

Governance

Chair's Introduction

Committed to the highest standards

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.

Corporate Governance contents

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DEAR SHAREHOLDER,

I am pleased to present the Corporate Governance Report for 2019. This report should be read in conjunction with the report on pages 66 to 71, which set out how we have complied in full with the UK Corporate Governance Code in 2019.

As a Board we have also considered our response to the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018 ("the new Code"). We have set out within this Report the steps we have taken to comply with this new Code, which will be effective for our year ending 31 March 2020.

As outlined in my report on pages 14 to 15, 2019 has been a good year for the Company, with continued growth in our key operating metrics 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 Directors to major shareholders is provided to the Non-Executive Directors on a regular basis.

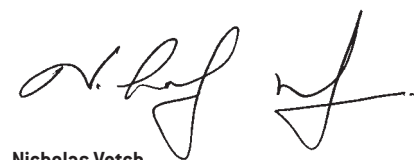
All Directors will attend this year's AGM which will again provide an opportunity for all shareholders to ask questions of the Board.

The culture of the business is a key part of our success, and we were delighted to be recognised in the Sunday Times 100 Best Companies to Work For 2019. The Executive Directors visit each of the Group's stores at least once a year, 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 79.1.

Looking ahead

Following our performance this year, our attention for the coming year will again be focussed 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

20 May 2019

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 66 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 72-73 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 94-97 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 74-93 for more information

Governance (continued)

Directors, Officers and Advisers

Executive Directors

.01 / **Nicholas Vetch**

Executive Chairman

Nicholas was a co-founder of Big Yellow in September 1998. Prior to that, he 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. He is also a Non-Executive Director of Local Shopping REIT plc and a Trustee of Global Human Rights and Global Human Rights UK.

.02 / **James Gibson**

Chief Executive Officer

James was a co-founder of Big Yellow in September 1998. He 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. He is also 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.

.03 / **Adrian Lee**

Operations Director

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

.04 / **John Trotman**

Chief Financial Officer

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. He joined Big Yellow in June 2007, and was appointed to the Board in September 2007. He is on the Board of the UK Self Storage Association and is the President of FEDESSA.

Non-Executive Directors

.05 / **Richard Cotton**

Non-Executive Director

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. 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. Richard joined the Board in July 2012, and is the Senior Independent Director and Chairman of the Nominations Committee.

.06 / **Georgina Harvey**

Non-Executive Director

Georgina started her media career at Express Newspapers plc where she was appointed Advertising Director in 1994. She joined IPC Media Ltd in 1995 and went on to form IPC Advertising in 1998, where she was Managing Director. She was a member of the Board of IPC Media from 2000 and was Managing Director of the Regionals division of Trinity Mirror from 2005 to 2012, overseeing its transition to a digital platform. She is currently a Non-Executive Director and Chair of the Remuneration Committee of William Hill plc and the Senior Independent Non-Executive Director and Chair of the Remuneration Committee of McColl's Retail Group plc. She joined the Board in July 2013 and is Chair of the Remuneration Committee.

.07 / **Dr Anna Keay**

Non-Executive Director

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. She is a member of the National Trust Collection and Interpretation Advisory Group and is a Governor and Chair of the Buildings and Projects Committee at Bedales School. She joined the Board in March 2018.

.08 / **Steve Johnson**

Non-Executive Director

Steve started his career at Bain in the 1980s before joining Asda in 1993, where he carried out a number of roles, culminating in Marketing Director. He left Asda in 2000, to join GUS as a Sales & Marketing Director, departing in 2002 to take up his first CEO role at Focus DIY, where he remained until 2007. He joined Woolworths as part of the final turnaround team in late 2008. He has most recently been working as an operating executive for TPG, and was also the Executive Chairman of Dreams plc between July 2011 and October 2012. He was the Executive Chairman of Poundworld until October 2018, and is currently a Non-Executive Director of DFS Furniture plc and the Senior Independent Director of Lenta Limited, a leading Russian hypermarket operator. He joined the Board in September 2010.

.09 / **Vince Niblett**

Non-Executive Director

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. He was appointed to the Board in June 2017 and is the Chairman of the Audit Committee. He is also a Non-Executive Director and Chairman of the Audit Committee of Forterra plc.

Committee key

(N) Nomination Committee

(A) Audit Committee

(R) Remuneration Committee

● Committee Chair



The Executive Directors spend a considerable amount of time meeting with the Group's employees and visit every store at least once a year.

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.

OFFICERS AND ADVISERS

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
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

Cushman & Wakefield LLP
Jones Lang LaSalle

Governance (continued)

Corporate Governance Report

INTRODUCTION

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code that was issued in 2014 by the Financial Reporting Council (“the Code”) for which the Board is accountable to shareholders. The Board is also cognisant of the Code issued by the Financial Reporting Council in 2018 (“the new Code”). We have included commentary in this report on the Board’s response to the new Code. 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 2019, the Company has been in compliance with the Code provisions set out in section 1 of the 2014 UK Corporate Governance Code.

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;
- 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 Executive Directors 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

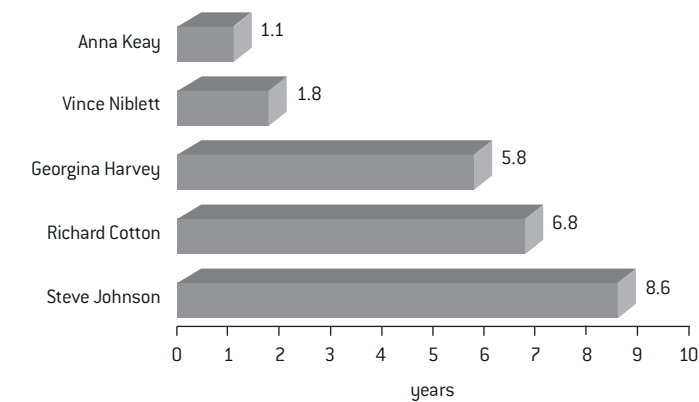
Composition of the Board

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 Combined 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 Directors between formal Board meetings. The Non-Executive Directors meet at least once a year without the Executive 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 Directors and have a prime role in appointing and, where necessary, removing Executive Directors, and in succession planning.

The tenure of the independent Non-Executive Directors at 31 March 2019 is set out below:



Changes to the Board and its Committees

Steve Johnson has informed the Board of his decision to retire from the Board with effect from the Annual General Meeting in 2020, when he will have been in the role for nine years. The Board will be recruiting a replacement Independent Non-Executive Director during the forthcoming financial year.

