow matches any donations from our customers at move-in and move-out. We also match any funds raised by our employees and allow each member of our team one paid day per year for volunteering.</p> <p>We also support over 200 local charities with free or discounted space throughout our network.</p>   | <p>The Board receives regular updates regarding the Foundation's activities. The Board endorses the culture of giving back time to support these charities and the financial commitment made by Big Yellow.</p> <p>Jim Gibson, CEO, is the Chair of the Trustees of the Big Yellow Foundation.</p>  |
| <p><b>Our Environment</b></p>  | <p>We engage relevant subject matter experts to assess the impact our business has in the first instance as part of the planning and construction process. Our partners perform detailed assessment on likely impacts on land, water, biodiversity, air quality and other key aspects. It is our aim to not just minimize any negative aspects, but also 'listen' carefully and enhance where possible, through the installation of green roofs or bird or bat nesting boxes for example. We extensively report on our Operational impacts, such as energy consumption, carbon emissions, waste we create and water we use as part of our Full CSR Report and have systems and processes in place to manage material aspects, such as energy.</p>   | <p>The Board receives regular updates on our environmental performance and activities.</p> <p>The Board endorses the Company's commitment to investing at all stages of our stores' lifespan to ensure our impact on the Environment is minimised. It signs off on the budgets to deliver solar installations and electric vehicle charging pods for example.</p> <p>The Board established a formal Sustainability Committee this year chaired by Non-Executive Director Heather Savory.</p>  |

# Governance

## Corporate Governance Report (continued)

### Employee Relations and Company Culture

Our teams are a key resource of the business. From the start we have always aimed to create a culture which is accessible, apolitical, inclusive, non-hierarchical, socially responsible, and very importantly, a fun and enjoyable place to work. We believe in the employees benefiting from the success of the business. All staff are eligible for an annual bonus; a Sharesave scheme is open to all employees; and the Company's Long Term Incentive Plan is provided to a significant number of employees.

The Executive Board Directors spend a considerable amount of time meeting with the Group's employees and in normal circumstances visit every store at least once a year. This year, for the stores that they have not been able to attend in person due to lockdown restrictions, video meetings have been held with the store teams. We recognise the value of the culture of the business and these visits create an opportunity for it to be cascaded from the boardroom. The Group's Non-Executive Directors also participate in some of these visits, allowing them to develop and maintain a greater insight into the business, producing an informed and higher quality Board discussion on employee matters.

The Group carries out regular engagement surveys of its staff. These surveys tell us what our staff value about the business and the importance of continued personal development. Detailed action plans are created following these engagement surveys and a number of changes to the way we operate have been made as a result of these surveys. The level of employee engagement evidenced by these surveys remained very high.

Regular training is provided to the Group's employees, and detailed courses are provided to allow employees to further their careers and seek promotion opportunities within the business.

The Board has, in conjunction with the work of the Audit Committee, reviewed the whistleblowing policies that are in place for the Group's employees. There have been no significant issues raised under the Group's whistleblowing arrangements during the course of the financial year.

### Workforce Engagement Director

The Code requires that the Board should understand the views of its key stakeholders, with a particular reference to engagement with the workforce. Specifically, it states that for engagement with the workforce, one or a combination of the following methods should be used:

- A Director to the main Board should be appointed from the workforce;
- A formal workforce advisory panel should report to the Board; and / or
- A designated Non-Executive Director should sit on the workforce advisory panel.

A designated Non-Executive Director, Anna Keay, has been chosen as the primary method of workforce engagement for Big Yellow.

She oversees and is responsible for the following:

- Involvement in the Workforce Engagement Group discussions and occasional attendance at Workforce Engagement Group Meetings;
- Involvement in key employee project groups where for example employee views are sought on the business or policy and procedural change;
- Maintaining an awareness of the suggestions made under the Company's Bright Ideas Scheme to include key trends and awards made;
- Along with all the Company's Non-Executive Directors, participation on store tours (pre-planned visits to individual stores);
- Along with all the Company's Non-Executive Directors attending the Annual Sales Conference;
- Provision of feedback to the Board on the annual employee engagement survey, with assistance from the Human Resources team and our survey partner;
- Receiving detailed feedback from the Executive Board Directors on their interaction with employees;
- Acting as an alternative contact to whom employees can report confidential matters and raise concerns under the Company's Whistleblowing Policy; and
- Reporting back to the Board and Non-Executive Directors on the above.

# Report of the Nominations Committee

## Committee members and attendance

| Member   | Number of meetings attended |
|--|-----------------------------|
| <b>Richard Cotton – Chairman and Senior Independent Director</b> | ●●●●                        |
| Julia Hailes – Member  | ●○○○                        |
| Georgina Harvey – Member   | ●○○○                        |
| Steve Johnson – Member   | ●○○○                        |
| Anna Keay – Member   | ●●●●                        |
| Vince Niblett – Member   | ●●●●                        |
| Laela Pakpour Tabrizi – Member                                   | ○●●●                        |
| Heather Savory – Member  | ○○●●                        |

● attended  
● absent  
 not applicable

## Introduction

The Committee is responsible for reviewing the Composition of the Board. It also makes recommendations for membership of the Board and considers succession planning for Directors. The Committee is also responsible for evaluating Board and Committee performance.

The Nominations Committee is responsible for reviewing the structure, size and composition of the Board and giving consideration to succession planning for Directors and other senior Executives. Where changes are required, it is also responsible for the identification, selection and proposal to the Board for approval of persons suitable for appointment or reappointment to the Board, whether as Executive or Non-Executive Directors and to seek approval from the Remuneration Committee of the remuneration and terms and conditions of service of any proposed Executive Director appointment. The Chairman of the Committee reports to the Board as appropriate to enable the Board as a whole to agree the appointments of new Directors. The Committee meets at least once a year and otherwise as required and as determined by its members.

The terms and conditions of appointment for the Non-Executive Directors are available for inspection at the Company's Head Office during normal working hours. They are also available for inspection at the Company's AGM.

## Board performance evaluation

During the prior year, the effectiveness of the Board and its Committees was evaluated by Simon Robertson Associates LLP ("SRA"). Simon Robertson Associates have no other business relationship with the Group or any of the Company's Directors. SRA met individually each Director, the Company Secretary, many of the senior management team and certain external advisers to the Company. They also attended Board and Committee meetings, with the results of the evaluation presented to the full Board.

## Outcome

Overall, SRA's evaluation was complimentary of the high standards of performance and governance set by the Board. SRA commented on the culture and strategic coherence of the Board and the strong balance between process and governance on the one hand and long-term strategic planning on the other. SRA gained comfort that the Board provides an environment where robust debate is encouraged, and a good level of challenge and diversity of thought exists. The Board is appropriately structured to provide the right balance of internal scrutiny, taking account of its own particular construct.

SRA made a number of recommendations including:

- continuing to develop the Board's existing succession plans to cover the Board as a whole, executive and non-executive;
- maximising the opportunity and education around Board debate on long-term strategic and financial planning; and
- increasing the interaction of the entire Board with the wider executive team.

## Governance

### Report of the Nominations Committee (continued)

During the current year, the Senior Independent Director led an internal evaluation of the Board's performance. This consisted of a review with each Director of their assessment of the effectiveness of the Board and its discussions. The Senior Independent Director provided a summary of these discussions to the Board. It was considered that the Board was operating effectively, with some minor areas identified for improvement.

#### Director evaluation

During the current year, the Executive Chairman evaluated the performance of the other Executive Board Directors, and the performance of the Chairman was evaluated by the Senior Independent Non-Executive Director. It was considered that the individuals were operating effectively, with appropriate procedures put in place for minor areas identified for improvement.

#### Succession planning

It is a key responsibility of the Committee to advise the Board on succession planning. The Committee ensures that any future changes in the Board's composition are foreseen and effectively managed.

The Board comprises a team of four Executive Board Directors, two of whom were co-founders of the Company, complemented by Non-Executive Directors who have wide business experience and skills as well as a detailed understanding of the Group's philosophy and strategy. The Executive Board Directors have worked together for a significant length of time, with no change in composition since John Trotman joined in 2007. Continuity of experience and knowledge, particularly of self storage, within the executive team is important in a long-term focussed business such as Big Yellow.

The team have confirmed individually and collectively that they all remain committed to the business for the foreseeable future. Each Executive has a significant personal financial interest in the Company. The risk of unforced succession within the business is therefore low.

Given the financial interest of each member of the team in the Company, any planned change in the team in the medium-term (e.g. upon retirement) will be staggered to ensure there is not significant disruption to the overall team. This will be in a similar way to how the Company has managed the replacement of the Non-Executive Directors over recent years.

The Directors work closely together across the various departments that each manages, and so each carries knowledge of the way the whole business operates and would be able to take over the running of that department in the short-term should a vacancy arise. Equally important is the strength of the Senior Management team within the business. The majority of the department heads have worked for the business for a substantial period of time and are highly capable individuals. We have confidence that they would be able to step up if there is a gap in the Executive Director team at any point.

In the event of unforeseen changes, the Committee ensures that management and oversight of the Group's business and long-term strategy will not be affected.

The Committee also addresses the development and continuity of the Senior Management team below Board level and has considered succession planning for this team during the year.

### Board and Company gender diversity

#### Board

Total 9

|          |          |                     |
|----------|----------|---------------------|
| <b>6</b> | <b>3</b> | <b>67:33</b>        |
| Male     | Female   | Male / female ratio |

#### Key Executives

Total 8

|          |          |                     |
|----------|----------|---------------------|
| <b>3</b> | <b>5</b> | <b>38:62</b>        |
| Male     | Female   | Male / female ratio |

#### Board and Key Executives

Total 17

|          |          |                     |
|----------|----------|---------------------|
| <b>9</b> | <b>8</b> | <b>53:47</b>        |
| Male     | Female   | Male / female ratio |

#### All employees

Total 412

|            |            |                     |
|------------|------------|---------------------|
| <b>227</b> | <b>185</b> | <b>55:45</b>        |
| Male       | Female     | Male / female ratio |

### Big Yellow Executive team

Big Yellow operates with a leadership team of twelve, comprising of four Executive Board Directors, supported by eight key executives within the business. The Group does not have a formal Executive Committee or formal Operating Board, as we use a more flexible approach to the day-to-day management of the business within a relatively flat management structure.

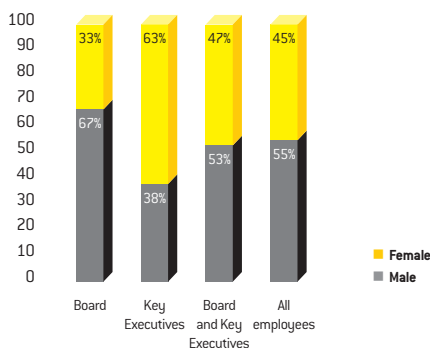
In addition to the four Executive Board Directors, the other members of the Executive team cover finance, sales and marketing, operations, construction, human resources, information technology and digital security, and CSR.

We run the business through small sub-groups of decision-making committees, which meet regularly throughout the year around particular key delivery areas which contribute to our growth and success. These committees are attended by members across the leadership team and other employees as required. All of these meetings are also attended by at least one of the Executive Board Directors, and in many cases more than one Executive Director. All strategic and acquisition decisions are made at the PLC Board level and then the Committees implement and take the detailed decisions to drive operational performance and deliver growth. There are also specific thematic executive committees, such as an Environmental Committee and a Health and Safety Committee.

### Policy on diversity

All aspects of diversity, including gender are considered at every level of recruitment. All appointments to the Board are made on merit. The Board's policy states that the Board seeks a composition with the right balance of skills and diversity to meet the demands of the business. The Company meets the 30% recommended minimum proportion of women on the Board.

Gender diversity of the Board, Key Executives and Company is set out below:



### External appointments

On making new appointments, the Board takes into account the other demands on a Director's time. Prior to any appointment, significant commitments are disclosed with an indication of the time involved. Any additional external appointments are only undertaken with prior approval of the Board. The Group's Executive Board Directors may not take on more than one non-executive Directorship within a FTSE 350 company or other significant and time-consuming appointment.

### Directors standing for re-election

All of the Directors will retire in accordance with the UK Corporate Governance Code and will offer themselves for re-election at the Annual General Meeting.

Following a performance appraisal process, the Board has concluded that the Directors retiring are effective, committed to their roles and operate as effective members of the Board.

The Board, on the advice of the Committee, therefore recommends the re-election of each Director standing for re-election. Full biographical details of each Director are available on pages 76 to 78.

### Richard Cotton

Nominations Committee Chairman

24 May 2021

# Governance

## Sustainability Committee Report

### Committee members and attendance

| Member                         | Number of meetings attended |
|--------------------------------|-----------------------------|
| <b>Heather Savory – Chair</b>  | ○ ●                         |
| Richard Cotton – Member        | ● ●                         |
| Anna Keay – Member             | ● ●                         |
| Vince Niblett – Member         | ● ●                         |
| Laela Pakpour Tabrizi – Member | ● ●                         |
| Julia Hailes – Former Chair    | ● ○                         |

● attended  
 ○ absent  
 ○ not applicable

### Introduction

The Sustainability Committee was established during 2020 with the purpose of:

- overseeing the Group’s sustainability framework and strategy;
- monitoring sustainability performance;
- providing guidance on emerging environmental issues, including environmental risks, and their impact on the Group’s business; and
- overseeing the Group’s CSR reporting, including external audit/assurance mechanisms.

### Introducing our Chair

The Chair of the Sustainability Committee, Heather Savory, who took on the role in March 2021, has a background in Science, Engineering, and Public Policy with a strong personal interest in the better use of data for Public Good. Her previous role as Director General at the UK Office for National Statistics included Chairing the United Nations Global Working Group on Big Data, looking at how Big Data can contribute to international reporting against the 17 Sustainable Development Goals (SDGs) defined to drive the UN’s 2030 Agenda for Sustainable Development.

Heather is keen that Big Yellow should continue to develop and mature its approach to and delivery of sustainability, building on the firm foundations which have been established over previous years. Big Yellow plans to do this through a sustainability strategy which is ambitious and will deliver value to the environment and for all Big Yellow’s stakeholders: investors, customers, suppliers, employees, and the community.

### Introducing the scope of the Sustainability Committee

The Sustainability Committee has determined its scope as:

- *material*, covering all environmental aspects of Big Yellow’s business, i.e. the ‘E’ in ESG; and
- *comprehensive*, from energy to waste, considered in order of their impact on the business.

The scope of the Sustainability Committee excludes:

- social and personnel aspects of ESG, which the Big Yellow Board considers elsewhere, under the guidance of Non-Executive Director Anna Keay; and
- governance aspects of ESG which are considered directly by the Big Yellow Board.

## Overview

The Sustainability Committee meets twice a year: in September and in March, attended by all Big Yellow Board Members and the Head of CSR.

The Head of CSR and Big Yellow's sustainability strategy are supported and delivered within the business through an executive level, cross-disciplinary Environmental Committee. Big Yellow staff form this committee and external experts may be called to the Sustainability Committee on an ad hoc basis, as determined by the meeting agenda.

At the first meeting of the Sustainability Committee in September 2020, the Head of CSR and the Environmental Committee proposed a new energy and emissions strategy. This was broadly accepted by the Board, and more work has been progressed since September to assess the options set out, their delivery potential and the financial impact. This has led to the development of Big Yellow's published Sustainability Strategy which was approved at the second Sustainability Committee meeting in March 2021.

The Sustainability Strategy has been now published as a stand-alone document which comprises two strands:

1. Net Renewable Energy Positive Strategy

Delivery of this strand will commence in 2021/22 and is expected to be completed in 2025.

2. Net Zero Scope 1 and 2 Emissions target

Work is underway to deliver a Net Zero Emissions strategy in parallel to the energy strategy. Big Yellow's path to Net Zero will be baselined through the creation of a science-based target.

In addition, at the March Sustainability Committee, the Board undertook a review of CSR benchmarks, campaigns, and frameworks to determine which benchmarks and frameworks are applicable for Big Yellow's operations and which campaigns Big Yellow might support. Big Yellow will continue to report against CDP, GRESB and FTSE4Good and will use the EPRA sustainability best practice reporting framework to present its yearly data. The committee will keep a watching brief over local and national developments in the relatively new area of emissions benchmarking, also the legislative landscape, to ensure that Big Yellow keeps apace with developments as they occur.

