

# 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 (Jim Gibson)	Executive Chairman (Nicholas Vetch)	Chief Financial Officer (John Trotman)	Operations Director (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:

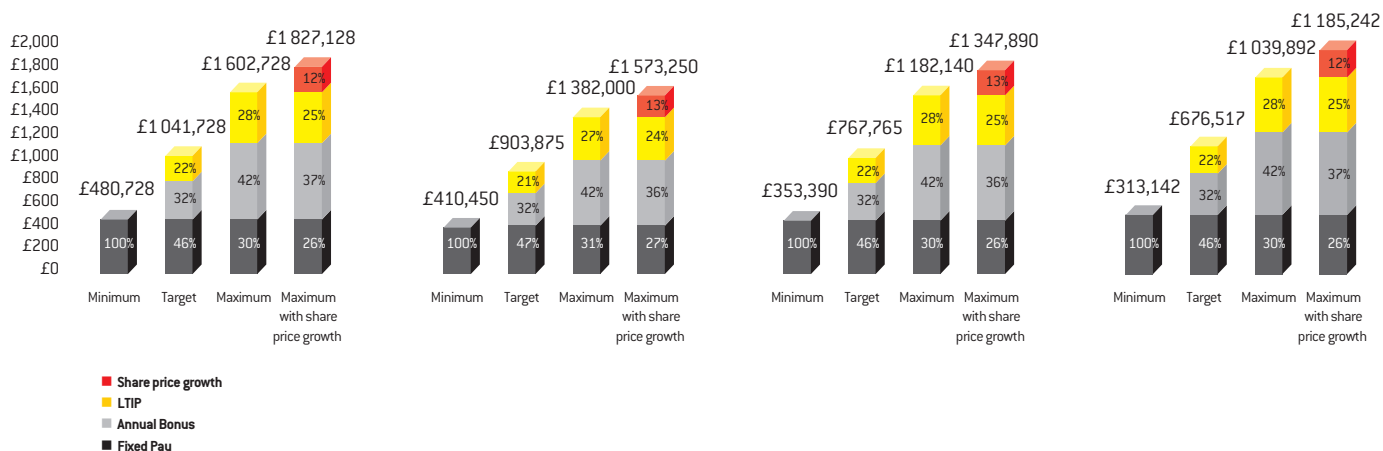
Scenario	Description	Chief Executive	Executive Chairman	Chief Financial Officer	Operations Director
<b>Fixed Pay</b>					
	Base salary (from 1 April 2021)	£448,800	£382,500	£331,500	£290,700
	Estimated Benefits	£5,000	£5,000	£2,000	£5,000
	Pension (% of salary)	6%	6%	6%	6%
<b>On-target</b>	50% of annual 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% 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 (Jim Gibson)	Executive Chairman (Nicholas Vetch)	Chief Financial Officer (John Trotman)	Operations Director (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							
	Salary		Taxable benefits <sup>1</sup>		Pensions <sup>2</sup>		Total fixed pay	
	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £
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
Total	1,398,750	1,320,000	17,847	18,226	139,875	132,000	1,556,472	1,470,226

	Variable pay						Total pay			
	Annual bonus – cash		Annual bonus – deferred		Long term incentives <sup>3</sup>		Total variable pay			
	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £		
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
Total	219,604	122,760	1,661,016	783,751	1,138,431	1,412,563	3,019,051	2,319,074	4,575,523	3,789,300

(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 0%	Target 50%	Above Target 75%	Maximum 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 0%	Pass 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 £	2020 £
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

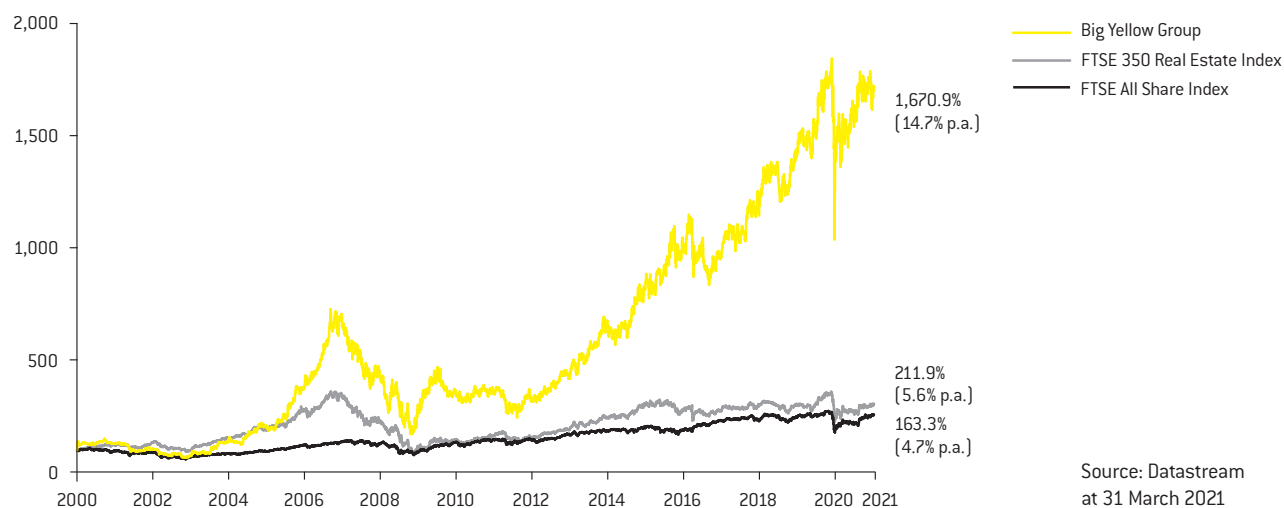
A proportion of the LTIP awards that were exercised in the year by the Jim Gibson, Adrian Lee and John Trotman were delivered through CSOP approved options. They each exercised an option over 3,242 approved shares. The value delivered through these approved options was surrendered in the unapproved LTIPs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

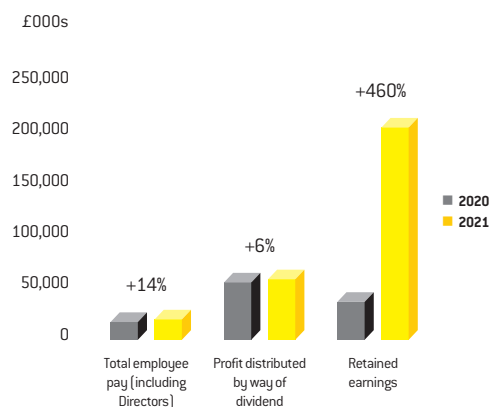
The Directors are invited to be present at this review of the proposals for salary increase for the employee population generally and on any other changes to remuneration policy within the Company. The information presented at this review is taken into consideration when setting the pay levels of the 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