THE BOARD AND ITS COMMITTEES

Standing committees of the Board

The Board has Audit, Remuneration and Nominations 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 of 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.

Governance (continued)

Corporate Governance Report (continued)**Standing committees of the Board** (continued)

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
Tim Clark*	Non-Executive Director	●
Richard Cotton	Non-Executive Director	●●●●●●●●
James Gibson	Chief Executive Officer	●●●●●●●●
Georgina Harvey	Non-Executive Director	●●●●●●●●
Steve Johnson	Non-Executive Director	●●●●●●●●
Anna Keay	Non-Executive Director	●●●●●●●●
Adrian Lee	Operations Director	●●●●●●●○
Vince Niblett	Non-Executive Director	●●●●●●●●
John Trotman	Chief Financial Officer	●●●●●●●●
Nicholas Vetch	Executive Chairman	●●●●●●●●

* Tim Clark retired from the Board on 19 July 2018.

● attended

○ absent, Adrian Lee missed one meeting due to an unavoidable diary conflict.

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 entered into 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 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. The professional development requirements of Executive 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 properties. During the year, the Executive 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 applied principle C.2 of the UK Corporate Governance Code by establishing 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.

In compliance with provision C.2.1 of the Code, 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.

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 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, 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.

To assist in considering emerging risks that could impact the business, the Company has previously engaged a futurologist to facilitate a Board discussion on future changes which could impact the Company. In addition, all management are encouraged to stay abreast of all technical and other competitive advances that could impact the business.

The Group has two associates, Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited. James Gibson and John Trotman are Directors of both of these associates, and report back to the Big Yellow board on the business planning, risk management and internal controls of the businesses.

Governance (continued)

Corporate Governance Report (continued)

GOING CONCERN

The Group's activities, and a fair review of the business, are included in the Strategic Report on pages 16 to 36. The financial position of the Group, including its cash flow, liquidity, and committed debt facilities are discussed in the Financial Review on pages 37 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 Board has identified a number of key stakeholders which it seeks to engage with on a regular basis. The key stakeholders are:

- Employees (see Employee Relations and Company Culture section below)
- Shareholders (see Shareholder Relations section below)
- Customers (see Commentary in the Operating and Financial Review on customer engagement)
- Suppliers (see Commentary in the Corporate Social Responsibility report on supplier engagement)

SHAREHOLDER RELATIONS

The Board aims to achieve clear reporting of financial performance to all shareholders and acknowledges the importance of an open dialogue by both Executive and Non-Executive Directors with its institutional shareholders. The Board believes that the Annual Report and Accounts play an important part in presenting all shareholders with an assessment of the Group's position and prospects.

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 Directors have participated in investor conferences and meetings during the year throughout the United Kingdom, and also in France, the Republic of Ireland, South Africa and the Netherlands. During the year ended 31 March 2019, the Chief Executive and other Executive Directors carried out 175 meetings with UK and overseas institutional shareholders and potential investors. These meetings comprised group and individual presentations and tours of our stores.

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. At each Board Meeting, the Board is updated on any shareholding meetings that have taken place, and any views expressed or issues raised by the shareholders in these meetings.

Any queries raised by a shareholder, either verbally or in writing, are answered immediately by whoever is best placed on the Board to do so. Directors are introduced to shareholders at the AGM, including the identification of Non-Executive Directors and Committee Chairmen. The number of proxy votes cast in the resolution is announced at the AGM.

EMPLOYEE RELATIONS AND COMPANY CULTURE

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 Directors spend a considerable amount of time meeting with the Group's employees and visit every store at least once a year. 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 employee engagement surveys, and also in 2019 was pleased to be named again in the Sunday Times 100 Best Companies to Work For.

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.

EMPLOYEE RELATIONS AND COMPANY CULTURE (continued)

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 during the course of the financial year.

The new Code states 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 will oversee 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 attend 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;
- Participation in the bi-annual Best Companies application and survey process;
- Receiving detailed feedback from the Executive Directors on their interaction with employees;
- Acting as an alternative external 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

Member	Number of meetings attended
Tim Clark* – Member	○
Richard Cotton – Chairman and Senior Independent Director	●●●
Georgina Harvey – Member	●●●
Steve Johnson – Member	●●●
Anna Keay – Member	●●●
Vince Niblett – Member	●●

* Tim Clark retired from the Board on 19 July 2018.
○ attended

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 2017 the Board engaged Lomond Consulting to undertake an evaluation of the performance of the Board and its Committees. The aim was to seek to identify areas where the performance and the procedures of the Board may be improved. The scope of the review was agreed between the Chairman of the Committee and the Chief Executive. Lomond Consulting are independent of the Group.

Each Director completed a questionnaire on the performance of the Board, its Committees and the Chairman. Each Director was then interviewed in person by Lomond Consulting. The responses were anonymous to enable an open and honest sharing of views. Lomond Consulting then produced a report showing the results of the review.

The key topic discussed as part of the review was succession planning, which is further discussed in the section below, albeit the Committee considered no further action was necessary.

During the current year, the Executive Chairman evaluated the performance of the other Executive Directors, and the performance of the Chairman was evaluated by the Senior Independent Non-Executive Director. It was considered that the individuals, the Committees and the Board as a whole were operating effectively, with appropriate procedures put in place for minor areas identified for improvement. The Committee intends to commission a further external evaluation of the Board in the year ending 31 March 2020.

Succession planning

The Board comprises a team of four Executive 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. Continuity of experience and knowledge, particularly of self storage, within the executive team is particularly important in a long-term focussed business such as Big Yellow.

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. 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.

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 Board considers it is important to increase the representation of women on the Board, and intends to meet the 30% recommended minimum proportion of women on the Board in the short to medium term.

At Senior Management Level, there is a balanced ratio between men and women.

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 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.