The Sustainability Committee agreed that Big Yellow is currently well placed, through previous and planned work to meet an overall target of becoming Net Zero for all carbon emissions, by 2040. Big Yellow's Board is strongly committed to achieving this goal.

Accessing the Sustainability strategy: The detail of the Net Renewable Energy Positive Strategy and the plans for the Net Zero Scope 1 and 2 Emissions targets can be accessed at [corporate.bigyellow.co.uk/sustainability](https://corporate.bigyellow.co.uk/sustainability).

### Heather Savory

Sustainability Committee Chair

24 May 2021

# Governance

## Remuneration Report

### Committee members and attendance

| Member                         | Number of meetings attended |
|--------------------------------|-----------------------------|
| <b>Richard Cotton – Chair</b>  | ●●●●                        |
| Julia Hailes – Member          | ●●●○                        |
| Georgina Harvey – Former Chair | ●○○○                        |
| Steve Johnson – Member         | ●○○○                        |
| Anna Keay – Member             | ●●●●                        |
| Vince Niblett – Member         | ●●●●                        |
| Laela Pakpour Tabrizi – Member | ○●●●                        |
| Heather Savory – Member        | ○○○●                        |

● attended  
 ○ absent  
 ○ not applicable

### Introduction

This report details the activities of the Remuneration Committee for the period from 1 April 2020 to 31 March 2021. The report has been prepared by the Remuneration Committee and approved by the Board. It sets out the proposed Remuneration Policy which will be put to shareholder vote at the forthcoming 2021 AGM and remuneration details for the Executive and Non-Executive Directors of the Company. It has been prepared in accordance with Schedule 8 of the Large and Medium-size Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (the “Regulations”). The report is divided into three main sections:

- The **Annual Statement** – which summarises the remuneration outcomes in the year ended 31 March 2021 and how the new Remuneration Policy will be operated in the year ending 31 March 2022;
- The **Remuneration Policy Report** – which sets out the proposed Remuneration Policy to be approved by shareholders at the 2021 AGM; and
- The **Annual Report on Remuneration** – which sets out how the Committee intends to operate the Remuneration Policy for the year ending 31 March 2022, the link between Company performance and remuneration for the year ended 31 March 2021 and payments and awards made to the Directors in respect of the year just ended.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the Annual Report on Remuneration that are subject to audit are indicated in the report.

### Annual Statement

### Dear Shareholder

I am pleased to present the Directors’ Remuneration Report for the year ended 31 March 2021 which has been operated under our existing Directors’ Remuneration Policy, for which shareholder approval was obtained in 2018.

### Performance, Decisions and Reward Outcomes for the year ended 31 March 2021

The business conditions and performance of the Group in the year ended 31 March 2021 are described more fully in the Chairman’s Statement and the Operating and Financial Review of this Annual Report. In summary:

- The business of the Group performed strongly despite the impact of Covid-19 throughout the financial year;
- Big Yellow remains the clear UK brand leader in self storage and delivered growth in revenue, cash flow and earnings for the twelfth year in a row;
- Revenue, operating cash flow and adjusted profit before tax increased 4.6%, 4.2% and 5.1% respectively; and
- Dividends are being increased by 0.6%.

Payments made to the Executive Board Directors under the cash annual bonus plan for the year ended 31 March 2021 amounted to 15.7% of salary (out of a maximum of 25% of salary), based on performance against pre-set targets for occupancy, store profitability, store audits and customer satisfaction. The targets set, and the out-turn, were identical to the average bonus awarded across the stores and head office.

Awards made to the Executive Board Directors under the deferred annual bonus plan for the year ended 31 March 2021 amounted to 118.75% of salary (out of a maximum of 125% of salary), based on performance against financial and non-financial performance targets linked to the business plan.

In respect of the Long Term Incentive Plan (“LTIP”) awards granted in 2017, which vested in July 2020, three-year EPS and TSR performance resulted in 84% of awards vesting.

Further details of the targets, and performance against the targets, for cash and deferred annual bonus plans and share award vesting levels are set out in the Annual Report on Remuneration.

## The Committee and its Work During the Year

**Committee Chair:** Richard Cotton

**Current Committee members:** Richard Cotton, Vince Niblett, Anna Keay, Laela Pakpour Tabrizi and Heather Savory

**Terms of Reference:** <https://corporate.bigyellow.co.uk/investors/corporate-governance>

The Committee met four times during the year under review. The Committee’s main activities during the year ended 31 March 2021 (full details are set out in the relevant sections of this report) included:

- Agreeing Executive Director base salary increases from 1 April 2021;
- Agreeing the cash annual bonus awards for the year ended 31 March 2020 and setting the targets for the year ended 31 March 2021;
- Agreeing the deferred annual bonus plan awards for the year ended 31 March 2020 and setting the targets for the year ended 31 March 2021;
- Reviewing the EPS and Total Shareholder Return (“TSR”) performance targets and determining the percentage vesting for the 2017 LTIP awards which vested in 2020;
- Reviewing the CEO Pay Ratio calculations and disclosures;
- Reviewing the Company’s Gender Pay calculations and disclosures; and
- Reviewing the Company’s Ethnicity Pay calculations and disclosures.

In addition, the Committee has considered how the Policy and practices are consistent with the six factors set out in Provision 40 of the UK Corporate Governance Code:

**Clarity** – Our Policy is understood by our senior executive team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and when changes are proposed).

**Simplicity** – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices continue to be straightforward to communicate and operate.

**Risk** – Our Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via: (i) the balanced use of annual and long-term pay which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.

**Predictability** – Our incentive plans are subject to individual caps, our share plans are also subject to market standard dilution limits.

**Proportionality** – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/‘at-risk’ pay, together with the structure of the Executive Board Directors’ service contracts, ensures that poor performance is not rewarded.

**Alignment to culture** – Our executive pay policies are fully aligned to Big Yellow’s culture through the use of metrics in both the annual bonus, deferred bonus and LTIP that measure how we perform against our KPIs.

# Governance

## Remuneration Report (continued)

### Operation of the Policy and use of discretion

The Remuneration Policy operated as intended for the year ended 31 March 2021 with one exception. At the outset of the Covid-19 pandemic, the Board agreed to support our customers by deferring the normal rent increases for the first four months of the financial year. Additionally, the Group provided assistance discounts to many of our customers, in particular small businesses, who were struggling for cash flow during the initial lockdown. Given the impact of these decisions in reducing the average net rent per sq ft achieved over the year, the Committee agreed to increase the weighting on the like-for-like occupancy growth (from 25% to 35% of potential) and reduce the weighting on the net rent metric (from 15% to 5%) so as not to penalise management for acting in the interests of our customers. Given the relationship of these two metrics to revenue (which combined for the year ended 31 March 2021 to produce like-for-like store revenue growth of 4.9% over the year, which was well ahead of budget), the Committee has decided to simplify the approach in respect of the year ending 31 March 2022 by just focussing on revenue rather than measuring its principal constituent drivers of occupancy and net rent.

### Policy review

As the current remuneration policy approved by shareholders in 2018 is reaching the end of its three-year life, the Committee carried out a detailed review of the policy and consulted with Big Yellow Group's major shareholders and the main representative bodies on a number of potential changes. After considering all of the feedback received, the Committee decided to roll-forward the existing Remuneration Policy at the 2021 AGM, albeit updated for the 2018 UK Corporate Governance Code provisions around pension and post-cessation. As such, incumbent Executive Director pension provision was reduced to workforce levels from 1 April 2021 and post-cessation shareholding guidelines will, subject to shareholder approval, be introduced from the 2021 AGM.

### Implementing the Policy for the Year Ending 31 March 2022

#### Base salary

The Committee has operated a policy of targeting base salaries "close to (but generally just below) median" for some time. However, notwithstanding that Executive Director base salary levels are currently well below the market level for a FTSE 250 company of Big Yellow's size and complexity, salary levels were increased by 2% in line with the general workforce increase:

|                          | Chief Executive<br>(Jim Gibson) | Executive Chairman<br>(Nicholas Vetch) | Chief Financial Officer<br>(John Trotman) | Operations Director<br>(Adrian Lee) |
|--------------------------|---------------------------------|--|---|-------------------------------------|
| From 1 July 2020*        | £440,000                        | £375,000                               | £325,000                                  | £285,000                            |
| <b>From 1 April 2021</b> | <b>£448,800</b>                 | <b>£382,500</b>                        | <b>£331,500</b>                           | <b>£290,700</b>                     |
| % increase               | 2%                              | 2%                                     | 2%  | 2%                                  |

\* Increases were originally intended for 1 April 2020 but were postponed until 1 July 2020 due to the Covid-19 pandemic.

### Pension and benefits

As part of the Remuneration Policy review, the Committee determined that Executive Director pension provision should be aligned, in percentage of salary terms, to the general workforce contribution rate. As such, pension provision was reduced from 10% to 6% of salary from 1 April 2021 for incumbent Executive Directors and any new Executive Directors would receive a pension at this level.

Benefit provision will remain unchanged (private fuel, private medical insurance, permanent health insurance, life assurance and relocation allowances, where relevant).

### Annual bonus

Annual bonus potential will continue to be capped at 150% of salary for the year ending 31 March 2022.

Up to 25% of salary will continue to be aligned to the workforce annual bonus (measured against store performance, through occupancy growth, store profitability, store audits and customer satisfaction scores). Any bonus earned under this part will be payable in cash, following the year ending 31 March 2022.

The remaining 125% of salary will continue to be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2022. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

### LTIP

LTIP awards will continue to be granted to Executive Board Directors annually, over shares equal to 100% of salary. Following a review of the LTIP in light of Big Yellow's strategic initiatives, the performance metrics and conditions for awards intended to be granted to Executive Board Directors in 2021 will be based on performance against three key metrics: Adjusted EPS, Relative TSR, and ESG targets. As the performance targets have yet to be agreed by the Committee, the targets and weighting of each metric will be set out in the RNS issued immediately following the grant. A two-year post-vesting holding period will continue to apply.

### Shareholding guidelines – in employment

The requirement to build and maintain a holding of at least 200% of salary in shares of the Company will continue to apply and has been met by all of the Executive Board Directors. Where this guideline has not been met, there is a requirement to retain at least 50% of shares vesting (net of taxes) from discretionary share-based incentive plans.

### Shareholding guidelines – post employment

Subject to shareholders approving the new Policy at the 2021 AGM, a post-cessation shareholding guideline will be introduced. Going forward, Executive Directors will need to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation.

### **Charitable donations**

Following a shortfall in donations to the Big Yellow Foundation (“the Foundation”) during the initial Covid-19 lockdown, the Executive Directors donated a total of £50,000 to the Foundation during the year. The Company’s Non-Executive Directors also donated £11,000 to the Foundation during the year.

### **Conclusion**

I hope that, at the AGM on 22 July 2021, you will support the resolutions on: (i) the remuneration paid to the Directors in the last financial year, and the implementation of the new Remuneration Policy for the forthcoming year; and (ii) the new Directors’ Remuneration Policy.

Finally, I would like to extend my thanks to my fellow colleagues on the Committee for their support and work in 2020/21.

### **Richard Cotton**

Chair of the Remuneration Committee

24 May 2021

### **Directors’ Remuneration Policy**

This section of the Remuneration Report contains details of the Company’s Directors’ Remuneration Policy (the “Policy”) which governs the Company’s approach to remuneration.

It is the policy of the Company to ensure that the executive remuneration packages are designed to attract, motivate, and retain Directors of a high calibre and reward the executives for enhancing value to shareholders.

As a result, a substantial element of the remuneration of the Executive Board Directors is structured to be dependent on the performance of the Company. The policy aims to support a performance culture where there is appropriate reward for the achievement of strong Company performance without creating incentives which will encourage excessive risk-taking or unsustainable Company performance.

### **Policy Scope**

The Policy applies to the Executive Board Directors and Non-Executive Directors.

### **Policy Duration**

The current Directors’ Remuneration Policy Report was approved by a binding shareholder vote at the AGM on 19 July 2018. A new policy is being put to shareholders for approval at the forthcoming AGM.

### **Policy Changes**

Following a consultation exercise with Big Yellow’s major shareholders and the main shareholder representatives, the Committee concluded that the existing Remuneration Policy should be rolled forward, albeit updated for the main developments in corporate governance since the last Policy was approved. As such, the following changes are being proposed:

- The maximum pension contribution rate of 10% of salary will be removed. Going forwards, pension provision for new Executive Directors and incumbent provision from 1 April 2021 will be aligned, in percentage of salary terms, to the general workforce contribution rate (currently 6% of salary); and
- A post-cessation shareholding guideline will be introduced. Going forward, Executive Directors will need to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation.

# Governance

## Remuneration Report (continued)

### Summary Policy table (Executive Board Directors)

The main components of the Directors' Remuneration Policy, and how they are linked to and support the Company's business strategy, which will be presented to shareholders for approval at the 2021 AGM, are summarised below:

#### Executive Board Directors

|                                 | Purpose and link to strategy   | Operation   | Maximum potential value  | Performance conditions and assessment  |
|---------------------------------|--|---|--|--|
| <b>Base salary</b>              | To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Company. | <p>Base salary is normally set annually on 1 April.</p> <p>When considering any increases to base salaries in the normal course (as opposed to a change in role or responsibility), the Committee will take into consideration:</p> <ul style="list-style-type: none"> <li>▪ level of skill, experience, scope of responsibilities and performance;</li> <li>▪ business performance, economic climate, and market conditions;</li> <li>▪ pay and employment conditions of employees throughout the Group, including increases provided to staff;</li> <li>▪ inflation; and</li> <li>▪ increases provided to Executive Board Directors in comparable companies (although such data would be used with caution).</li> </ul> | <p>Salaries are typically set after considering the salary levels in companies of a similar size and complexity in the FTSE 250.</p> <p>Our overall policy is normally to target salaries at close to median levels.</p> <p>Base salaries are intended to increase in line with inflation and general employee increases in salary.</p> <p>Higher increases may apply if there is a change in role, level of responsibility or experience or if the individual is new to the role.</p> <p>There is no maximum salary cap in place.</p> | None   |
| <b>Annual bonus</b>             | The annual bonus aligns reward to key Group strategic objectives and drives short-term performance.  | <p>Executive Board Directors participate in an annual performance-related bonus scheme.</p> <p>Up to 25% of salary will be paid in cash. Up to 125% of salary will be deferred into shares for three years.</p> <p>Dividend equivalents may be payable on deferred share awards.</p> <p>The annual bonus plan rules contain clawback and malus provisions.</p>  | 150% of salary.  | Assessed annually and determined by the Committee based on financial, strategic and/or personal performance against the Group's business plan for each financial year. |
| <b>Long Term Incentive Plan</b> | The Long Term Incentive Plan aligns Executive Director interests with those of shareholders and rewards value creation.                        | <p>Awards are made annually to the Executive Board Directors (and certain senior managers who are in a position to significantly influence the performance of the Group) in the form of nil-paid options.</p> <p>The awards granted under the Long Term Incentive Plan are subject to performance conditions to be met over a performance period of three years.</p> <p>Dividend equivalents may be payable on LTIP awards during the vesting period, to the extent awards vest.</p> <p>The LTIP contains clawback and malus provisions.</p> <p>A two year post vesting holding period is applied to LTIP awards granted to Executive Directors following the 2018 AGM.</p>   | 100% of salary.  | Vesting under the LTIP will be based on financial, share-price, strategic and/or ESG related performance measures.   |

|  | Purpose and link to strategy   | Operation  | Maximum potential value  | Performance conditions and assessment |
|--|--|--|--|---------------------------------------|
| <b>Pension</b>                               | To provide competitive levels of retirement benefit.   | Contribution made into Executive Director's personal pension plan, or a cash supplement of equivalent value paid in lieu of pension contribution.  | Workforce aligned (currently 6% of salary)   | None                                  |
| <b>Other benefits</b>                        | To provide competitive levels of employment benefits.  | <p>Benefits include:</p> <ul style="list-style-type: none"> <li>▪ Private fuel;</li> <li>▪ Private medical insurance;</li> <li>▪ Permanent health insurance;</li> <li>▪ Life assurance of four times base salary; and</li> <li>▪ Relocation allowances (where relevant).</li> </ul> <p>Other benefits may be provided where appropriate.</p> <p>The type and level of benefits provided is reviewed annually to ensure they remain market competitive.</p> | Maximum opportunity is the total cost of providing the benefits. There is no monetary cap on benefits. | None                                  |
| <b>Shareholding policy – in employment</b>   | To ensure that Executive Board Directors' interests are aligned with those of shareholders over a longer time horizon.   | Requirement to build and maintain a holding of shares in the Company, through retaining at least 50% of shares vesting in discretionary share-based incentive plans if this guideline has not been met.  | 200% of salary.  | N/A                                   |
| <b>Shareholding policy – post employment</b> |  | <p>Requirement to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation.</p> <p>Own shares purchased and share awards granted prior to the 2021 AGM will be excluded from the post-cessation guideline.</p>  |  |                                       |
| <b>All Employee Scheme</b>                   | To encourage share ownership by all employees. This allows them to align their interests with those of investors and to share in the long-term success of the Company. | Executive Board Directors may participate in any HMRC tax favoured all employee arrangements.  | In line with the prevailing HMRC limits.   | None                                  |

# Governance

## Remuneration Report (continued)

### Notes to the policy table

The key principle for the short and long-term incentives is to provide a strong link between reward and individual and Group performance to align the interests of Executive Board Directors with those of shareholders.

#### 1. Annual bonus performance measures and targets

Annual bonuses for the Executive Board Directors are based on:

- 25% of salary cash bonus: the average of the stores' performance against their quarterly targets providing direct alignment of the Directors' bonuses to performance (and the bonus levels) of the staff. The four Key Performance Indicators used to assess store performance are occupancy growth, store profitability, store audits and customer satisfaction. Store targets are set every quarter and an average of the four quarters is taken.
- 125% of salary deferred share bonus: measured against pre-set financial, operational, real estate and strategic targets.

#### 2. Long Term Incentive Plan performance measures and targets

Performance metrics and targets for LTIP awards will provide a direct link between the incentive for the Executive Board Directors and the long-term value created for shareholders. The main two performance metrics, which may be supplemented by strategic and/or ESG-related metrics are:

- Relative TSR against the constituents of the FTSE Real Estate Index, given that Big Yellow's historic performance has been closely aligned to the performance of this Index.
- Adjusted EPS figure as reported in the audited results of the Group for the last complete financial year ending before the start of the performance period and the last complete financial year ending before the end of the performance period.

#### 3. Malus and clawback

The cash annual bonus, deferred annual bonus plan and LTIP include malus and clawback provisions.

Malus is the adjustment of outstanding deferred bonus and LTIP awards as a result of the occurrence of one or more of the circumstances listed below. The adjustment may result in the value being reduced to zero. Malus will apply for the three year period from grant to vesting for the deferred bonus and LTIP awards.

Clawback is the recovery of payments/vestings under the cash bonus and LTIP as a result of the occurrence of one or more circumstances listed below. Clawback will apply for three years post payment of a cash bonus/grant of deferred share awards and three years post vesting for LTIP awards.

The circumstances in which malus and clawback could apply are as follows:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company;
- the assessment of any performance target or condition in respect of an award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the amount of an award was based on error, or inaccurate or misleading information;
- corporate failure or the occurrence of an insolvency event;
- action or conduct of an award holder which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and
- events or behaviour which have led to the censure of the Company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Company.

#### 4. Discretion

The Committee has discretion in several areas of policy as set out in this report. The Committee may also exercise operational and administrative discretion under relevant plan rules approved by shareholders as set out in those rules. In addition, the Committee has the discretion to amend policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

In certain circumstances, the Committee will be required to exercise its discretion, taking into consideration the particular circumstances of an Executive Director's departure and/or the recent performance of the Company in determining the specific level of payments to be made.

In addition to the discretion under the terms of the annual bonus plan (both cash and deferred shares) and LTIP, the Committee has discretion to determine whether an individual is classified as a "good leaver".

It should be noted that it is the Committee's policy to only apply its discretion if the circumstances at the time are, in its opinion, sufficiently exceptional, and to provide a full explanation to shareholders where discretion is exercised. The Committee does not currently intend to amend or waive any performance conditions.

## 5. Differences in remuneration policy for all employees

All employees are currently entitled to base salary, benefits, pensions, and the Sharesave Scheme. Additionally, all employees are eligible for annual bonuses with the maximum opportunity available based on the seniority and responsibility of the role held.

The Company's LTIPs are granted to a number of senior managers within Head Office, the area manager team and also to store managers.

### Illustrations of application of Remuneration Policy

The graphs below seek to demonstrate how pay varies with performance for the Executive Board Directors based on the current Remuneration Policy.

The assumptions used in determining the level of pay out under given scenarios are as follows:

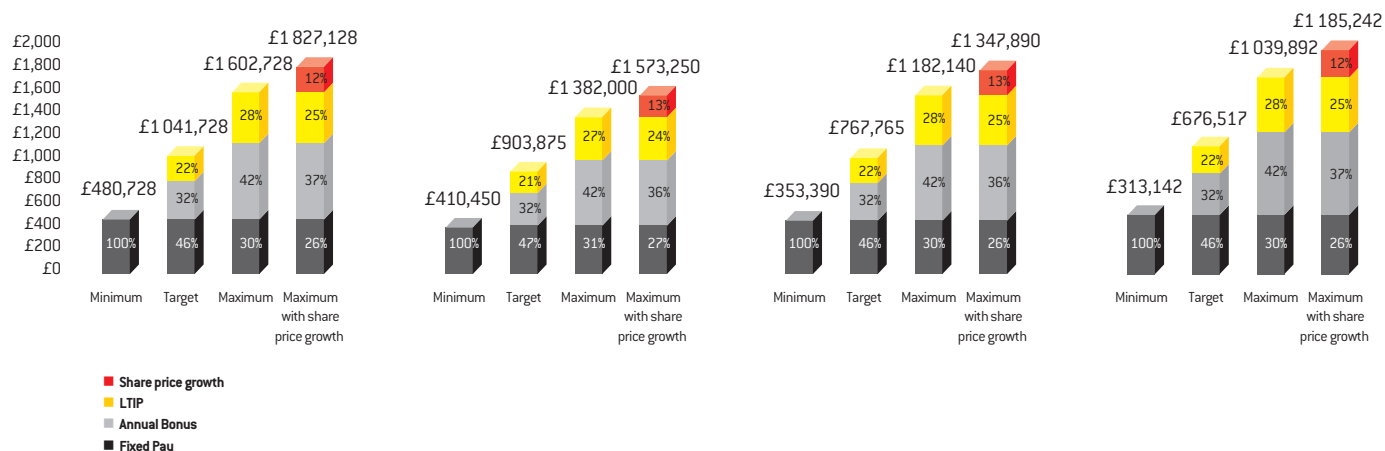
| Scenario                                       | Description   | Chief Executive | Executive Chairman | Chief Financial Officer | Operations Director |
|--|---|-----------------|--------------------|-------------------------|---------------------|
| <b>Fixed Pay</b>                               |   |                 |                    |                         |                     |
|  | Base salary<br>(from 1 April 2021)  | £448,800        | £382,500           | £331,500                | £290,700            |
|  | Estimated<br>Benefits   | £5,000          | £5,000             | £2,000                  | £5,000              |
|  | Pension<br>(% of salary)  | 6%              | 6%                 | 6%                      | 6%                  |
| <b>On-target</b>                               | 50% of annual bonus award being paid and 50% vesting of the LTIP.                         |                 |                    |                         |                     |
| <b>Maximum</b>                                 | 100% of annual bonus award being paid (i.e. 150% of salary) and 100% vesting of the LTIP. |                 |                    |                         |                     |
| <b>Maximum Plus 50%<br/>share price growth</b> | As per the Maximum scenario but assuming 50% share price growth on LTIP awards.           |                 |                    |                         |                     |

### Chief Executive Officer

### Executive Chairman

### Chief Financial Officer

### Operations Director



# Governance

## Remuneration Report (continued)

### Summary Policy table (Non-Executive Directors)

|             | Objective and link to the strategy   | Operation  | Maximum potential value   | Performance conditions and assessment |
|-------------|--|--|---|---------------------------------------|
| <b>Fees</b> | To attract Non-Executive Directors with the requisite skills and experience. | <p>Fee levels are normally reviewed annually in March.</p> <p>The Non-Executive Director fee structure is a matter for the full Board.</p> <p>Non-Executive Directors may be entitled to benefits relating to travel and office support and such other benefits as may be considered appropriate.</p> <p>The fees may be paid in the form of shares.</p> | <p>Fee levels are normally set at broadly median levels for comparable roles at companies of a similar size and complexity within the FTSE 250.</p> <p>Fees are normally intended to increase in line with inflation.</p> | N/A                                   |

Non-Executive Directors' fees comprise of a base fee, with an additional fee for Committee Chairs, the Senior Independent Non-Executive Director and the Employee Representative Director.

### Approach to recruitment remuneration

The table below summarises our key policies with respect to recruitment remuneration:

|                                   |  |
|-----------------------------------|--|
| <b>Salary and benefits</b>        | <ul style="list-style-type: none"> <li>▪ Set by reference to market and taking account of individual experience and expertise in the context of the role.</li> <li>▪ Salary would also be set with reference to the salary of any departing Executive Director and the remaining Executive Board Directors.</li> <li>▪ The Executive Director would be eligible to receive benefits in line with Big Yellow Group's benefits policy as set out in the remuneration policy table – this includes either a contribution to a personal pension scheme or cash allowance in lieu of pension benefits in line with the policies set out in the policy table.</li> </ul>   |
| <b>Maximum variable incentive</b> | <ul style="list-style-type: none"> <li>▪ Annual bonus of up to 150% of base salary.</li> <li>▪ Long term incentive plan award of equivalent to 100% of base salary.</li> </ul>   |
| <b>Sign-on payments</b>           | <ul style="list-style-type: none"> <li>▪ The Company does not provide sign-on payments to Executive Board Directors.</li> </ul>  |
| <b>Share buy-outs</b>             | <ul style="list-style-type: none"> <li>▪ Any previous outstanding share awards which the Executive Director holds which would be forfeited on cessation of his or her previous employment may be compensated.</li> <li>▪ Where this is the case, the general principle is that the outstanding award will be valued based on the consideration of the following factors: <ul style="list-style-type: none"> <li>– The proportion of the performance period completed on the date of the Director's cessation of employment;</li> <li>– The performance conditions attached to the vesting of the incentives and the likelihood of them being satisfied; and</li> <li>– Any other terms and conditions having a material impact on their value.</li> </ul> </li> <li>▪ The valuation will be conducted using a recognised valuation methodology by an independent party and the equivalent 'fair value' may be awarded as a one-off LTIP on date of joining under the Company's existing long-term incentive plan. To the extent that this is not possible, a bespoke arrangement will be used.</li> <li>▪ To ensure effective retention of the Executive Director upon recruitment, any new award will be granted subject to performance conditions and vesting may be over the same period as those forfeited from the previous employer or a new three year period.</li> <li>▪ The exact terms will be determined by the Remuneration Committee on a case-by-case basis taking into account all relevant factors.</li> </ul> |
| <b>Relocation policies</b>        | <ul style="list-style-type: none"> <li>▪ In instances where the new Executive Director is relocating from one work location to another, the Company may provide, as a one-off or otherwise, a relocation allowance as part of the Director's relocation benefits.</li> <li>▪ The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences, housing allowance and schooling.</li> </ul>   |

## Service contracts

The Company's policy on Directors' service contracts is that they should be on a rolling basis without a specific end-date providing for one year's notice. All Executive Board Directors have contracts which reflect this policy.

The Non-Executive Directors do not have service contracts with the Company. Their appointments are governed by letters of appointment which are available for inspection on request at the Company's registered office and which will be available for inspection at the Company's AGM. Each appointment is for a period of up to three years, although the continued appointment of all Directors is put to shareholders at the AGM on an annual basis. In addition, the appointment is terminable by either party giving notice of three months.

## Payments for loss of office

| Element                            | Approach  |
|------------------------------------|---|
| <b>Salary and benefits</b>         | <p>Salary and benefits may be paid in lieu of notice. In cases where a contract is terminated other than on the terms of the service contract, the Company will seek to mitigate any damages payable.</p> <p>There will be no compensation for normal resignation or in the event of termination by the Company due to misconduct.</p>  |
| <b>Annual bonus</b>                | <p>If the individual is a good leaver, any bonus will be paid on a pro-rata basis in respect of the period from the start of the financial year. Any pro-rated bonus would normally be payable in cash (i.e. no award of deferred shares would be made).</p> <p>Deferred share awards would normally vest at the normal vesting date (although may vest at the date of cessation).</p> <p>A good leaver is defined as an individual ceasing employment due to ill-health, disability, redundancy, or retirement or in any other circumstances which the Committee permits.</p> <p>A bad leaver is an Executive Director who does not fall within the category of "good leaver" and bad leavers will forfeit any entitlement to a bonus payment in respect of the current financial year or any completed financial year in respect of which the bonus has not been paid at the cessation date.</p>  |
| <b>Long term incentives (LTIP)</b> | <p>A proportion of the LTIP awards held by good leavers will vest at the Committee's discretion determined by taking into account whether, and to what extent, any performance conditions have been satisfied and the length of time the LTIP award has been held at the date of cessation of employment.</p> <p>The LTIP awards will not normally vest until the end of the performance period with performance tested at that time, although exceptionally such awards may, at the discretion of the Committee, vest at cessation of employment.</p> <p>A good leaver is defined as an individual ceasing employment as a result of ill-health, injury, disability, redundancy, retirement, or the sale out of the Group of his employing business or any other reason which the Committee in its absolute discretion permits.</p> <p>A bad leaver is an Executive Director who does not fall within the category of good leaver, and bad leavers will forfeit any unvested awards.</p> |
| <b>Other</b>                       | <p>The Group may meet relocation and other incidental expenses on termination of employment, the fees of legal or other professional advisers, outplacement, compensation in respect of statutory rights under relevant employment protection legislation and accrued but untaken holiday. It may also elect to continue to provide certain benefits rather than making payment in lieu of the benefit in question.</p>   |

## Statement of consideration of shareholders' views

The views of our shareholders are very important to the Committee and we actively consulted with our major shareholders and the main representative bodies to help formulate the proposed new Remuneration Policy.

Any consultations on remuneration with shareholders and representative bodies will usually be led by the Chair of the Remuneration Committee.

The Remuneration Committee also considers shareholder feedback received in relation to the AGM each year at its first meeting following the relevant AGM. This feedback, as well as any additional feedback received during any other meetings with shareholders throughout the year, is then considered as part of the Company's annual review of remuneration policy.

The Remuneration Committee notes that shareholders do not speak with a single voice, but we engage with our largest shareholders to ensure we understand the range of views which exist on remuneration issues. When any material changes are proposed to the Remuneration Policy, the Remuneration Committee Chair will consult major shareholders in advance and will offer a meeting to discuss these.

# Governance

## Remuneration Report (continued)

### Shareholder voting

The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the reasons for that voting will be sought and any actions in response will be detailed here. There have been no significant issues raised by shareholders in respect of remuneration in the year.

The table below shows the advisory vote on the 2020 Remuneration Report and the binding vote on the Remuneration Policy at the AGM held on 19 July 2018.

|                          | Votes for   | %     | Votes Against | %    | Votes withheld |
|--------------------------|-------------|-------|---------------|------|----------------|
| 2020 Remuneration Report | 139,729,155 | 97.8% | 3,155,806     | 2.2% | 7,204          |
| 2018 Remuneration Policy | 123,499,408 | 96.4% | 4,603,796     | 3.6% | 260,131        |

### Annual Report on Remuneration

This section of the Remuneration Report contains details of how the Directors' Remuneration Policy will be implemented for the year ending 31 March 2022 and how it was implemented during the year ended 31 March 2021.

#### Implementing the Policy for the Year Ending 31 March 2022

##### Base salary

While the Committee has operated a policy of targeting base salaries "close to (but generally just below) median" for some time, actual salaries have been set significantly below median levels.

Notwithstanding that Executive Director base salary levels are well below the market level for a FTSE 250 company of Big Yellow's size and complexity, salary levels were increased by 2% in line with the general workforce increase:

|                          | Chief Executive<br>(Jim Gibson) | Executive<br>Chairman<br>(Nicholas Vetch) | Chief Financial<br>Officer<br>(John Trotman) | Operations<br>Director<br>(Adrian Lee) |
|--------------------------|---------------------------------|---|--|--|
| From 1 July 2020*        | £440,000                        | £375,000                                  | £325,000                                     | £285,000                               |
| <b>From 1 April 2021</b> | <b>£448,800</b>                 | <b>£382,500</b>                           | <b>£331,500</b>                              | <b>£290,700</b>                        |
| % increase               | 2%                              | 2%  | 2%   | 2%                                     |

\* Increases were originally intended for 1 April 2020 but were postponed until 1 July 2020 in light of the Covid-19 pandemic.