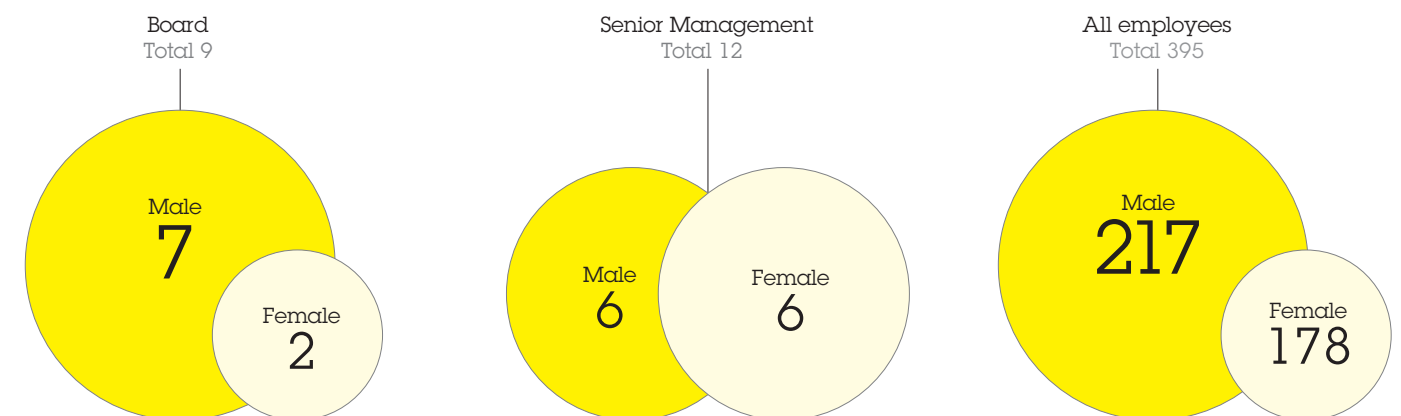
Following a performance appraisal process, the Board has concluded that the Directors retiring are effective, committed to their roles and operate as effective members of the Board.

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 page 64.

Richard Cotton

Nominations Committee Chairman

Board and company Gender diversity



(senior management are defined to be Heads of Department)

REMUNERATION REPORT

Member	Number of meetings attended
Tim Clark* – Member	●
Richard Cotton – Member	●●●●
Georgina Harvey – Chair	●●●●
Steve Johnson – Member	●●●●
Anna Keay – Member	●●●●
Vince Niblett – Member	●●●●

* Tim Clark retired from the Board on 19 July 2018.
● attended

INTRODUCTION

This report details the activities of the Remuneration Committee for the period from 1 April 2018 to 31 March 2019.

The report has been prepared by the Remuneration Committee and approved by the Board.

It sets out the current Remuneration Policy which was approved by shareholders at the 2018 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 2019 and how the Remuneration Policy will be operated in the year ending 31 March 2020;
- **The Remuneration Policy Report** – which sets out the current Remuneration Policy as approved by shareholders at the 2018 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 2020, the link between Company performance and remuneration for the year ended 31 March 2019 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. The Annual Statement by the Remuneration Committee Chair and the Remuneration Policy Report are not subject to audit.

The Committee and its Work During the Year

Committee Chair: Georgina Harvey

Committee members: Tim Clark (until 19 July 2018), Richard Cotton, Steve Johnson, Vince Niblett and Anna Keay

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 2019 (full details are set out in the relevant sections of this report) included:

- Finalising the Remuneration Policy and wrapping up the consultation with the Company's major shareholders.
- Agreeing Executive Director base salary increases from 1 April 2019 in line with the new Remuneration Policy;
- Agreeing the annual bonus pay-out for the year ended 31 March 2018 and setting the targets for the annual bonus for the year ended 31 March 2019;
- Reviewing the final performance targets in respect of the Long Term Bonus Performance Plan ("LTBPP") awards which had a three-year performance period ended 31 March 2018;
- Reviewing the EPS and Total Shareholder Return ("TSR") performance targets and determining the percentage vesting for the 2015 LTIP awards which vested in 2018;
- Reviewing the new UK Corporate Governance Code and amendments to the disclosure requirements (including the requirement to disclose a CEO pay ratio); and
- Reviewing the Company's Gender Pay calculations and draft disclosures.

ANNUAL STATEMENT

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2019.

At the 2018 AGM we tabled a binding resolution to seek shareholder approval to update our existing Directors' Remuneration Policy, for which shareholder approval had originally been obtained in 2015. We were pleased to receive strong support from our shareholders for the new policy.

Performance, Decisions and Reward Outcomes for the year ended 31 March 2019

The business conditions and performance of the Group in the year ended 31 March 2019 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;
- Big Yellow remains the clear UK brand leader in self storage and delivered growth in occupancy, cash flow and earnings for the tenth year in a row;
- Revenue, operating cash flow and adjusted profit before tax increased by 7%, 14% and 10% respectively;
- Like-for-like occupancy increased by 2.2 ppts; and
- Dividends are being increased by 8%.

Payments made to the Executive Directors under the cash annual bonus plan for the year ended 31 March 2019 amounted to 10.2% 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 Directors under the deferred annual bonus plan for the year ended 31 March 2019 amounted to 102.3% of salary (out of a maximum of 125% of salary), based on strong 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 2015, which vested in July 2018, three-year EPS and TSR performance resulted in 100% 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.

Implementing the Policy for the Year Ending 31 March 2020

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.

Following the consideration of Executive Director base salary levels in the prior year as part of the Remuneration Policy review, the Remuneration Committee consulted with major shareholders and the main representative bodies in 2018 in respect of ensuring that base salary levels reflect each individual's role and responsibilities in a FTSE 250 company of Big Yellow's size and complexity given the increase in (i) the numbers of stores; (ii) the geographical spread; (iii) the employee base; (iv) customers; (v) revenue; and (vi) profits. As such, and in connection with the simplification and de-gearing of incentive potential as part of the 2018 Remuneration Policy review, the following base salary increases over three years were agreed, and received a strong level of shareholder support following the consultation.

For any increase to be awarded, the Committee must be satisfied with Group performance and the individual contribution of each Director for the year ended prior to the relevant salary review.

	Chief Executive (James Gibson)	Executive Chairman (Nicholas Vetch)	Chief Financial Officer (John Trotman)	Operations Director (Adrian Lee)
At 1 April 2017	£302,000	£275,200	£223,700	£223,700
From 1 April 2018	£350,000	£315,000	£260,000	£250,000
From 1 April 2019	£400,000	£350,000	£300,000	£270,000
From 1 April 2020	£440,000	£375,000	£325,000	£285,000

In considering whether the 1 April 2019 increases should be awarded in full, the Committee considered Group performance and the individual contribution of each Director. In assessing Group performance, the Committee considered the Group performance in the year ended 31 March 2019, including the financial results highlighted earlier in my statement, coupled with the acquisition of seven development sites, a successful placing of 7.2 million shares in September 2018, key planning consents being granted, and the acquisition of the freehold of the Group's New Malden store. In assessing individual performance, the Committee considered the contribution of each Director to the above success.

As noted above, the increases from 1 April 2020 are not guaranteed but will be subject to satisfactory Group and individual performance during the year ending 31 March 2020. Disclosure in respect of the Committee's assessment will be provided in next year's Remuneration Report. Other than for a material role change, subsequent salary increases are expected to be in line with the general workforce increases.