##### Pension & benefits

As part of the Remuneration Policy review, the Committee pension provision for new Executive Directors and incumbent provision should be aligned, in percentage of salary terms, to the general workforce contribution rate from 1 April 2021. As such, pension provision was reduced from 10% to 6% of salary from 1 April 2021.

Benefit provision will remain unchanged (private fuel, private medical insurance, permanent health insurance, life assurance and relocation allowances, where relevant).

##### Annual bonus

Annual bonus potential will continue to be capped at 150% of salary for the year ending 31 March 2022.

Up to 25% of salary will continue to be aligned to the workforce annual bonus (measured against store performance, through occupancy growth, store profitability, store audits and customer satisfaction scores). Any bonus earned under this part will be payable in cash, following the year ending 31 March 2022.

The remaining 125% of salary will be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2022. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

##### LTIP

LTIP awards will continue to be granted to Executive Board Directors annually, over shares equal to 100% of salary. Following a review of the LTIP in light of Big Yellow's strategic initiatives and longer-term objectives, the performance metrics and conditions for awards intended to be granted to Executive Board Directors in 2021 will be based on performance against three key metrics: Adjusted EPS, Relative TSR, and ESG targets. As the performance targets have yet to be agreed by the Committee, the targets and weighting of each metric will be set out in the RNS issued immediately following the grant. A two year post-vesting holding period will continue to apply.

### Shareholding guidelines – in employment

The requirement to build and maintain a holding of at least 200% of salary in shares of the Company will continue to apply and has been met by all of the Executive Board Directors. If this guideline has not been met, then there is a requirement to retain at least 50% of shares vesting (net of taxes) in discretionary share-based incentive plans.

### Shareholding guidelines – post employment

Subject to shareholders approving the new Policy at the 2021 AGM, a post-cessation shareholding guideline will be introduced. Going forward, Executive Directors will need to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation.

### Non-Executive Directors

Non-Executive Director base fees for the year ending 31 March 2022 have been increased by 2% (in line with the general workforce increase) to £43,200. The increment for Committee Chairs and additional responsibilities has also been increased by 2% to £10,505 for the year ending 31 March 2022. These increases took effect from 1 April 2021.

### Single total figure of remuneration (Audited)

The table below sets out the single total figure of remuneration and breakdown for each Executive Director paid in the year ended 31 March 2021.

#### Year ended 31 March 2021

|                | Fixed pay        |                  |                               |               |                       |                |                  |                  | Total fixed pay |           |
|----------------|------------------|------------------|-------------------------------|---------------|-----------------------|----------------|------------------|------------------|-----------------|-----------|
|                | Salary           |                  | Taxable benefits <sup>1</sup> |               | Pensions <sup>2</sup> |                | Total fixed pay  |                  |                 |           |
|                | 2021<br>£        | 2020<br>£        | 2021<br>£                     | 2020<br>£     | 2021<br>£             | 2020<br>£      | 2021<br>£        | 2020<br>£        | 2021<br>£       | 2020<br>£ |
| Nicholas Vetch | 368,750          | 350,000          | 4,930                         | 5,645         | 36,875                | 35,000         | 410,555          | 390,645          |                 |           |
| Jim Gibson     | 430,000          | 400,000          | 6,130                         | 5,645         | 43,000                | 40,000         | 479,130          | 445,645          |                 |           |
| Adrian Lee     | 281,250          | 270,000          | 5,167                         | 4,737         | 28,125                | 27,000         | 314,542          | 301,737          |                 |           |
| John Trotman   | 318,750          | 300,000          | 1,620                         | 2,199         | 31,875                | 30,000         | 352,245          | 332,199          |                 |           |
| <b>Total</b>   | <b>1,398,750</b> | <b>1,320,000</b> | <b>17,847</b>                 | <b>18,226</b> | <b>139,875</b>        | <b>132,000</b> | <b>1,556,472</b> | <b>1,470,226</b> |                 |           |

|                | Variable pay        |                |                         |                |                                   |                  | Total variable pay |                  |                  |                  |
|----------------|---------------------|----------------|-------------------------|----------------|-----------------------------------|------------------|--------------------|------------------|------------------|------------------|
|                | Annual bonus – cash |                | Annual bonus – deferred |                | Long term incentives <sup>3</sup> |                  | Total variable pay |                  |                  |                  |
|                | 2021<br>£           | 2020<br>£      | 2021<br>£               | 2020<br>£      | 2021<br>£                         | 2020<br>£        | 2021<br>£          | 2020<br>£        | 2021<br>£        | 2020<br>£        |
| Nicholas Vetch | 57,894              | 32,550         | 437,891                 | 207,813        | 301,057                           | 379,439          | 796,842            | 619,802          | 1,207,397        | 1,010,447        |
| Jim Gibson     | 67,510              | 37,200         | 510,625                 | 237,500        | 336,225                           | 416,288          | 914,360            | 690,988          | 1,393,490        | 1,136,633        |
| Adrian Lee     | 44,156              | 25,110         | 333,984                 | 160,313        | 244,717                           | 308,418          | 622,857            | 493,841          | 937,399          | 795,578          |
| John Trotman   | 50,044              | 27,900         | 378,516                 | 178,125        | 256,432                           | 308,418          | 684,992            | 514,443          | 1,037,237        | 846,642          |
| <b>Total</b>   | <b>219,604</b>      | <b>122,760</b> | <b>1,661,016</b>        | <b>783,751</b> | <b>1,138,431</b>                  | <b>1,412,563</b> | <b>3,019,051</b>   | <b>2,319,074</b> | <b>4,575,523</b> | <b>3,789,300</b> |

(1) Taxable benefits comprise medical cover, permanent health insurance, life insurance and private fuel usage.

(2) Nicholas Vetch and Jim Gibson receive a cash supplement in lieu of their full pension contributions. Adrian Lee and John Trotman receive cash supplements in lieu of pension contributions to the extent that they exceed £10,000.

(3) The values shown in long-term incentives in the current year are the LTIP award granted in 2017 which vested on 3 August 2020 to 83.6% of its maximum value and is valued using the share price on that date of 1012p. The award granted for 2021 is 100% of salary for each Executive Director. For Jim Gibson and John Trotman, the value also includes a gain on Sharesave Scheme awards which vested on 31 March 2021.

The average salary increase across the Group in the year was 3%.

### Cash Annual Bonus Plan awards – cash (25% of salary maximum)

The policy of the Company is that the cash bonus paid to the Executive Board Directors is the same as the average of the bonus awards (as a % of salary) paid to all the Group's stores on achieving their targets during the course of the year. It is an important part of the Group's culture that the Executive team are rewarded with the same level of annual bonus as the average for all staff.

In respect of the year under review, and in line with the average bonus as a percentage of salary paid across the stores the Executive Board Directors' received a cash bonus of 15.7% of salary (out of a maximum of 25% of salary).

# Governance

## Remuneration Report (continued)

### Overview of the staff (and Executive Director) cash bonus scheme

The staff bonus scheme is designed, on a quarterly basis, to reward each store with a bonus of up to 25% of their quarterly salary, made up of the following four key elements set out below:

#### Occupancy performance against target

Each store is set a quarterly target for occupancy growth. The weighting of the contribution of these metrics to the bonus varies based on store occupancy, with higher occupied stores having a lower weighting towards their performance against their occupancy target.

The bonus awarded to each store increases as the store moves further ahead of target. No bonus is awarded if the store fails to meet its target. The individual store targets have not been disclosed as it would be impractical and commercially sensitive to disclose the targets for every one of our stores in this report.

However following feedback received from our shareholders on previous remuneration reports to increase the disclosure around the annual bonus, we have shown the average annual distribution of performance against target for each of the bonus measures across our stores and the corresponding average pay-out as a percentage of salary which directly corresponds to the bonus percentage pay-out for the Executive Board Directors.

The average performance against the four key targets and the associated reward for the stores were as follows:

#### 1. Occupancy

| Performance against target | Below target | 0 to 10% ahead of target | 10 to 20% ahead of target | 20 to 30% ahead of target | 30 to 40% ahead of target | > 40% ahead of target | Total |
|----------------------------|--------------|--------------------------|---------------------------|---------------------------|---------------------------|-----------------------|-------|
| No of stores               | 31           | 1                        | 3                         | 3                         | 2                         | 38                    | 78    |
| Average bonus paid         | 0.0%         | 1.0%                     | 2.0%                      | 3.5%                      | 5.5%                      | 10.0%                 | 4.5%  |

Additionally, 32 stores were awarded bonuses for averaging 85% occupancy and above earning a total weighted average bonus of 2.1%. The weighted average bonus paid to stores for performance against occupancy targets is therefore 6.6% of salary for the year.

#### 2. Profitability

Each store is set a quarterly target for profitability. The weighting of the contribution of these metrics to the bonus varies based on store occupancy, with higher occupied stores having a higher weighting towards their performance against their profitability target.

The bonus awarded to each store increases as the store moves further ahead of target. No bonus is awarded if the store fails to meet its target. The performance distribution of the store's performance against their individual targets are provided below.

| Performance against target | Below target | 0 to 1% ahead of target | 1 to 2% ahead of target | 2 to 3% ahead of target | >3% ahead of target | Total |
|----------------------------|--------------|-------------------------|-------------------------|-------------------------|---------------------|-------|
| No of stores               | 12           | 12                      | 19                      | 15                      | 20                  | 78    |
| Average bonus paid         | 0.5%         | 2.3%                    | 4.6%                    | 7.6%                    | 9.6%                | 4.8%  |

The weighted average bonus paid to stores for performance against profitability targets is therefore 4.8% of salary for the year.

#### 3. Store audits

Stores receive a bonus if they receive an audit score of in excess of 85% based on visits carried out by the Group's store compliance team. There were 60 instances of stores receiving an audit score of 85% and above across the year, leading to a weighted average bonus paid to the stores of 1.8% of salary.

#### 4. Customer satisfaction

Stores are rewarded based on two elements of customer satisfaction, net promoter scores and individual customer service awards. The awards based on net promoter scores are summarised in the table below.

| NPS score          | <75 | >75  | Total |
|--------------------|-----|------|-------|
| No of stores       | 16  | 62   | 78    |
| Average bonus paid | 0%  | 1.2% | 0.7%  |

The weighted average bonus paid to stores for performance against net promoter scores is therefore 0.7% of salary for the year.

The bonus paid to stores for individual customer service awards amounted to a further 1.8% of salary, which, combined with the net promoter score, amounted to a weighted average bonus paid to the stores for customer satisfaction of 2.5% of salary.

## Summary

The bonus received by the stores against their targets in the year is summarised as follows.

| Category                 | Actual % weighting for category | Average % of salary bonus paid across stores |
|--------------------------|---------------------------------|--|
| 1. Occupancy             | 6.6%                            | 42.0%  |
| 2. Profitability         | 4.8%                            | 30.6%  |
| 3. Store audits          | 1.8%                            | 11.5%  |
| 4. Customer satisfaction | 2.5%                            | 15.9%  |
| <b>Total</b>             | <b>15.7%</b>                    | <b>100.0%</b>                                |

In line with the Remuneration Policy an award of 15.7% of salary has therefore also been paid to the Executive Board Directors for the year, which equated to the following payments:

- Nicholas Vetch – £57,894
- Jim Gibson – £67,510
- Adrian Lee – £44,156
- John Trotman – £50,044

## Deferred Annual Bonus Plan awards – deferred shares (125% of salary maximum)

This is the third year of operation of the Group's deferred annual bonus plan. The Remuneration Committee set targets at the start of the financial year across a broad range of financial and non-financial targets. Targets are either on a sliding scale or binary. The targets and the performance against them in the year is shown in the table below.

| Pay-out   | Below Target<br>0%   | Target<br>50% | Above Target<br>75%   | Maximum<br>100% | Actual performance | Pay-out |
|---|--|---------------|---|-----------------|--------------------|---------|
| <b>1. Like-for-like occupancy growth (ppts)</b> |  |               |   |                 |                    |         |
| Weight: 35%                                     | <0   | 0-1.0         | 1.0-2.0   | >2.0            | 6.7 ppts           | 100%    |
| <b>2. Average net rent per sq ft growth (%)</b> |  |               |   |                 |                    |         |
| Weight: 5%                                      | <1.25  | 1.25-2        | 2-2.75  | >2.75           | 1.1%               | 0%      |
| <b>3. Operating profit (£m)</b>                 |  |               |   |                 |                    |         |
| Weight: 15%                                     | <77.7  | 77.7-78.7     | 78.7-80.0   | >80.0           | £81.5m             | 100%    |
| <b>4. Staff turnover</b>                        |  |               |   |                 |                    |         |
| Weight: 5%                                      | >33  | 33-32         | 32-31   | <31             | 20.5               | 100%    |
| Pay-out   | Fail<br>0%   | Pass<br>100%  | Actual performance  |                 | Pay-out            |         |
| <b>5. Net promoter score</b>                    |  |               |   |                 |                    |         |
| Weight: 10%                                     | Based on move-ins and move-outs. Achieve an NPS score of 75, which represents exceptional levels of customer service.  |               | The Group's NPS score in the year was 82.9.   |                 | 100%               |         |
| <b>6. Property Acquisitions</b>                 |  |               |   |                 |                    |         |
| Weight: 10%                                     | Seek to acquire at least two sites for new stores in the year, which complement the existing portfolio, and which are consistent with the Group's strategy and long-term plans.  |               | The Group acquired three high quality London sites during the year in Wapping, Staines, and Epsom.  |                 | 100%               |         |
| <b>7. Planning</b>                              |  |               |   |                 |                    |         |
| Weight: 10%                                     | Obtain planning consent on Kings Cross and at least one other of the Group's development sites during the year, consistent with the strategy to continue to add high quality capacity to the Group's existing open store portfolio [5% for Kings Cross and 5% for one other location]. |               | The Group obtained planning on five development sites during the year, including at Kings Cross.  |                 | 100%               |         |
| <b>8. ESG</b>                                   |  |               |   |                 |                    |         |
| Weight: 10%                                     | Reduce carbon intensity by 5% or better year on year (2020: reduction achieved of 8%) (5% weighting). The Group uses three external benchmarks in CDP, FTSE 4 Good and GRESB. The Committee will review performance against these benchmarks in determining the pay-out (5% vesting).  |               | Carbon intensity reduced by 12% year on year. Our external benchmarking performance has exceeded expectations: we have been awarded an A- from CDP; and have been rated a 'Leader' for CDP's Supplier Engagement Rating (SER), a first for us. We have maintained our performance with GRESB and FTSE4Good. |                 | 100%               |         |

## Governance

### Remuneration Report (continued)

At the outset of the Covid-19 pandemic, the Board agreed to support our customers by deferring the normal rent increases for the first four months of the financial year. Additionally, the Group provided assistance discounts to many of our customers, in particular small businesses, who were struggling for cash flow during the initial lockdown. Given the impact of these decisions in reducing the average net rent per sq ft achieved over the year, the Committee agreed to increase the weighting on the like-for-like occupancy growth (from 25% to 35% of potential) and reduce the weighting on the net rent metric (from 15% to 5%) so as not to penalise management for acting in the interests of our customers. Given the relationship of these two metrics to revenue (which combined for the year ended 31 March 2021 to produce like-for like store revenue growth of 4.9% over the year, which was well ahead of budget), the Committee has decided to simplify the approach in respect of the year ending 31 March 2022 by just focussing on revenue rather than measuring its principal constituent drivers of occupancy and net rent.