Governance (continued)

Remuneration Report (continued)

Pension & Benefits

Executive Director pension provision will continue to be capped at 10% of salary (being the pension provided for the Company's Department Heads). 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 2020.

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 2020.

The remaining 125% of salary will be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2020. 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 Directors annually, over shares equal to 100% of salary. The performance conditions for awards intended to be granted to Executive Directors in 2019 are as follows:

- 70% adjusted EPS – adjusted EPS growth of RPI+3% p.a. for 25% of this element of the award to vest with full vesting occurring for adjusted EPS growth of RPI+8% p.a.;
- 30% – relative TSR performance vs. FTSE Real Estate Index with 25% of this element of the award vesting for median TSR comparative performance and full vesting at upper quartile.

A two year post-vesting holding period will apply.

Shareholding Guidelines

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 Directors. If this guideline has not been met, then there is a requirement to retain at least 50% of shares vesting in discretionary share-based incentive plans.

I hope that, at the AGM on 19 July 2019, you will support the advisory resolution on the remuneration paid to the Directors in the last financial year, and implementation of the Remuneration Policy for the forthcoming year as set out in the Annual Remuneration Report section of this Remuneration Report.

Finally, I would like to extend my thanks to my fellow colleagues on the Committee for their support and work in 2018/19.

Georgina Harvey

Chair of the Remuneration Committee

20 May 2019

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 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 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 and applies from the date of approval and is intended to remain in place for a maximum of three years. That said, the Remuneration Committee will keep the Policy under review to ensure that it continues to remain appropriate.

Summary Policy table (Executive Directors)

The main components of the Directors' Remuneration Policy, and how they are linked to and support the Company's business strategy, which took effect from the AGM on 19 July 2018, are summarised below:

Executive Directors

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

Governance (continued)

Remuneration Report (continued)**Summary Policy table (Executive Directors)** (continued)

	Purpose and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Pension	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.	Maximum contribution of 10% of salary.	None
Other benefits	To provide competitive levels of employment benefits.	Benefits include: <ul style="list-style-type: none"> • Private fuel • Private medical insurance • Permanent health insurance • Life assurance of four times base salary • Relocation allowances (where relevant) Other benefits may be provided where appropriate. The type and level of benefits provided is reviewed annually to ensure they remain market competitive.	Maximum opportunity is the total cost of providing the benefits. There is no monetary cap on benefits.	None
Shareholding policy	To ensure that Executive 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
All Employee Scheme	To encourage share ownership by all employees. This allows them to align their interests with those of investors and also to share in the long-term success of the Company.	Executive Directors may participate in any HMRC tax favoured all employee arrangements.	In line with the prevailing HMRC limits.	None

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 Directors with those of shareholders.

1. Annual bonus performance measures and targets

Annual bonuses for the Executive 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

The Committee selected the performance conditions on the LTIP as they provide a direct link between the incentive for the Executive Directors and the value created for shareholders. The two metrics for the outstanding and proposed 2019 awards 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.
- The adjusted EPS figure is 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;
- 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.

Governance (continued)

Remuneration Report (continued)

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.

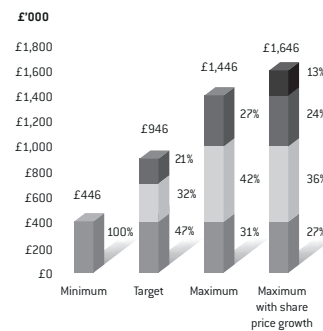
Illustrations of application of Remuneration Policy

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

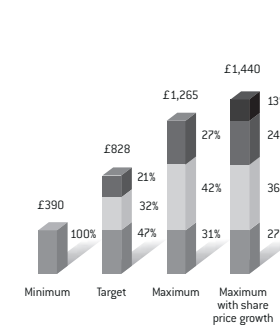
The assumptions used in determining the level of pay out under given scenarios are as follows:

Scenario	Description	Chief Executive	Executive Chairman	Chief Financial Officer	Operations Director
Fixed Pay					
	Base salary (1 April 2019)	£400,000	£350,000	£300,000	£270,000
	Estimated Benefits	£6,000	£5,000	£2,000	£5,000
	Pension (% of salary)	10%	10%	10%	10%
On-target	50% of annual bonus award being paid and 50% vesting of the LTIP.				
Maximum	100% of annual bonus award being paid (i.e. 150% of salary) and 100% vesting of the LTIP.				
Maximum Plus 50% share price growth	As per the Maximum scenario but assuming 50% share price growth on LTIP awards.				

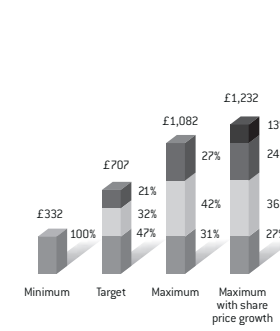
Chief Executive Officer



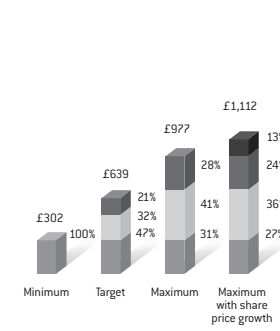
Executive Chairman



Chief Financial Officer



Operational Director



■ Share price growth
■ LTIP
■ Annual Bonus
■ Fixed pay

Summary Policy table (Non-Executive Directors)

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

Non-Executive Directors' fees comprises of a base fee, with an additional fee for Committee Chairman, 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:

Salary and benefits	<ul style="list-style-type: none"> Set by reference to market and taking into account individual experience and expertise in the context of the role. Salary would also be set with reference to the salary of any departing Executive Director and the remaining Executive Directors. 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.
Maximum variable incentive	<ul style="list-style-type: none"> Annual bonus of up to 150% of base salary. Long term incentive plan award of equivalent to 100% of base salary.
Sign-on payments	<ul style="list-style-type: none"> The Company does not provide sign-on payments to Executive Directors.
Share buy-outs	<ul style="list-style-type: none"> 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. 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"> The proportion of the performance period completed on the date of the Director's cessation of employment; The performance conditions attached to the vesting of the incentives and the likelihood of them being satisfied; and Any other terms and conditions having a material impact on their value. 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. 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. The exact terms will be determined by the Remuneration Committee on a case-by-case basis taking into account all relevant factors.
Relocation policies	<ul style="list-style-type: none"> 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. 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.