#### Summary table

The performance against each target, and its contribution to the deferred bonus payable is summarised in the table below:

| Target                  | % achieved | Weighting   | Contribution to plan vesting (%) |
|-------------------------|------------|-------------|----------------------------------|
| Occupancy growth        | 100%       | 35%         | 35%                              |
| Average net rent growth | 0%         | 5%          | 0%                               |
| Operating profit        | 100%       | 15%         | 15%                              |
| Staff turnover          | 100%       | 5%          | 5%                               |
| Net promoter score      | 100%       | 10%         | 10%                              |
| Property acquisitions   | 100%       | 10%         | 10%                              |
| Planning consents       | 100%       | 10%         | 10%                              |
| ESG                     | 100%       | 10%         | 10%                              |
| <b>Total</b>            |            | <b>100%</b> | <b>95%</b>                       |

The above performance assessment of 95% translates into the following awards for each of the Executive Board Directors:

| Director       | Value of award |
|----------------|----------------|
| Nicholas Vetch | £437,891       |
| Jim Gibson     | £510,625       |
| Adrian Lee     | £333,984       |
| John Trotman   | £378,516       |

The number of shares will be calculated by reference to the closing share price on the date of grant, which will be after the Company's Preliminary Announcement in May 2021. The awards will vest three years after the date of grant of each award.

#### Long Term Incentive Plan ("LTIP") awards (Audited)

The awards granted under the LTIP are subject to performance conditions to be met over a performance period of three years. There is no retesting of performance conditions and, if they are not satisfied, the awards will lapse.

The performance conditions applicable to the LTIP which vested in the year, which relate to EPS and TSR, are set out below. The Committee assessed the extent to which the EPS and TSR performance condition has been satisfied for the 2017 award which vested in 2020, with the following results:

| Condition           | Weighting   | Threshold Performance required                      | Maximum Performance Required              | LTIP value for meeting threshold and maximum performance (% salary) | Performance achieved  | Vesting %    |
|---------------------|-------------|---|---|---|---|--------------|
| Adjusted eps growth | 70%         | Adjusted EPS growth of RPI + 3% per annum           | Adjusted EPS growth of RPI + 8% per annum | 25% to 100%   | 9.2% adjusted EPS growth, compared to 5.77% (RPI + 3%), and 10.77% (RPI plus 8%). | 76.6%        |
| Relative TSR        | 30%         | Median of comparator group of real estate companies | Upper quartile of the comparator group    | 25% to 100%   | 5 out of 41 in comparator group of companies in the FTSE Real Estate Index        | 100%         |
| <b>Total</b>        | <b>100%</b> |   |   |   |   | <b>83.6%</b> |

The vesting of the 2017 LTIP award in 2020, equated to the following value for the Executive Board Directors based on the share price at the date of vesting:

| Director       | Shares Awarded | Shares Vested (based on 83.6% vesting) | Value at Vesting | Gain attributable to share price appreciation* |
|----------------|----------------|--|------------------|--|
| Nicholas Vetch | 35,588         | 29,749                                 | £301,057         | n/a  |
| Jim Gibson     | 39,053         | 32,645                                 | £330,369         | £39,576  |
| Adrian Lee     | 28,928         | 24,181                                 | £244,717         | £23,966  |
| John Trotman   | 28,928         | 24,181                                 | £244,717         | £29,330  |

\*Calculated by taking the difference between the share price at vesting and share price at exercise and multiplying by the number of shares which vested.

### LTIP awards granted in year ended 31 March 2021 (Audited)

The table below sets out the details of the long-term incentive awards granted in the year ended 31 March 2021 where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

| Director       | Award Type                                   | Awards as a % of salary | Face value of award <sup>(1)</sup> | Percentage of award vesting at threshold performance | Maximum percentage of face value that could vest | Performance Period end date | Performance conditions               |
|----------------|--|-------------------------|------------------------------------|--|--|-----------------------------|--------------------------------------|
| Nicholas Vetch | Annual cycle of awards over nil cost options | 100% of salary          | £375,000                           | 25%  | 100%   | 5 August 2023               | Adjusted EPS growth and relative TSR |
| Jim Gibson     |  |                         | £440,000                           |  |  |                             |                                      |
| Adrian Lee     |  |                         | £285,000                           |  |  |                             |                                      |
| John Trotman   |  |                         | £325,000                           |  |  |                             |                                      |

(1) The face value of the award is calculated using the average share price three days prior to the grant date of 5 August 2020 (average share price of 1015 pence).

Following a review of the LTIP performance conditions, and difficulty in setting robust long-term earnings targets in light of Covid-19, the Committee made a minor change in respect of the 2020 awards. Rather than a 70:30 EPS:TSR weighting, the targets were reweighted to 30:70 EPS:TSR for the 2020 awards. No changes were made to the EPS and TSR target ranges. The performance conditions applicable to the awards granted in August 2020 are set out below:

| Condition    | Weighting | Threshold Performance required                      | Maximum Performance Required            | LTIP value for meeting threshold and max performance (% salary) | Basis for measurement  |
|--------------|-----------|---|---|---|--|
| Relative TSR | 70%       | Median of comparator group of real estate companies | Upper quartile of the comparator group  | 25% to 100%   | The average of the Group's closing mid-market share price over the three months preceding the start of the performance period and preceding the end of the performance period will be used, including dividends re-invested.                                   |
| Adjusted EPS | 30%       | Adjusted EPS growth of RPI+3% per annum             | Adjusted EPS growth of RPI+8% per annum | 25% to 100%   | The adjusted EPS figure reported in the audited results of the Group for the last complete financial year ending before the start of the performance period and the last complete financial year ending before the end of the performance period will be used. |

Between threshold and maximum performance, vesting will take place on a straight-line basis.

### Sharesave Scheme

The Group's Sharesave Scheme is open to all UK employees (including Executive Board Directors) with a minimum of six months' service and meets UK HMRC requirements, thus giving all eligible employees the opportunity to acquire shares in the Company in a tax efficient manner. All of the Executive Board Directors participated in the scheme during the financial year. The details of the Sharesave scheme options are shown on page 107.

### Pension entitlements

The Company pays pension contributions into the Executive Board Directors' personal pension plans or makes a cash contribution in lieu of pension contributions. They do not participate in any defined benefit scheme. For the year ended 31 March 2021, the Company contribution was 10% of salary for the Executive Board Directors. This has been reduced to 6% of salary from 1 April 2021.

### Payments to past Directors (Audited)

No payments of money or any other assets were made to any former Director of the Company in the financial year ended 31 March 2021 (2020: no payments).

# Governance

## Remuneration Report (continued)

### Payments on loss of office (Audited)

Julia Hailes stepped down from the Board on 14 January 2021. She received a payment of £13,163 in respect of her 3 month notice period. No payments were made to Julia (or any other Director) in respect of loss of office during the financial year ended 31 March 2021 (2020: no payments).

### Non-Executive Directors (Audited)

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director paid in the year ended 31 March 2021.

|                       | 2021<br>£           | 2020<br>£          |
|-----------------------|---------------------|--------------------|
| Richard Cotton        | 59,129              | 51,100             |
| Georgina Harvey       | 17,968 <sup>2</sup> | 51,100             |
| Steve Johnson         | 14,452 <sup>2</sup> | 41,100             |
| Anna Keay             | 52,263              | 51,100             |
| Vince Niblett         | 52,263              | 51,100             |
| Julia Hailes          | 54,282 <sup>3</sup> | 4,258 <sup>1</sup> |
| Laela Pakpour Tabrizi | 31,763 <sup>4</sup> | –                  |
| Heather Savory        | 4,388 <sup>5</sup>  | –                  |
| <b>Total</b>          | <b>286,508</b>      | <b>249,758</b>     |

(1) from appointment on 1 March 2020

(2) until retirement from the Board on 5 August 2020

(3) until stepping down from the Board on 14 January 2021

(4) from appointment on 1 July 2020

(5) from appointment on 1 March 2021

Non-Executive Directors received no taxable benefits for the year ended 31 March 2021.

### Statement of Directors' shareholding (Audited)

The Executive Board Directors are required to build and maintain a holding of two times base salary. These requirements have been met by all Executive Board Directors throughout the year. Non-Executive Directors are not subject to a shareholding requirement. Details of the Directors' interests in shares are set out below (all interests are beneficial interests).

The table below shows, in relation to each Director, the total number of shares and share options in which they have an interest at 31 March 2021:

| Executive Director | Share ownership requirement (multiple of salary) | Share ownership requirements met | Holding as multiple of March 2021 salary | Beneficially owned shares | LTIP awards subject to performance conditions | Deferred bonus plan awards | Unexercised LTIP options | Unexercised Sharesave options | Options exercised in the financial year |
|--------------------|--|----------------------------------|--|---------------------------|---|----------------------------|--------------------------|-------------------------------|---|
| Nicholas Vetch     | 2x   | Yes                              | 201x                                     | 6,753,458                 | 103,376                                       | 51,210                     | 29,749                   | 2,400                         | –                                       |
| Jim Gibson         | 2x   | Yes                              | 61x                                      | 2,414,939                 | 118,236                                       | 57,557                     | –                        | 3,528                         | 32,645                                  |
| Adrian Lee         | 2x   | Yes                              | 34x                                      | 874,735                   | 80,047  | 40,183                     | –                        | 2,400                         | 24,181                                  |
| John Trotman       | 2x   | Yes                              | 8x                                       | 236,123                   | 87,927  | 42,925                     | –                        | 4,657                         | 24,181                                  |

### Non-Executive Directors' shareholdings (Audited)

| Non-Executive         | Beneficially owned shares |
|-----------------------|---------------------------|
| Richard Cotton        | 96,317                    |
| Vince Niblett         | 3,000                     |
| Anna Keay             | –                         |
| Laela Pakpour Tabrizi | –                         |
| Heather Savory        | –                         |

## Directors' share awards (Audited)

To provide further context on the shareholding of the Executive Board Directors, options in respect of ordinary shares for Directors who served in the year are as below:

| Name           | Date option granted | Scheme | No. of shares under option at 31 March 2020 | Granted during the year | Exercised during the year | Lapsed during the year | No. of shares under option at 31 March 2021 | Exercise price | Market price at date of exercise | Date from which first exercisable | Expiry Date    |
|----------------|---------------------|--------|---|-------------------------|---------------------------|------------------------|---|----------------|----------------------------------|-----------------------------------|----------------|
| Nicholas Vetch | 3 August 2017       | LTIP   | 35,588                                      | –                       | –                         | (5,839)                | 29,749                                      | nil p          | –                                | 3 August 2020                     | 2 August 2027  |
|                | 19 July 2018        | LTIP   | 32,525                                      | –                       | –                         | –                      | 32,525                                      | nil p          | –                                | 19 July 2021                      | 18 July 2028   |
|                | 11 March 2019       | SAYE   | 2,400                                       | –                       | –                         | –                      | 2,400                                       | 749.9p         | –                                | 1 April 2022                      | 1 October 2022 |
|                | 23 May 2019         | DBP    | 30,519                                      | –                       | –                         | –                      | 30,519                                      | nil p          | –                                | 23 May 2022                       | 22 May 2029    |
|                | 19 July 2019        | LTIP   | 33,905                                      | –                       | –                         | –                      | 33,905                                      | nil p          | –                                | 19 July 2022                      | 18 July 2029   |
|                | 15 June 2020        | DBP    | –   | 20,691                  | –                         | –                      | 20,691                                      | nil p          | –                                | 15 June 2023                      | 14 June 2030   |
|                | 5 August 2020       | LTIP   | –   | 36,946                  | –                         | –                      | 36,946                                      | nil p          | –                                | 5 August 2023                     | 4 August 2030  |
| Jim Gibson     | 3 August 2017       | LTIP   | 39,053                                      | –                       | (32,645)                  | (6,408)                | –   | nil p          | 1,133p                           | 3 August 2020                     | 2 August 2027  |
|                | 12 March 2018       | SAYE   | 1,332                                       | –                       | –                         | –                      | 1,332                                       | 675.4p         | –                                | 31 March 2021                     | 1 October 2021 |
|                | 19 July 2018        | LTIP   | 36,138                                      | –                       | –                         | –                      | 36,138                                      | nil p          | –                                | 19 July 2021                      | 18 July 2028   |
|                | 11 March 2019       | SAYE   | 1,200                                       | –                       | –                         | –                      | 1,200                                       | 749.9p         | –                                | 1 April 2022                      | 1 October 2022 |
|                | 23 May 2019         | DBP    | 33,910                                      | –                       | –                         | –                      | 33,910                                      | nil p          | –                                | 23 May 2022                       | 22 May 2029    |
|                | 19 July 2019        | LTIP   | 38,748                                      | –                       | –                         | –                      | 38,748                                      | nil p          | –                                | 19 July 2022                      | 18 July 2029   |
|                | 15 June 2020        | DBP    | –   | 23,647                  | –                         | –                      | 23,647                                      | nil p          | –                                | 15 June 2023                      | 14 June 2030   |
|                | 5 August 2020       | LTIP   | –   | 43,350                  | –                         | –                      | 43,350                                      | nil p          | –                                | 5 August 2023                     | 4 August 2030  |
| 1 March 2021   | SAYE                | –      | 996   | –                       | –                         | 996                    | 903.2p                                      | –              | 1 April 2024                     | 1 October 2024                    |                |
| Adrian Lee     | 3 August 2017       | LTIP   | 28,928                                      | –                       | (24,181)                  | (4,747)                | –   | nil p          | 1,111p                           | 3 August 2020                     | 2 August 2027  |
|                | 19 July 2018        | LTIP   | 25,813                                      | –                       | –                         | –                      | 25,813                                      | nil p          | –                                | 19 July 2021                      | 18 July 2028   |
|                | 11 March 2019       | SAYE   | 2,400                                       | –                       | –                         | –                      | 2,400                                       | 749.9p         | –                                | 1 April 2022                      | 1 October 2022 |
|                | 23 May 2019         | DBP    | 24,221                                      | –                       | –                         | –                      | 24,221                                      | nil p          | –                                | 23 May 2022                       | 22 May 2029    |
|                | 19 July 2019        | LTIP   | 26,155                                      | –                       | –                         | –                      | 26,155                                      | nil p          | –                                | 19 July 2022                      | 18 July 2029   |
|                | 15 June 2020        | DBP    | –   | 15,962                  | –                         | –                      | 15,962                                      | nil p          | –                                | 15 June 2023                      | 14 June 2030   |
|                | 5 August 2020       | LTIP   | –   | 28,079                  | –                         | –                      | 28,079                                      | nil p          | –                                | 5 August 2023                     | 4 August 2030  |
| John Trotman   | 3 August 2017       | LTIP   | 28,928                                      | –                       | (24,181)                  | (4,747)                | –   | nil p          | 1,133p                           | 3 August 2020                     | 2 August 2027  |
|                | 12 March 2018       | SAYE   | 2,665                                       | –                       | –                         | –                      | 2,665                                       | 675.4p         | –                                | 1 April 2021                      | 1 October 2021 |
|                | 19 July 2018        | LTIP   | 26,846                                      | –                       | –                         | –                      | 26,846                                      | nil p          | –                                | 19 July 2021                      | 18 July 2028   |
|                | 23 May 2019         | DBP    | 25,190                                      | –                       | –                         | –                      | 25,190                                      | nil p          | –                                | 23 May 2022                       | 22 May 2029    |
|                | 19 July 2019        | LTIP   | 29,061                                      | –                       | –                         | –                      | 29,061                                      | nil p          | –                                | 19 July 2022                      | 18 July 2029   |
|                | 15 June 2020        | DBP    | –   | 17,735                  | –                         | –                      | 17,735                                      | nil p          | –                                | 15 June 2023                      | 14 June 2030   |
|                | 5 August 2020       | LTIP   | –   | 32,020                  | –                         | –                      | 32,020                                      | nil p          | –                                | 5 August 2023                     | 4 August 2030  |
|                | 1 March 2021        | SAYE   | –   | 1,992                   | –                         | –                      | 1,992                                       | 903.2p         | –                                | 1 April 2024                      | 1 October 2024 |

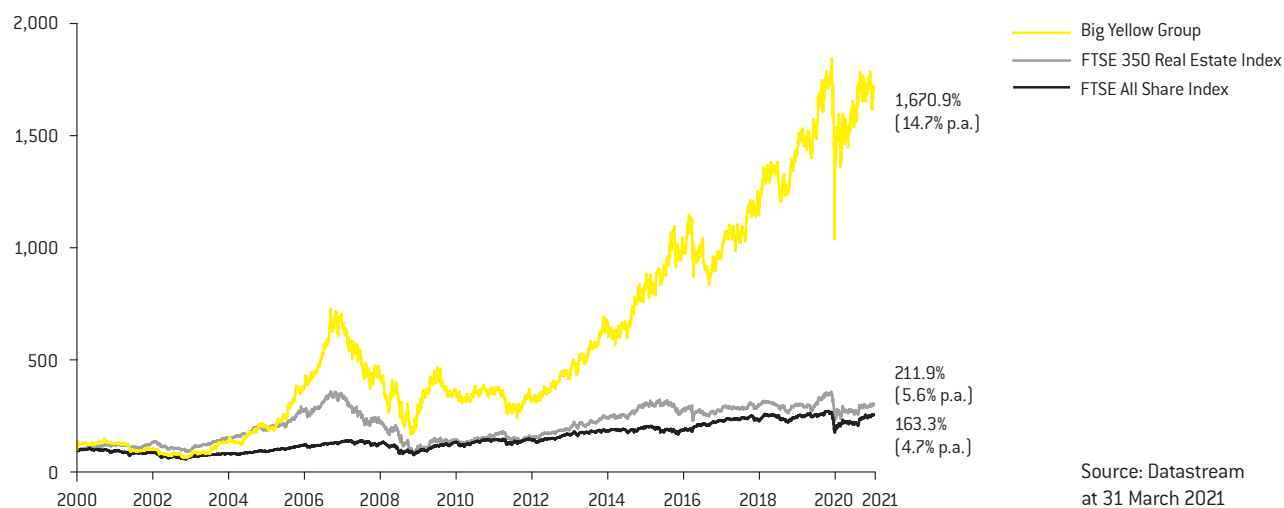
A proportion of the LTIP awards that were exercised in the year by the Jim Gibson, Adrian Lee and John Trotman were delivered through CSOP approved options. They each exercised an option over 3,242 approved shares. The value delivered through these approved options was surrendered in the unapproved LTIPs above.

# Governance

## Remuneration Report (continued)

### Performance and pay

The graph below shows the Group's performance, measured by TSR, compared with the performance of the FTSE All Share Real Estate Index and the FTSE All Share Index for the period since flotation. The FTSE All Share Real Estate Index is used for the assessment of the Company's LTIP.



### CEO Remuneration

The table below sets out the details of remuneration of the CEO over the past ten financial years.

| Year | CEO single figure of total remuneration (£) | Annual bonus (cash) pay out % against maximum of 25% of salary | Annual bonus (deferred) pay out % against maximum of 125% of salary | Long term incentive weighted average vesting rates against maximum opportunity % |
|------|---|--|---|--|
| 2021 | 1,393,490                                   | 62.8% (15.7% of salary)  | 95% (118.75% of salary)   | 83.6%  |
| 2020 | 1,136,633                                   | 37.2% (9.3% of salary)   | 47.5% (59.4% of salary)   | 100%   |
| 2019 | 1,182,482                                   | 40.8% (10.2% of salary)  | 81.875% (102.3% of salary)  | 100%   |
| 2018 | 2,178,066                                   | 51.6% (12.9% of salary)  | n/a   | 95%  |
| 2017 | 850,619                                     | 40% (10% of salary)  | n/a   | 100%   |
| 2016 | 988,811                                     | 48% (12% of salary)  | n/a   | 100%   |
| 2015 | 1,756,290                                   | 50% (12.5% of salary)  | n/a   | 98%  |
| 2014 | 536,262                                     | 40% (10% of salary)  | n/a   | 53%  |
| 2013 | 335,891                                     | 40% (10% of salary)  | n/a   | 0%   |
| 2012 | 1,400,570                                   | 40% (10% of salary)  | n/a   | 89%  |

The single figure of remuneration for 2018, 2015 and 2012 are higher than in other years due to the vesting of the three year Long Term Bonus Performance Plan in those years delivering a reward of £1,343,995 (93.33% vesting), £945,750 (97% vesting) and £900,000 (90% vesting) respectively for the three year period ended in that year.

### Percentage change in the Director remuneration

The table below compares the percentage change in each Director's annual remuneration (i.e. salary/fees, benefits, and annual bonus) with the remuneration of Big Yellow Group employees.

|                          | % Change from 2019/2020 to 2020/2021 |           |            |
|--------------------------|--------------------------------------|-----------|------------|
|                          | Salary/Fee                           | Benefits  | Bonus      |
| Nicholas Vetch           | 5%                                   | (13%)     | 78%        |
| Jim Gibson               | 8%                                   | 9%        | 81%        |
| Adrian Lee               | 4%                                   | 9%        | 76%        |
| John Trotman             | 6%                                   | (26%)     | 79%        |
| Richard Cotton           | 16%                                  | n/a       | n/a        |
| Georgina Harvey          | n/a                                  | n/a       | n/a        |
| Steve Johnson            | n/a                                  | n/a       | n/a        |
| Anna Keay                | 2%                                   | n/a       | n/a        |
| Vince Niblett            | 2%                                   | n/a       | n/a        |
| Julia Hailes             | n/a                                  | n/a       | n/a        |
| Laela Pakpour Tabrizi    | n/a                                  | n/a       | n/a        |
| Heather Savory           | n/a                                  | n/a       | n/a        |
| <b>Average employees</b> | <b>3%</b>                            | <b>2%</b> | <b>74%</b> |

Georgina Harvey, Steve Johnson, Julia Hailes, Laela Pakpour Tabrizi and Heather Savory did not serve on the Board for the full financial year and hence have been shown as "n/a" in the salary/fee column of this table.

The increase in Richard Cotton's fee is due to him taking on an additional Committee Chairmanship during the year.

### CEO pay ratio

The data shows how the CEO's single figure remuneration for the year ended 31 March 2021 (as taken from the single figure remuneration table) compares to equivalent single figure remuneration for full-time equivalent UK employees, on a Group basis, ranked at the 25th, 50th and 75th percentile.

| Year | Method   | 25th percentile pay ratio | Median pay ratio | 75th percentile pay ratio |
|------|----------|---------------------------|------------------|---------------------------|
| 2021 | Option A | 58 to 1                   | 47 to 1          | 30 to 1                   |
| 2020 | Option A | 50 to 1                   | 42 to 1          | 28 to 1                   |

No components of pay and benefits have been omitted for the purpose of the above calculations. Option A was selected given that this method of calculation was considered to be the robust approach in respect of gathering the required data. The underlying quartiles for salary and total remuneration numbers for full-time equivalent UK employees are set out below:

| Year | Salary     |         |            | Total pay and benefits |         |            |
|------|------------|---------|------------|------------------------|---------|------------|
|      | 25th %tile | Median  | 75th %tile | 25th %tile             | Median  | 75th %tile |
| 2021 | £20,862    | £24,190 | £34,008    | £24,109                | £29,406 | £46,162    |
| 2020 | £20,495    | £24,035 | £35,330    | £22,555                | £27,232 | £40,975    |

### Statement of consideration of employment conditions elsewhere in the Group

The Committee reviews the reward and retention of the whole employee population periodically throughout the year to ensure that it can attract and retain top talent. Consideration is given to the general basic salary increase, remuneration arrangements and employment conditions. Furthermore, the annual cash bonus awarded to Executive Board Directors is directly linked to the bonuses awarded to all staff.

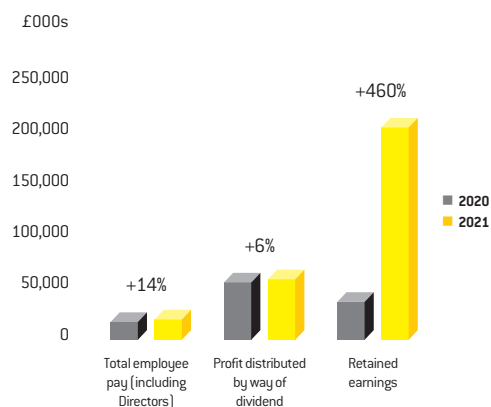
The Directors are invited to be present at this review of the proposals for salary increase for the employee population generally and on any other changes to remuneration policy within the Company. The information presented at this review is taken into consideration when setting the pay levels of the executive population. Additionally, the Committee has guidelines for the grant of all LTIP awards across the Company and responsibility for approving the total annual bonus cost of the Company. The Company does not invite employees to comment on the remuneration of Directors.

# Governance

## Remuneration Report (continued)

### Relative importance of spend on pay

The graph below sets out the relative importance of spend on pay in the year ended 31 March 2021 and 31 March 2020 compared with other disbursements from profit, being the distributions to shareholders and retained earnings (comprehensive gain for the year less dividends).



### Gender and ethnicity pay

The Group has reported on its gender pay gap for April 2020. The full report can be found on our investor relations website <http://corporate.bigyellow.co.uk/investors.aspx>. The Group's mean gender pay gap was 26% (2019: 28%), with a median gap of 10% (2019: 10%). Excluding Executive Board Directors (three of whom were founders of the business), the mean gender pay gap falls to 10% (2019: 13%) with a median gap of 8% (2019: 9%). All staff are paid equally according to job role.

It is pleasing to see that our Mean Gender Pay Gap has decreased to 26% from 28% in April 2019. This is caused in part by the delayed pay increases to our Executive Directors; if their pay award had increased in April 2020 then the mean Pay Gap would have been 27%. This reduction from 28% was due to two new female senior managers being appointed to positions previously occupied by males.

The Group has also analysed its ethnicity pay for April 2020. The Group's mean ethnicity pay gap was 7%, with a median gap of 9%. Excluding Executive Board Directors, the mean ethnicity pay gap increases to 18% with a median gap of 8%. All staff are paid equally according to job role.

We believe that diversity and inclusion are key to a successful and sustainable business and we are committed to creating a culture where all team members can be themselves, feel empowered to succeed and deliver a customer experience that is second to none. We encourage and enable all employees, regardless of their gender, race, background, or any other characteristics, to reach their full potential as we believe that having a diverse workforce with fair representation is strategically important and generates value to our stakeholders.

We have continued our focus on diversity and inclusion and over the last year we have:

- Formed an Inclusivity and Diversity Committee which has initially focussed on gender and ethnicity;
- Reviewed our job advertisements to remove any gender bias;
- Focussed on attracting more female candidates via our website and social media posts;
- Used a specialist recruitment consultancy who specifically represents female applicants and other diverse groups, to support the recruitment of a senior management position;
- Invested in e-learning for our stores, with 20% more females taking up this training than males;
- Encouraged more women to take part in our management development programmes. 57% of Sales Advisor participants who are currently completing the programme are female (50% in 2020);
- Increased our proportion of female Store Managers from 30% in March 2020 to 33% in March 2021;
- Increased our proportion of female Store Managers and Assistant Store Managers from 38% in 2020 to 40% in March 2021; and
- Increased our proportion of female Non-Executive Directors from 50% in March 2020 to 60% in March 2021.

We have made significant progress in relation to inclusion and diversity initiatives over the last 12 months and will continue to challenge our thinking around how we recruit new skills and manage and develop existing talent going forward. This will include:

- Introducing a Working From Home Policy within our head office, enabling all team members to achieve a better work life balance;
- Reviewing our job advertisements, benefits and working practices so that they have a greater appeal to female applicants, based upon feedback from new team members;
- Holding regular meetings between line managers and the People and Development Team to review Inclusion and Diversity and identify on-going opportunities for improvement across the different areas of the business;
- Further increasing e-learning opportunities to include video e-learning relating to wellbeing for parents and women in leadership; and
- Introducing a Menopause Policy to support women who are experiencing the impact of the menopause.

In conclusion, whilst we would like to have seen a greater reduction in our Gender Pay Gap, we are making progress in improving the diversity of our leadership and operational management team and we can therefore expect the further changes we have put in place to result in a reduction of the pay gap over time.

We will therefore continue to challenge our own preconceptions of how we work and established ways of thinking. We consider this as essential in enabling us to understand what our team members and customers want and expect from us, thereby being able to better represent the communities that we serve.

#### **Advisers to the Remuneration Committee**

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. FIT Remuneration Consultants LLP have been advisers to the Committee since 2017. The Committee is comfortable that the FIT team provides independent remuneration advice to the Committee and does not have any other connections with Big Yellow that may impair their independence. FIT is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at [www.remunerationconsultantsgroup.com](http://www.remunerationconsultantsgroup.com).

During the year, FIT provided independent advice on a wide range of remuneration matters including the proposed new Remuneration Policy. FIT provides no other services to the Company. The fees paid to FIT in respect of work carried out for the year under review were £27,000 (ex VAT).

#### **Approval**

This policy report was approved by the Board of Directors on 24 May 2021 and signed on its behalf by

**Richard Cotton**

Remuneration Committee Chair

# Governance

## Audit Committee Report

### Committee members and attendance

| Member                         | Number of meetings attended |
|--------------------------------|-----------------------------|
| <b>Vince Niblett – Chair</b>   | ●●●●                        |
| Richard Cotton – Member        | ●●●●                        |
| Julia Hailes – Member          | ●●○                         |
| Georgina Harvey – Member       | ●○○                         |
| Steve Johnson – Member         | ●○○                         |
| Anna Keay – Member             | ●●●●                        |
| Laela Pakpour Tabrizi – Member | ○●●●                        |
| Heather Savory – Member        | ○○○                         |

● attended  
 ○ absent  
 ○ not applicable

### Introduction

The Audit Committee is appointed by the Board from the Non-Executive Directors of the Company. The Audit Committee’s terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1, the UK Corporate Governance Code, and the new FRC ethical standard. The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval. The terms of reference are available on the Company’s website. <https://corporate.bigyellow.co.uk/investors/corporate-governance>

The Audit Committee is responsible for:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group’s financial performance and reviewing significant financial reporting judgements contained therein;
- reviewing the Group’s internal financial controls and the Group’s internal control and risk management systems, including consideration of the need for an internal audit function;
- making recommendations to the Board, for a resolution to be put to the shareholders for their approval in general meetings, on the appointment of the external auditor, and the approval of the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor’s independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- ensuring the external auditor only provides those services permitted by the Ethical Standard of the FRC.

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

This year the Committee has continued to focus on the narrative reporting and corporate governance disclosures in the Annual Report. The Committee was asked by the Board to review the statement by the Directors that the Annual Report presents a fair, balanced, and understandable view of the Group’s performance, strategy, and business model. The Committee also reviewed the Group’s going concern and viability statements.

### Committee members

All Audit Committee members are expected to be financially literate. Furthermore, the Audit Committee structure requires the inclusion of one financially qualified member (as recognised by the Consultative Committee of Accountancy Bodies). Currently Vince Niblett, as a Fellow of the Institute of Chartered Accountants of England and Wales fulfils this requirement.

The Group provides an induction programme for new Audit Committee members and ongoing training to enable all of the Committee members to carry out their duties. The induction programme covers the role of the Audit Committee, its terms of reference and expected time commitment by members and an overview of the Group's business, including the main business and financial dynamics and risks. New Committee members also meet some of the Group's staff. Ongoing training includes attendance at formal conferences, internal company seminars and briefings by external advisers.

### Meetings

The Audit Committee is required to meet three times per year and has an agenda linked to events in the Group's financial calendar. The agenda is predominantly cyclical and is therefore approved by the Audit Committee Chairman on behalf of his fellow members. Each Audit Committee member has the right to require reports on matters of interest in addition to the cyclical items.

The Audit Committee invites the Chief Executive, Chief Financial Officer, Financial Controller, and senior representatives of the external auditor to attend its meetings in full, although it reserves the right to request any of these individuals to withdraw. The Committee meets as required with the external auditor without the Executive Board Directors or senior management present. Other senior management are invited to present such reports as are required for the Committee to discharge its duties.

### Overview of the actions taken by the Audit Committee to discharge its duties

Since the beginning of the financial year the Audit Committee has:

- reviewed published financial information including the year end results, Annual Report, half year results and the Quarterly Trading Statements;
- considered whether the Annual Report provides a fair, balanced, and understandable view of the Group's performance, strategy, and business model;
- assessed and concluded on the Group's viability statement and the going concern assessment for the annual and half yearly financial statements;
- considered the output from the Group-wide process used to identify, evaluate, and mitigate risks;
- reviewed the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements on this matter;
- reviewed and agreed the scope of the audit work to be undertaken by the external auditor;
- agreed the fees to be paid to the external auditor for their audit of the financial statements and half-yearly report;
- considered and agreed the approach of performing Directors' valuations of investment properties for the half-year report;
- undertaken an assessment of the qualification, expertise and resources, and independence of the external auditor and the effectiveness of the audit process;
- considered the audit partner and audit firm rotation including meeting and approving the proposed new audit partner for the 2022 audit;
- undertaken an evaluation of the performance of the external auditor and assessed their effectiveness;
- held discussions with the auditors on key judgements;
- considered the need for an internal audit function;
- considered the FRC ethical standard governing non-audit services and audit committees;
- reviewed the arrangements for "whistleblowing" by employees to ensure that there is a consistent policy in the Group to enable employees to voice concerns particularly in respect of possible financial reporting improprieties. A whistleblowing policy is included in the employee handbook and there is an external whistleblowing monitoring service;
- met the Group's external valuers and considered their competence and independence;
- met the Group's Store Compliance Manager;
- reviewed the Audit Committee's Report; and
- reviewed its own effectiveness.