Governance (continued)

Remuneration Report (continued)**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 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
Salary and benefits	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. There will be no compensation for normal resignation or in the event of termination by the Company due to misconduct.
Annual bonus	If the individual is a good leaver, 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). Deferred share awards would normally vest at the normal vesting date (although may vest at the date of cessation). Good leaver is defined as an individual ceasing employment as a result of ill-health, disability, redundancy or retirement or in any other circumstances which the Committee permits. 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.
Long term incentives (LTIP)	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. 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. 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. 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.
Other	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.

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 our Remuneration Policy which was approved at last year's AGM.

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

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year at its first meeting following the 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.

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 2018 Remuneration Report and the binding vote on the Remuneration Policy at the AGM held on 19 July 2018.

	Votes for	%	Votes Against	%	Votes withheld
2018 Remuneration Report	118,737,845	92.6%	9,452,624	7.4%	172,867
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 2020 and how it was implemented during the year ended 31 March 2019.

Implementing the Policy for the Year Ending 31 March 2020**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.

Following the review of Executive Director base salary levels in the prior year as part of the Remuneration Policy review, the Remuneration Committee consulted with major shareholders and the main representative bodies in 2018 in respect of ensuring that base salary levels reflect each individual's role and responsibilities in a FTSE 250 company of Big Yellow's size and complexity given the increase in (i) the numbers of stores; (ii) the geographical spread; (iii) the employee base; (iv) customers; (v) revenue; and (vi) profits. As such, and in connection with the simplification and de-gearing of incentive potential as part of the 2018 Remuneration Policy review, the following base salary increases over three years were agreed, and received a strong level of shareholder support following the consultation. For any increase to be awarded, the Committee must be satisfied with Group performance and the individual contribution of each Director for the year ended prior to the relevant salary review:

	Chief Executive (James Gibson)	Executive Chairman (Nicholas Vetch)	Chief Financial Officer (John Trotman)	Operations Director (Adrian Lee)
At 1 April 2017	£302,000	£275,200	£223,700	£223,700
From 1 April 2018	£350,000	£315,000	£260,000	£250,000
From 1 April 2019	£400,000	£350,000	£300,000	£270,000
From 1 April 2020	£440,000	£375,000	£325,000	£285,000

In considering whether the 1 April 2019 increases should be awarded in full, the Committee considered Group performance and the individual contribution of each Director. In assessing Group performance, the Committee considered the Group performance in the year ended 31 March 2019, including the financial results highlighted in the statement from the Remuneration Committee Chair, coupled with the acquisition of seven development sites, a successful placing of 7.2 million shares in September 2018, key planning consents being granted, and the acquisition of the freehold of the Group's New Malden store. In assessing individual performance, the Committee considered the contribution of each Director to the above success. As such the base salaries have been awarded to each Director in accordance with the table above from 1 April 2019.

As noted above, the increases from 1 April 2020 are not guaranteed but will be subject to satisfactory Group and individual performance during the year ending 31 March 2020. Disclosure in respect of the Committee's assessment will be provided in next year's Remuneration Report. Other than for a material role change, subsequent salary increases are expected to be in line with the general workforce increases.

Benefits

No changes will be made to benefit provision (private fuel, private medical insurance, permanent health insurance, life assurance and relocation allowances, where relevant).

Annual bonus

Annual bonus potential will be capped at 150% of salary for the year ending 31 March 2020.

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 2020.

The remaining 125% of salary will be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2020. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

Governance (continued)

Remuneration Report (continued)**Pension**

Executive Director pension provision will continue to be capped at 10% of salary (being the pension provided for the Company's Department Heads).

LTIP

LTIP awards will continue to be granted to Executive Directors annually, over shares equal to 100% of salary. The performance conditions for awards intended to be granted to Executive Directors in 2019 are as follows:

- 70% adjusted EPS – adjusted EPS growth of RPI+3% p.a. for 25% of this element of the award to vest with full vesting occurring for adjusted EPS growth of RPI+8% p.a.; and
- 30% – relative TSR performance vs. FTSE Real Estate Index with 25% of this element of the award vesting for median TSR comparative performance and full vesting at upper quartile.

A two year post vesting holding period will apply.

Shareholding Guidelines

The requirement to build and maintain a holding of at least 200% of salary in shares of the Company, through retaining at least 50% of shares vesting in discretionary share-based incentive plans if this guideline has not been met, will continue to apply.

Non-Executive Directors

Non-Executive Director base fees for the year ending 31 March 2020 have been increased by 2.75% (in line with the general workforce increase) to £41,100. The increment for Committee Chairs and additional responsibilities has been increased to £10,000 for the year ending 31 March 2020, to reflect current time commitments.

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 2019.

Year ended 31 March 2019

	Salary £		Taxable benefits ¹ £		Annual bonus – cash £		Annual bonus – deferred £		Long term incentives ³ £		Pensions ² £		Total £	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Nicholas Vetch	315,000	275,200	4,974	5,120	32,130	35,501	322,383	–	358,253	1,328,117	31,500	41,280	1,064,240	1,685,218
James Gibson	350,000	302,000	4,974	5,120	35,700	38,958	358,203	–	398,605	1,786,688	35,000	45,300	1,182,482	2,178,066
Adrian Lee	250,000	223,700	4,184	4,313	25,500	28,857	255,859	–	302,564	1,253,430	25,000	33,555	863,107	1,543,855
John Trotman	260,000	223,700	1,884	1,806	26,520	28,857	266,094	–	291,212	1,250,216	26,000	33,555	871,710	1,538,134
Total	1,175,000	1,024,600	16,016	16,359	119,850	132,173	1,202,539	–	1,350,634	5,618,451	117,500	153,690	3,981,539	6,945,273

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

² Nicholas Vetch and James 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 as follows:

- the LTIP award granted in 2015 which vested on 21 July 2018 to 100% of its maximum value and is valued using the share price on that date of 940p. The award granted for 2019 is 100% of salary for each Executive Director; and
- for James Gibson and Adrian Lee, Sharesave awards which matured in the financial year.

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 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 Directors' received a cash bonus of 10.2% of salary (out of a maximum of 25% of salary).

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 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	49	3	3	2	1	17	75
Average bonus paid	0%	0.9%	2.4%	5.5%	4.6%	12.1%	3.2%

Additionally, 14 stores were awarded bonuses for averaging 85% occupancy and above earning a total weighted average bonus of 0.7%. The weighted average bonus paid to stores for performance against occupancy targets is therefore 3.9% 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	Total
No of stores	40	12	11	5	7	75	75
Average bonus paid	0%	1.8%	2.8%	5.0%	8.0%	1.9%	3.2%

The weighted average bonus paid to stores for performance against profitability targets is therefore 1.9% 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 54 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 1.4% of salary.

Governance (continued)

Remuneration Report (continued)**Cash Annual Bonus Plan awards – cash (25% of salary maximum)** (continued)

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	23	52	75
Average bonus paid	0%	1.5%	1.0%

The weighted average bonus paid to stores for performance against net promoter scores is therefore 1.0% of salary for the year.

The bonus paid to stores for individual customer service awards amounted to a further 2.0% of salary, which, combined with the net promoter score, amounted to a weighted average bonus paid to the stores for customer satisfaction of 3.0% 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	38%	3.9%
2. Profitability	19%	1.9%
3. Store audits	14%	1.4%
4. Customer satisfaction	29%	3.0%
Total	100%	10.2%

In line with the Remuneration Policy an award of 10.2% of salary has therefore also been paid to the Executive Directors for the year, which equated to the following payments:

- Nicholas Vetch – £32,130
- James Gibson – £35,700
- Adrian Lee – £25,500
- John Trotman – £26,520

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

This is the first 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 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
1. Like-for-like occupancy growth (ppts)						
Weight: 12.5%	<2	2-2.5	2.5-3	>3	2.2 ppts	50%
2. Average net rent per sq ft growth (%)						
Weight: 12.5%	<1.75	1.75-2.25	2.25-2.75	>2.75	2.9%	100%
3. Revenue (£m)						
Weight: 17.5%	<123	123-124	124-125.0	>125.0	£125.4m	100%
4. Operating Profit (£m)						
Weight: 15%	<75	75-75.75	75.75-76.5	>76.5	£76.7m	100%
5. EPS (pence)						
Weight: 17.5%	<40.4	40.4-41.2	41.2-41.9	>41.9	41.4p	75%
6. NPS						
Weight: 5%	<72	72-76	76-80	>80	79.1	75%
7. Staff Turnover (%)						
Weight: 5%	>33	33-32	32-31	<31	31.6%	75%

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

Pay-out	Fail 0%	Pass 100%	Actual performance	Pay-out
8. Online Market Share				
Weight: 5%			Maintain the Group's online market share measured against the top 59 self storage operators by Experian Hitwise, at on average greater than 30%	The Group's average market share online during the year was 28%. 0%
9. Property Acquisitions				
Weight: 5%			Seek to acquire at least two sites for new stores in the year (excluding Uxbridge and Hove), which complement the existing portfolio and which are consistent with the Group's strategy and long-term plans	New sites acquired in the year in North Kingston, Hayes, Wembley and Queensbury 100%
10. Planning				
Weight: 5%			Obtain planning consent on at least two 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	Planning obtained at Bracknell and Battersea 100%

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	50%	12.5%	6.25%
Average net rent growth	100%	12.5%	12.5%
Revenue	100%	17.5%	17.5%
Operating profit	100%	15%	15%
EPS	75%	17.5%	13.125%
NPS	75%	5%	3.75%
Staff turnover	75%	5%	3.75%
Online market share	0%	5%	0%
Property acquisitions	100%	5%	5%
Planning consents	100%	5%	5%
Total		100%	81.875%

The above performance assessment of 81.875% translates into the following awards for each of the Executive Directors:

Director	Value of award
Nicholas Vetch	£322,383
James Gibson	£358,203
Adrian Lee	£255,859
John Trotman	£266,094

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 2019. The awards will vest three years after the date of grant of each award.

Governance (continued)

Remuneration Report (continued)**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 2015 award which vested in 2018, 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%	14.0% adjusted EPS growth, compared to 10.7% (RPI +8%).	100%
Relative TSR	30%	Median of comparator group of real estate companies	Upper quartile of the comparator group	25% to 100%	7 out of 34 in comparator group of companies in the FTSE Real Estate Index	100%
Total	100%					100%

The full vesting of the 2015 LTIP award in 2018, equated to the following value for the Executive Directors based on the share price at the date of vesting:

- Nicholas Vetch – £358,253 (38,112 shares)
- James Gibson – £392,929 (41,801 shares)
- Adrian Lee – £291,212 (30,980 shares)
- John Trotman – £291,212 (30,980 shares)

LTIP awards granted in year ended 31 March 2019 (Audited)

The table below sets out the details of the long term incentive awards granted in the year ended 31 March 2019 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 ⁽¹⁾	Percentage of award vesting at threshold performance	Maximum percentage of face value that could vest	Performance Period end date	Performance conditions
Nicholas Vetch			£315,000				
James Gibson	Annual cycle of awards over nil cost options	100% of salary	£350,000	25%	100%	19 July 2021	Adjusted EPS growth and relative TSR
Adrian Lee			£250,000				
John Trotman			£260,000				

¹ The face value of the award is calculated using the average share price three days prior to the grant date of 19 July 2018 (average share price of 968.5 pence).

LTIP awards granted in year ended 31 March 2019 (Audited) (continued)

The performance conditions applicable to the awards granted in July 2018 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	30%	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	70%	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 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. Three of the Executive Directors participated in the scheme during the financial year. The details of the Sharesave scheme options are shown on page 91.

Pension entitlements

The Company pays pension contributions into the Executive 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 2019, the Company contribution was 10% of salary for the Executive Directors.

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 2019 (2018: no payments).

Payments on loss of office (Audited)

No payments were made to any Directors in respect of loss of office during the financial year ended 31 March 2019 (2018: 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 2019.

	2019	2018
Tim Clark	13,704 ⁴	44,200
Richard Cotton	45,100	44,200
Georgina Harvey	45,100	44,200
Steve Johnson	40,000	39,200
Anna Keay	40,000	3,267 ¹
Vince Niblett	45,100	36,833 ²
Mark Richardson	–	13,442 ³
Total	229,004	225,342

¹ from appointment on 1 March 2018

² from appointment on 1 June 2017

³ until retirement on 20 July 2017

⁴ until retirement on 19 July 2018

Non-Executive Directors received no taxable benefits for the year ended 31 March 2019.

Governance (continued)

Remuneration Report (continued)**Fees retained for external non-executive directorships**

The Executive Directors' contracts do not allow them to engage in any other business outside the Group except where prior written consent from the Board is received. The Company recognises that Executive Directors may be invited to become Non-Executive Directors of other companies and that this can help broaden the skills and experience of a Director. Executive Directors are normally permitted to accept external appointments with the approval of the Board and may retain the fees for the appointment.