# Governance

## Audit Committee Report (continued)

### Financial reporting and significant financial judgements

The Committee reviews all financial information published by the Group in year end and half-year financial statements, including the presentation and disclosure of the financial information. It also considers the appropriateness of the accounting policies adopted by the Group and the accounting judgements made by management in the preparation of the financial information.

The Committee has considered whether the Annual Report for the year ended 31 March 2021 provides a fair, balanced and understandable view of the Group's performance, strategy and business model and whether it provides the necessary information to enable shareholders and prospective shareholders to assess the Group's performance, strategy and business model. The Committee is satisfied that the Annual Report for the year ended 31 March 2021 provides a fair, balanced, and understandable view and includes the necessary information as set out above. The Committee has confirmed this to the Board, whose statement is included in the Statement of Directors' Responsibilities on page 121.

The Committee focuses on matters it considers important in their impact on the reported results of the Group, and on matters where there is a high degree of complexity and/or judgement.

The key area of judgement that the Committee focuses on at the reporting date is the valuation of the investment property portfolio. This is carried out by independent external valuers, but by its nature it is subjective, with significant judgement applied to the valuation, particularly given the lack of transactional evidence for prime self storage assets. The Chairman of the Committee met the external valuers to discuss the valuations, review the key judgements, and discussed whether there were any disagreements with management. This year the Committee reviewed and challenged the valuers on the cap rates, rental growth assumptions and stabilised occupancy levels, to agree on the appropriateness of the assumptions adopted. The Committee also challenged the valuers and satisfied itself on their independence, their quality control processes (including peer partner review) and qualifications to carry out the valuations. Management also have processes in place to review the external valuations. In addition, the external auditors use valuation specialists to review the valuations and report their findings and conclusions to the Audit Committee.

The Committee has also considered a number of other judgements made by management in the preparation of the financial statements. There have been no business combinations in the year. The Committee has concluded that there are not significant levels of judgements involved, other than the valuation described above.

There has been no change to the other key judgement included in the financial statements, which is that the Group's stores should be accounted for as Investment Property.

Management have reported to the Audit Committee that they are satisfied that they are not aware of any material misstatements in the financial statements. The external auditors confirmed in their report to the Audit Committee that they had not found any material misstatements during their audit work.

Based on the above, the Committee concluded that the financial statements appropriately apply the key estimates and critical judgements, in respect of the disclosures and the amounts reported. The Committee also concluded that the annual report and financial statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

### External auditor

The Audit Committee is responsible for the development, implementation, and monitoring of the Group's policy on external audit. The policy assigns oversight responsibility for monitoring the independence, objectivity, and compliance with ethical and regulatory requirements to the Audit Committee, and day-to-day responsibility to the Chief Financial Officer. The policy states that the external auditor is jointly responsible to the Board and the Audit Committee and that the Audit Committee is the primary contact.

To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee reviewed:

- the external auditor's plan for the current year, noting the role of the senior statutory audit partner, who signs the audit report and who, in accordance with professional rules, has not held office for more than five years, and any changes in the key audit staff;
- the arrangements for day-to-day management of the audit relationship;
- a report from the external auditor describing their arrangements to identify, report and manage any conflicts of interest; and
- the overall extent of non-audit services provided by the external auditor, in addition to its case-by-case approval of the position of non-audit services by the external auditor.

### Audit rotation

During 2016 following a robust tender process, the Committee appointed KPMG LLP as auditors. As part of the tender process, the Committee reviewed KPMG's proposals for the audit and determined that they had an appropriate plan in place to carry out an effective audit. KPMG confirmed to the Committee that it maintained appropriate internal safeguards to ensure its independence and objectivity. Steve Masters is the current audit partner and has been the signatory to the Group's financial statements since 2018.

The Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 and the Code.

### Annual auditor assessment

The Audit Committee has adopted a formal framework in its review of the effectiveness of the external audit process and audit quality which include the following areas:

- the arrangements for ensuring the external auditor's independence and objectivity;
- the senior statutory auditor and the audit team;
- the external auditor's fulfilment of the agreed audit plan and variations from the plan;
- the quality of the formal audit report to shareholders;
- the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- the robustness and perceptiveness of the auditor in his handling of the key accounting and audit judgements; and
- the content of the external auditor's comments on control improvement recommendations.

Regard is paid to the nature of, and remuneration received, for other services provided by KPMG LLP to the Group and, inter alia, confirmation is sought from them that the fee payable for the annual audit is adequate to enable them to perform their obligations in accordance with the scope of the audit. The only non-audit service provided is the auditors' review of the half year report.

### Non-audit work

The Group's policy on external audit sets out the categories of non-audit services which the external auditor will and will not be allowed to provide to the Group, including those that are pre-approved by the Audit Committee and those which require specific approval before they are contracted for, subject to de minimis levels. The Group's non-audit policy reflects the Ethical Standard on Non-Audit Services which came into effect on 15 March 2020. The Committee's policy is that the auditors will not be asked to carry out non-audit work with the exception of the half year review and regulatory and bank required reporting.

More generally, the auditors may not provide a service which places them in a position where they may be required to audit their own work. Specifically, they are precluded from providing services relating to bookkeeping, financial information system design and implementation, appraisal or evaluation services, actuarial services, any management functions, taxation advisory services, investment banking services, legal services unrelated to the audit or advocacy services.

In respect of the year ended 31 March 2021, the auditor's remuneration comprised £263,000 for audit work and £42,000 for other work, solely relating to the interim review. Over a three year rolling period, the level of non-audit fees is below the audit fee, with non-audit fees representing 14% of audit fees in 2020 and 15% in 2019.

### Risk management and internal control

The Committee and the Board reviewed the internal control processes of the business and the Group's risk register during the year. The risks and uncertainties facing the Group, and its internal control processes are considered in the Strategic Report on page 42.

### Internal audit

The Committee has considered the Board's view that, given the relatively straightforward nature of the Group's business and the control environment in place, no formal internal audit function is required. The Group has a store compliance team, which effectively carries out an internal audit role for the Group's stores, visiting each store twice a year. This provides the Committee comfort over the store related aspects of the Group's business. The Committee meets with the Store Compliance Manager as required, and at least once a year.

Additionally, on a regular cycle, the Board appoints external consultants to assess specific business areas of risk and provide a report to the Board and the Committee on this area. The cycles covered by this activity include construction expenditure, treasury, taxation, and facilities management. This gives the Committee comfort over the controls over key business cycles within the Company.

With the combination of the store internal audit and the external assessment of the key business cycles, the Committee considers that this provides a robust internal audit assessment for the Group.

### Overview

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditor.

The Chairman of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Approved by the Audit Committee and signed on its behalf by:

#### Vince Niblett

Audit Committee Chairman

24 May 2021

# Governance

## Directors' Report

The Directors present their annual report on the affairs of the Group, together with the audited financial statements and auditor's report for the year ended 31 March 2021. The Report on Corporate Governance on pages 79 to 84 forms part of this report.

Details of significant events since the balance sheet date are included in note 25 to the financial statements. An indication of likely future developments in the business of the Company is included in the strategic report.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 18 to the financial statements.

### Dividends

The Directors are recommending the payment of a final dividend of 17.0 pence per share for the year (2020: 16.7 pence per ordinary share). An interim dividend of 17.0 pence per share was paid in the year (2020: 17.1 pence per share).

A property income distribution of 32.0 pence is payable for the year, of which 17.0 pence per share was paid with the interim dividend, and 15.0 pence per share is proposed for the final dividend.

Subject to approval by shareholders at the Annual General Meeting to be held on 22 July 2021, the final dividend will be paid on 30 July 2021. The Ex-div date is 8 July 2021 and the Record date is 9 July 2021.

From April 2018 dividend tax credits have been replaced by an annual £2,000 tax-free allowance on dividend income across an individual's entire share portfolio. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of the dividends paid by Big Yellow Group PLC, and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability. This change was announced by the Chancellor, as part of the UK government Budget, in July 2015.

### SECR and Mandatory GHG Reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SECR') came into force on 1 April 2019 and applies to companies with financial years starting on or after 1 April 2019.

The 2018 Regulations define what must be included in the Directors' Report, namely:

- Annual GHG emissions from activities for which the Company is responsible including combustion of fuel and operation of any facility, such as such as our flexi-office gas heating, air conditioner coolant replacement, one Company van diesel fuel use emissions and fit-out 'diesel' use emissions (assuming qualifying fit-out activities have taken place during the year);
- Annual emissions from the purchase of electricity, heat, steam or cooling by the Company for its own use, such as electricity for our stores and fit-out activities;
- Underlying global energy use;
- Previous year's figures for energy use and GHG;
- At least one intensity ratio;
- Energy efficiency action taken; and
- Methodology used.

We will also continue to report on our Scope 3 emissions: Electricity supplier 'transmission and distribution' emissions – currently, voluntary GHG emissions, from our waste and water supply chains are assessed as 'not material' – we are now including 'employee business travel' (from car mileage claims only). We will also retain the practice of reporting our previous few years to show longer term trends.

We have introduced 'Market-based emission' reporting for this financial year. The emissions reported here reflect the emissions associated with the electricity tariff we have purchased; whereas 'Location-based emissions' are emissions associated with the UK grid and applies the required DEFRA conversion factors. Where we have not indicated market-based or location-based figures, location-based can be assumed.

Please note, our operations are solely based in the UK and we therefore will be reporting a single geographical scope – UK and offshore area only.

## a) Data

| Year ending 31 March                                      | UK and offshore area  | 2019    | 2019 restated   | 2020       | 2020 restated | 2021      |
|---|---|---------|-----------------|------------|---------------|-----------|
| GHG Scope 1 total tonnes CO <sub>2</sub> e                | Total Scope 1 Emissions location-based  | 133.5   | no change       | 131.7      | no change     | 166.6     |
| GHG Scope 2 total tonnes CO <sub>2</sub> e                | Total Scope 2 Emissions location-based  | 2,665.1 | 2,515.0         | 2,439.7    | 2,237.6       | 2,049.9   |
| GHG Scope 2 total tonnes CO <sub>2</sub> e                | Total Scope 2 Emissions market-based  |         | New for 2019/20 | 1,142.0    | 1,072.6       | 0.0       |
| Total GHG Scope 1 & 2 Total tonnes CO <sub>2</sub> e      | Total Scope 1& 2 Emissions location-based   | 2,798.8 | 2,648.5         | 2,571.4    | 2,369.3       | 2,216.5   |
| Total GHG Scope 1 & 2 Total tonnes CO <sub>2</sub> e      | Total Scope 1& 2 Emissions market-based   |         | New for 2019/20 | 1,273.7    | 1,204.3       | 166.6     |
| Scope 3 total tonnes CO <sub>2</sub> e                    | Electricity Transmission Losses and Employee Business travel                              | 366     | 366             | 315        | 303           | 250       |
| tCO <sub>2</sub> e/ revenue (£000s) – location-based      | Greenhouse Gas (GHG) emissions intensity from building energy consumption                 | 22.3    | 21.1            | 20.6       | 18.3          | 16.4      |
| tCO <sub>2</sub> e/ revenue (£000s) – market-based        | Greenhouse Gas (GHG) emissions intensity from building energy consumption                 |         | New for 2019/20 | 9.9        | 9.3           | 1.2       |
| tCO <sub>2</sub> e/ Occupied space (000s m <sup>2</sup> ) | Greenhouse Gas (GHG) emissions intensity from building energy consumption (scope 1 and 2) | 7.9     | 7.4             | 7.2        | 6.6           | 5.9       |
| tCO <sub>2</sub> e/ CLA (000s m <sup>2</sup> )            | Greenhouse Gas (GHG) emissions intensity from building energy consumption (scope 1 and 2) | 6.5     | 6.1             | 5.9        | 5.5           | 4.9       |
| Energy data   | Underlying Scope 1 and 2 emissions energy data (kWhs)                                     |         | New for 2019/20 | 10,214,794 | 9,626,987     | 9,627,876 |

Notes to the data table: Regarding restating, each year, the last 3 months of our emissions data is reported using prior year's conversion factors, due to an emission factor publication lag – we operate on a 'best available data' principle and will therefore restate each year – see the Basis of Reporting document for specifics.

We also restate if there were material changes during the year. This year we became aware of electricity consumption being reported as part of our total energy rather than the 3rd party who rents space on some of our stores. The 3rd party installs and manages telecoms masts and uses electricity from our stores. This electricity consumption has been removed from our figures and we have restated back to 2018/19 when the amount became material. Regarding Market-based emissions, as of 1 October 2019 we purchase Rego backed 100% renewable energy from Opus Energy, so are able to provide both location-based and market-based CO<sub>2</sub>e emissions.

The three location-based intensity metrics are calculated from the location-based Scope 1 & 2 totals. The one market-based intensity metric is calculated from the market-based Scope 1 & 2 totals.

## b) Methodology for Calculating Emissions

Please note that we produce a yearly Basis of Reporting document which sets out the methodology we use for all of our KPIs, including GHG emissions. We have included a special section for the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Please access the Basis of Reporting document at [corporate.bigyellow.co.uk/sustainability](http://corporate.bigyellow.co.uk/sustainability).

## c) Energy Efficiency Measures

### Background

We have a long-standing strategy of pro-actively managing our energy consumption and becoming an ever more efficient business. We have reported progress over the years both in our Annual Reports as well as our standalone annual CSR Reports, all available online in our Investor and Sustainability sections respectively.

Between 2012 and 2017 we undertook a company-wide upgrade of our lighting to LED and to installing motion sensor controls to ensure lights are only turned on when customers need them; plus a small amount of permanent emergency lighting was improved to LED.

Although the majority of that work has been done, a small number of 'mop up' activities continue to take place, especially where we have not been able to gain access to customers' units to execute the changeover.

All of our electricity and gas meters are fitted with HH automatic meter readers; the data is available to us via an externally hosted platform and used by the internal Environmental Committee (formally the CSR Steering Committee) to review our performance on a quarterly basis.

During the year, we created a more formalised board level governance structure, which can be accessed here. We appointed Heather Savory as Non-Executive Director to the Board; Heather chairs the Sustainability Committee.

# Governance

## Directors' Report (continued)

### Most recent ESOS assessment findings & resulting actions

Our ESOS Phase 2 assessment has emphasised the fact that – due to the non-complex nature of our stores – we are limited by the amount of energy saving measures we are able to undertake.

Our independent ESOS assessor's recommendations therefore focussed on increasing our existing Solar PV estate. This recommendation is in alignment with our broader Sustainability Strategy and during the year we added six more solar installations, making it a total of 28 stores.

During the year, we have opened three new stores:

- in Ellesfield Avenue, Bracknell, which was fitted out with a 50kWp solar installation;
- in Southampton Way, Camberwell, which was fitted out with a 50kWp solar installation; and
- in Lombard Road, Battersea which was fitted out with a 50kWp solar installation.

In July 2020, we retrofitted Norwich, Watford, and Tunbridge Wells with 50kWp Solar PV installations each.

During the year, we have generated 665,118 kWh of solar energy (an increase of 15% from the previous year), thereby a) reducing our energy demand from the grid by the kWh we are using on site and b) increasing the grid's renewable mix by exporting part of our energy as the size of our solar installations exceed our demand.

During the year, we have set an ambitious 100% renewable energy and zero carbon emission strategy to 2030; delivered via a combination of on-site solar and off-site renewable energy installations.

For our full Environmental reporting against EPRA KPIs, please see our annual CSR report 2020/21 and our Basis of Reporting document 2020/21. Questions can be directed to [csr@bigyellow.co.uk](mailto:csr@bigyellow.co.uk).

### Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 22. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 23, and details of shares held by the Company's Employee Benefit Trust are set out in note 22.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Corporate Governance Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Report on Corporate Governance on page 79.

There are a number of agreements that take effect, alter, or terminate upon a change of control of the Company such as commercial contracts, bank loan agreements, property lease arrangements and employee share plans. The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

During the year the Company issued 406,900 shares to satisfy the exercise of share options (2020: 473,369).

## Directors

The Directors of the Company who served throughout the year and to the date of approval of the financial statements, except as noted below, were as follows:

|                       |   |
|-----------------------|---|
| Richard Cotton        | Senior Independent Director                       |
| Jim Gibson            | Chief Executive Officer                           |
| Julia Hailes          | Non-Executive Director (resigned 14 January 2021) |
| Georgina Harvey       | Non-Executive Director (resigned 5 August 2020)   |
| Steve Johnson         | Non-Executive Director (resigned 5 August 2020)   |
| Anna Keay             | Non-Executive Director                            |
| Adrian Lee            | Operations Director                               |
| Vince Niblett         | Non-Executive Director                            |
| Heather Savory        | Non-Executive Director (appointed 1 March 2021)   |
| Laela Pakpour Tabrizi | Non-Executive Director (appointed 1 July 2020)    |
| John Trotman          | Chief Financial Officer                           |
| Nicholas Vetch        | Executive Chairman                                |

Biographical details of the Executive and Non-Executive Directors standing for re-election are set out on pages 76 to 78.

## Directors' indemnities

The Company purchases liability insurance covering the Directors and officers of the Company and its subsidiaries.

## Political contributions

No political donations were made by the Company in either the current or preceding financial year.

## Substantial shareholdings

The Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency rules, of the following voting rights as a shareholder of the Company at 31 March 2021 and 24 May 2021.

|                                  | No. of ordinary shares<br>31 March 2021 | Percentage of voting rights and issued share capital<br>31 March 2021 | No. of ordinary shares<br>21 May 2021 | Percentage of voting rights and issued share capital<br>21 May 2021 |
|----------------------------------|---|---|---------------------------------------|---|
| Blackrock Inc                    | 14,754,971                              | 8.4%  | 15,225,781                            | 8.7%  |
| Ameriprise Financial Inc         | 8,472,728                               | 4.8%  | 8,297,780                             | 4.7%  |
| The Vanguard Group Inc           | 8,404,499                               | 4.8%  | 8,630,002                             | 4.9%  |
| Jupiter Asset Management Limited | 8,192,446                               | 4.7%  | 8,176,220                             | 4.7%  |
| Resolution Capital               | 8,171,661                               | 4.7%  | 8,703,115                             | 5.0%  |
| FMR LLC                          | 8,042,548                               | 4.6%  | 8,019,274                             | 4.6%  |
| MFS Investment Management        | 6,247,276                               | 3.6%  | 6,406,040                             | 3.6%  |

The interest of the Directors in the share capital of the Company is shown on page 106 of the Remuneration Report.

## Purchase of own shares

The Company was granted authority at the AGM in 2020 to purchase its own shares up to a total aggregate value of 10% of the issued nominal capital. That authority expires at this year's AGM and a resolution will be proposed for its renewal. During the year the Company made no purchases of its own shares.

## Employee consultation

The Group seeks to ensure employee commitment to its objectives in a number of ways. Strategic changes are communicated directly to all staff who are encouraged to address queries to the Executive Directors. The Directors' executive meetings are frequently held in stores and in addition Directors and senior management visit the stores on a regular basis. Furthermore, there are regular team briefings at store level to provide employees with information about the performance of and initiatives in their store. A wide range of information is also communicated across the Group's Intranet, including the e-publication of the Group's financial results and all press releases, the publication of a quarterly newsletter, and the publication of a weekly operations bulletin.

## Governance

### Directors' Report (continued)

As discussed in the Corporate Governance Report, the Board has appointed a designated Non-Executive Director, Anna Keay, to act as the primary method of workforce engagement for Big Yellow in accordance with the new Corporate Governance Code.

Employees are encouraged to participate in the Group's performance through Employee Share Schemes and performance related bonuses. 52% of eligible employees participate in the Group's Sharesave Scheme.

The Group's recruitment policy is committed to promote equality, judging neither by race, nationality, religion, age, gender, disability, sexual orientation, nor political opinion and to treat all stakeholders fairly.

#### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### Human Rights

Big Yellow respects Human Rights and aims to provide assurance to internal and external stakeholders that we are committed to human rights and the principles of the Universal Declaration of Human Rights.

We are committed to creating and maintaining a positive and professional work environment that reflects and respects the basic rights of freedom to lead a dignified life, free from fear or want, and where stakeholders are free to express their independent beliefs. Our employment policies and practices reflect a culture where decisions are made solely on the basis of individual capability and potential in relation to the needs of the business.

#### Modern Slavery Act

The Group is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our Anti-slavery Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. Our policy is published in full on our website.

#### Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

#### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/ she ought to have taken as a Director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board

**Shauna Beavis**

Company Secretary

24 May 2021

# Statement of Directors' Responsibilities

## Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework. In addition the Group financial statements are required under the UK Disclosure and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, and reliable;
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU");
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 24 May 2021 and is signed on its behalf by:

|                         |                         |
|-------------------------|-------------------------|
| <b>Jim Gibson</b>       | <b>John Trotman</b>     |
| Chief Executive Officer | Chief Financial Officer |

## Governance

# Independent Auditor's Report to the Members of Big Yellow Group PLC



### 1. Our opinion is unmodified

We have audited the financial statements of Big Yellow Group PLC ("the Company") for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 2 and 29.

#### In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation to the extent applicable.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 20 July 2017. The period of total uninterrupted engagement is for the four financial years ended 31 March 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

#### Overview

|                                       |                                     |
|---------------------------------------|-------------------------------------|
| <b>Materiality:</b>                   | £13.6m (2020:£12m)                  |
| Group financial statements as a whole | 0.74% (2020: 0.74%) of Total Assets |

|                 |                                 |
|-----------------|---------------------------------|
| <b>Coverage</b> | 99% (2020:100%) of Total Assets |
|-----------------|---------------------------------|

#### Key audit matters vs 2020

|                        |  |    |
|------------------------|--|----|
| <b>Recurring risks</b> | Valuation of Investment Property, including Investment Property Under Construction | ◀▶ |
|                        | Parent Company: Amounts owed by Group Undertakings                                 | ◀▶ |

### 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

## 2. Key audit matters: our assessment of risks of material misstatement (continued)

| The risk  | Our response   |
|---|--|
| <p><b>Valuation of Investment Property, including Investment Property under Construction</b></p> <p>Investment Property £1,622.0m; (2020: £1,385.1m)</p> <p>Investment Property Under Construction £163.5m; (2020: £136.3m)</p> <p><i>Refer to page 112 (Audit Committee Report), page 134 (accounting policy) and page 151 (financial disclosures).</i></p> <p><b>Subjective valuation:</b></p> <p>Investment property valuation is subjective and inherently judgmental in nature.</p> <p>Investment property fair values are calculated using actual and subjective assumptions inputs such as store occupancy, net rent per square foot, discount rates and exit capitalisation rates. For investment property under construction additional estimates include expected costs to complete and the risk of not obtaining planning permission for non-consented sites.</p> <p>The Group employs external valuers to apply professional judgment concerning market conditions and factors impacting individual properties.</p> <p>The investment market for prime self storage is subject to market uncertainty due to the low volume of comparable transactions.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment properties has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p> <p><b>Disclosure quality:</b></p> <p>The financial statements (note 15) disclose the sensitivity estimated by the Group.</p> <p>The Directors' assessment of the extent of the disclosure is based on an evaluation of the inherent risks to the valuation.</p> <p>The risk for our audit is whether or not those disclosures adequately address the uncertainties within the valuation, and if so, whether those uncertainties are fundamental to the users' understanding of the financial statements.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>▪ <b>Assessing valuers credentials:</b> We assessed the external valuers qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their independence and objectivity or may have imposed scope limitations upon their work.</li> <li>▪ <b>Methodology choice:</b> We read the external valuation reports which cover 100% of the investment properties and assessed whether the valuation approach was in accordance with RICS standards and suitable for use in determining the value for the purpose of the financial statements.</li> <li>▪ <b>Personnel interview:</b> We met with the external valuer and the audit committee chairman with our own internal valuation specialists to discuss the valuation process, key assumption inputs such as occupancy, capitalisation and discount rates, and the rationale behind the more significant or unusual valuation movements during the year.</li> <li>▪ <b>Our sector experience:</b> We used our knowledge of the entity, our experience of the real estate industry and observed industry norms when assessing the key assumptions and the significant or unusual valuation movements and for investment property under construction we considered the judgment made by the Directors and external valuers for planning risk for non-consented sites.</li> <li>▪ <b>Data provided to the valuer:</b> We performed property visits and tested the current and historical accuracy of information used to generate key inputs to the valuation such as maximum lettable area, store occupancy and net rental income by physically inspecting a sample of storage units and inspecting a sample of customer storage licence agreements.</li> <li>▪ <b>Independent re-performance:</b> Using our own internally produced model and the external valuer and Directors' inputs we assessed the reasonableness of valuation as produced by the external valuer.</li> <li>▪ <b>Tests of detail:</b> For investment property under construction we compared the historical accuracy of Management's forecast construction costs to actual spend on similar construction projects in the past three years. We checked that supporting information for construction contracts and budgets such as original construction cost reports, which was also supplied to the valuer, was consistent with the Group's records. We also obtained evidence that planning permission had been obtained for those development sites for which this was appropriate.</li> <li>▪ <b>Assessing transparency:</b> We assessed whether the group's disclosures about the sensitivity of the valuation of investment properties to changes in key assumptions adequately reflected the related risks.</li> </ul> <p><b>Our results</b></p> <p>We found the valuation of investment properties, and investment properties under construction and the disclosure of the associated level of uncertainty to be acceptable (2020 result: acceptable).</p> |

## Governance

# Independent Auditor's Report to the Members of Big Yellow Group PLC (continued)

|  | The risk   | Our response   |
|--|--|--|
| <b>Amounts owed by Group Undertakings (Parent Company only)</b><br><br>£533.2m; (2020: £568.6m)<br><br><i>Refer to page 112 (Audit Committee Report), page 134 (accounting policy) and page 172 (financial disclosures).</i> | <b>Low risk, high value:</b><br><br>The carrying amount of the intra-group debtor balance represents 95% (2020: 95%) of the Company's total assets at 31 March 2021.<br><br>Their recoverability is not at a high risk of significant misstatement or subject to significant judgment. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit. | Our procedures included: <ul style="list-style-type: none"><li>▪ <b>Test of details:</b> We assessed 100% of Group debtors to identify, with reference to the relevant debtor's financial statements/draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether those subsidiary companies have historically been profit-making.</li><li>▪ <b>Assessing subsidiary audits:</b> We assessed the results of the work performed on the subsidiary audits, including assessing the liquidity of the assets and therefore the ability of the subsidiaries to fund the repayment of the receivable.</li></ul> <b>Our results</b> <ul style="list-style-type: none"><li>▪ We found the Company's assessment that the carrying amount of the Group debtor balance is recoverable to be acceptable (2020: acceptable).</li></ul> |

In the prior year we reported a key audit matter in respect of the impact of uncertainties due to the UK exiting the European Union. Following the trade agreement between the UK and the EU, and the end of the EU-exit implementation period, the nature of these uncertainties has changed. We continue to perform procedures over material assumptions in forward looking assessments such as going concern and valuation of investment property and investment property under construction however we no longer consider the effect of the UK's departure from the EU to be a separate key audit matter.

### 3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £13.6m (2020: £12m), determined with reference to a benchmark of total assets (of which it represents 0.74% (2020: 0.74%).

In addition, we applied materiality of £3.4m (2020: £3.2m) to all balances and classes of transactions impacting adjusted profit before tax (as reconciled to profit before tax in note 10 of the financial statements) for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the company's members' assessment of the financial performance of the Group.

Materiality for the parent company financial statements as a whole was set at £6.1m (2020: £5.4m), determined with reference to a benchmark of company total assets, of which it represents 1.1% (2020: 0.91%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £10.2m (2020: £9m) for the group and £4.6m (2020: £4.1m) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.68m (2020: £0.6m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

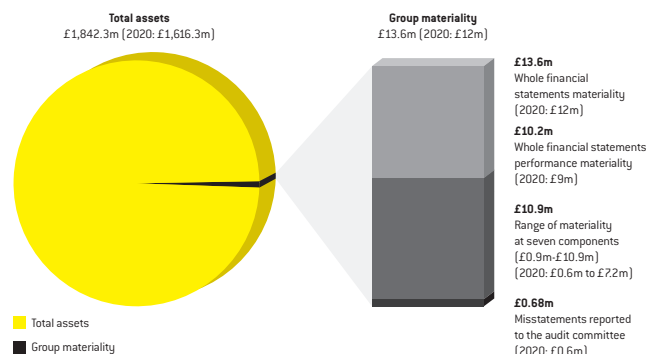
Of the group's 20 (2020: 22) reporting components, we subjected seven (2020: six) to full scope audits for group purposes.

The components within the scope of our work accounted for the percentages illustrated opposite.

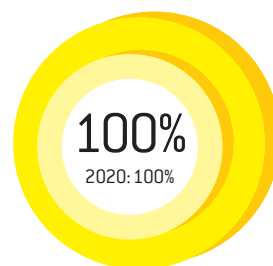
The remaining 0% (2020: 0%) of total group revenue, 0% (2020: 0%) of group profit before tax and 0% (2020: 0%) of total group assets is represented by 16 (2020: 15) reporting components, none of which individually represented more than 0% (2020: 0%) of any of total group revenue, group profit before tax or total group assets. For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on all the components, including the audit of the parent Company, was performed by the Group team.

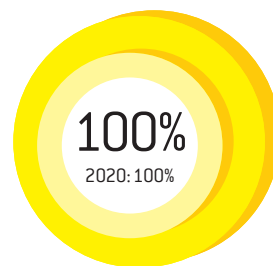
The Group team used component materiality's, which ranged from £0.9m to £10.9m (2020: £0.6m to £7.2m), having regard to the mix of size and risk profile of the Group across the components.



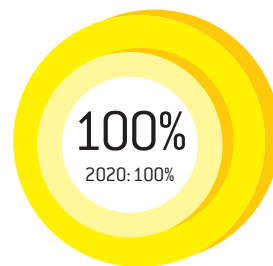
#### Group Revenue



#### Total profits and losses that made up group profit before tax



#### Group total assets



- Full scope for group audit purposes 2021
- Full scope for group audit purposes 2020
- Residual components

## Governance

# Independent Auditor's Report to the Members of Big Yellow Group PLC (continued)

### 4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for a period of 18 months from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- The impact of macro economic trends on customer activity, particularly customer occupancy rates.
- Increase in LIBOR rates, increasing Group interest rates

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test).

Our procedures also included:

- Critically assessing assumptions in base case and downside scenarios relevant to covenant metrics, in particular in relation to customer performance (namely occupancy rates and net rent levels) by comparing to historical trends in severe economic situations and overlaying knowledge of the entity's trading performance to date and our knowledge of the entity and the sector in which it operates.
- We also compared past budgets to actual results to assess the directors' track record of budgeting accurately.
- We inspected the loan agreements in order to confirm the nature of the associated covenant requirements.
- We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.
- We assessed the completeness of the going concern disclosures.

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 to be acceptable; and
- the related statement under the Listing Rules set out on page 46 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

## 5. Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, and the store compliance function and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of investment property and investment property under construction. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited judgmental aspects to the Group’s low value, high volume revenue streams.

We also identified a fraud risk related to valuation of investment property and investment property under Construction in response to the subjective and inherently judgmental nature of this area.

Further detail in respect of valuation of investment property, including investment property under construction is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to the investment property and investment property under construction account, those posted to the cash suspense account and unexpected revenue pairings.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, REIT legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, Covid-19 regulations and certain aspects of company legislation recognising the financial nature of the Company’s activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## Governance

# Independent Auditor's Report to the Members of Big Yellow Group PLC (continued)

### 6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

#### Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

#### Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement on page 46 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 46 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

#### Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review, and to report to you if a corporate governance statement has not been prepared by the company. We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
  - we have not identified material misstatements therein; and
  - the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

## 7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## 8. Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 121, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## 9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Steve Masters (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

2 Forbury Place, 33 Forbury Road, Reading, RG1 3JH

24 May 2021