Nicholas Vetch is a Non-Executive Director of The Local Shopping REIT plc for which he receives a fee of £30,000 per annum. James Gibson is a Non-Executive Director of AnyJunk Limited and of Moby Self Storage in Brazil; he does not receive any fees for his services.

Statement of Directors' shareholding (Audited)

The Executive Directors are required to build and maintain a holding of two times base salary. These requirements have been met by all Executive 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).

No changes took place in the interests of the Directors in the shares of the Company between 31 March 2019 and the date of this report.

The table below shows, in relation to each Director, the total number of shares and share options in which they have an interest.

Executive Director	Share ownership requirement (multiple of salary)	Share ownership requirements met	Holding as multiple of March 2019 salary	Beneficially owned shares	LTIP awards subject to performance conditions	Unexercised Sharesave options	Options exercised in the financial year
Nicholas Vetch	2x	Yes	225x	7,154,944	105,533	2,400	38,112
James Gibson	2x	Yes	71x	2,507,213	116,245	4,012	41,801
Adrian Lee	2x	Yes	34x	869,232	85,157	5,360	30,980
John Trotman	2x	Yes	9x	231,037	86,190	2,665	30,980

Post-Employment Shareholding Policy

Following the publication of the new UK Corporate Governance Code, the Remuneration Committee has formalised its post cessation shareholding policy for Executive Directors as follows:

- Unvested deferred annual bonus and LTIP awards will be treated in line with the good leaver/bad leaver provisions explained in the Remuneration Policy;
- Any LTIP awards which vested pre-cessation but which are still subject to the two-year holding period will need to be retained by the individual (either on a post-tax basis or as unexercised awards), post cessation, until the relevant two-year holding period has expired; and
- No restrictions will apply in respect of own shares held, irrespective of whether those shares are held as part of the shareholding guideline or not.

The Committee will keep the above policy under review and revisit this in detail at the next Policy review.

Non-Executive Directors' shareholdings (Audited)

Non-Executive	Beneficially owned shares
Richard Cotton	92,284
Georgina Harvey	18,518
Steve Johnson	10,000
Vince Niblett	3,000
Anna Keay	–

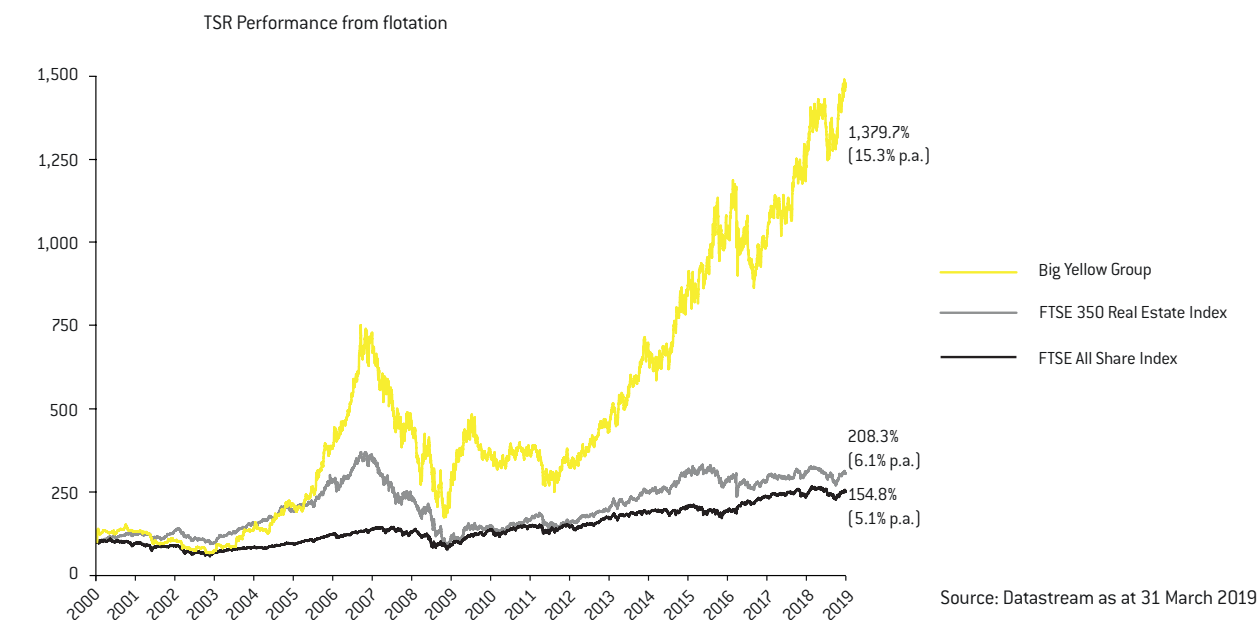
Directors' share awards (Audited)

To provide further context on the shareholding of the Executive 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 2018	Granted during the year	Exercised during the year	Lapsed during the year	No. of shares under option at 31 March 2019	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry Date
Nicholas Vetch	21 July 2015	LTIP	38,112	–	(38,112)	–	–	nil p	951.69p	21 July 2018	20 July 2025
	22 July 2016	LTIP	37,420	–	–	–	37,420	nil p	–	22 July 2019	21 July 2026
	3 August 2017	LTIP	35,588	–	–	–	35,588	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
James Gibson	21 July 2015	LTIP	41,801	–	(41,801)	–	–	nil p	951.69p	21 July 2018	20 July 2025
	14 March 2016	SAYE	1,480	–	–	–	1,480	608.0p	–	1 April 2019	1 October 2019
	22 July 2016	LTIP	41,054	–	–	–	41,054	nil p	–	22 July 2019	21 July 2026
	3 August 2017	LTIP	39,053	–	–	–	39,053	nil p	–	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
Adrian Lee	21 July 2015	LTIP	30,980	–	(30,980)	–	–	nil p	951.69p	21 July 2018	20 July 2025
	14 March 2016	SAYE	2,960	–	–	–	2,960	608.0p	–	1 April 2019	1 October 2019
	22 July 2016	LTIP	30,416	–	–	–	30,416	nil p	–	22 July 2019	21 July 2026
	3 August 2017	LTIP	28,928	–	–	–	28,928	nil p	–	3 August 2020	2 August 2027
	19 July 2018	LTIP	–	25,813	–	–	25,813	nil p	–	19 July 2021	18 July 2028
John Trotman	11 March 2019	SAYE	–	2,400	–	–	2,400	749.9p	–	1 April 2022	1 October 2022
	21 July 2015	LTIP	30,980	–	(30,980)	–	–	nil p	951.69p	21 July 2018	20 July 2025
	22 July 2016	LTIP	30,416	–	–	–	30,416	nil p	–	22 July 2019	21 July 2026
	3 August 2017	LTIP	28,928	–	–	–	28,928	nil p	–	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	

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.



Governance (continued)

Remuneration Report (continued)**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 %
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%
2011	325,968	40% (10% of salary)	n/a	0%
2010	875,593	40% (10% of salary)	n/a	100%

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 increase in the CEO's remuneration

The table below compares the percentage increase in the CEO's remuneration (including salary, fees, benefits and annual bonus) with the remuneration of Big Yellow Group employees.

	% increase in remuneration in 2019 compared with 2018	
	CEO	Employees
Salary and fees	16%	3%
All taxable benefits	(3%)	0%
Annual bonuses	(9%)	(20%)

The Group will publish its CEO pay ratio next year in accordance with the new UK Corporate Governance Code.

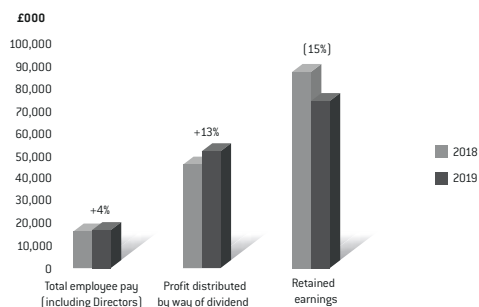
Statement of consideration of employment conditions elsewhere in the Group

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. Particular consideration is given to the general basic salary increase, remuneration arrangements and employment conditions. Furthermore, the annual cash bonus awarded to Executive 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.

Relative importance of spend on pay

The graph below sets out the relative importance of spend on pay in the year ended 31 March 2019 and 31 March 2018 compared with other disbursements from profit, being the distributions to shareholders and retained earnings (comprehensive gain for the year less dividends).

**Gender pay**

The Group has reported on its gender pay gap for 2019. The full report can be found on the investor relations website <http://corporate.bigyellow.co.uk/investors.aspx>. The Group's mean gender pay gap was 26% (2018: 26%), with a median gap of 7% (2018: 10%). Excluding Executive Directors (three of whom were founders of the business), the mean gender pay gap falls to 12% (2018: 12%) with a median gap of 6% (2018: 9%). All staff are paid equally according to job role.

The Group recognises that its success stems from attracting the right people and creating a diverse and gender balanced workforce, which not only reflects the communities in which the Group operates but also ensures a fully motivated and engaged team. The Group will ensure that every policy and practice encourages inclusive ways of working, in line with the Big Yellow culture.

Flexible working is promoted across the organisation, with a number of Head Office employees being home-based, others working flexibly from home and all employees being able to work from any location within the business.

The family friendly policies include enhanced maternity, paternity and adoption pay and the Group's parental leave policy encourages both men and women to share childcare commitments. The Group has also introduced a specific return to work programme for employees returning from maternity leave.

The Group will continue to recruit based on merit and ensure that recruitment processes are bias free. The Group has recently recruited a female at senior management level to replace a position previously held by a male employee and will continue to endeavour to increase the number of women in all senior positions.

Since we published our first Gender Pay Gap Report last year, gender has continued to be a focus of our diversity and inclusion efforts. During the year we ran a series of Diversity and Inclusion workshops for our Directors and Management which identified some key action areas across the business. We introduced improvements to our family friendly policies, ensuring that they are more easily accessible and we provided our line managers with additional tools and resources to support their employees. We have also continued to focus on the hiring and progression of women across the business, continuing to review our recruitment practices and encouraging more women to take part in our management development programmes. In 2018 35% of participants were women compared to 30% in 2017. We are pleased to see this positive trend continue into 2019 when we have seen a significant increase to 69%. In addition, over half of the Store Managers appointed in 2018 were women compared to fewer than 25% in 2017.

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.

During the year, FIT provided independent advice on a wide range of remuneration matters including the impact of the new Combined Code on the operation of the Committee. 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 £21,000.

Approval

This policy report was approved by the Board of Directors on 20 May 2019 and signed on its behalf by

Georgina Harvey

Remuneration Committee Chair

AUDIT COMMITTEE REPORT

Member	Number of meetings attended
Tim Clark* – Member	○
Richard Cotton – Member	● ● ● ●
Georgina Harvey – Member	● ● ● ● ● ●
Steve Johnson – Member	● ● ● ● ● ●
Anna Keay – Member	● ● ● ● ● ●
Vince Niblett – Chairman	● ● ● ● ● ●

* Tim Clark retired from the Board on 19 July 2018.

○ attended

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 and the UK Corporate Governance Code. 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.

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
- developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm.

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.

Vince Niblett

Audit Committee Chairman

Committee Members and Attendance

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 all of 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 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 Interim Management 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;
- 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 March 2019 financial statements and September 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;
- undertaken an evaluation of the performance of the external auditor;
- assessed the effectiveness of the external auditor;
- considered the nature and extent of interaction with the FRC's Corporate Reporting Review team;
- considered the need for an internal audit function;
- 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 during the year an external whistleblowing service was introduced;
- met the Group's external valuers;
- met the Group's Store Compliance Manager;
- reviewed the Audit Committee's Report; and
- reviewed its own effectiveness.

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 2019 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 2019 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 102.

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 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 is not a significant level of judgements involved, other than the valuation described above.

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 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.

Governance (continued)

Audit Committee Report (continued)**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 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. Where non-audit services are provided, the fees are based on the work undertaken and are not success related.

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. They 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 2019, the auditor's remuneration comprised £215,000 for audit work and £33,000 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 16% of audit fees in 2018 and 45% in 2017 (with the 2017 fees payable to the predecessor auditor Deloitte LLP).

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, 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. For example, the construction programme was assessed by an external consultant in 2016 with satisfactory results. During the current year, the Board appointed a consultant to review the Group's tax procedures with satisfactory results. This gives the Committee comfort over the controls over key business cycles within the Company.

The Committee concurs with management's view that, in view of these arrangements, no formal internal audit function is necessary for the business at this time.

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

20 May 2019

Governance (continued)

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 2019. The Report on Corporate Governance on pages 66 to 71 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 16.5 pence per share for the year (2018: 15.5 pence per ordinary share). An interim dividend of 16.7 pence per share was paid in the year (2018: 15.3 pence per share).

A Property Income Distribution of 29.2 pence is payable for the year, of which 16.7 pence per share was paid with the interim dividend, and 12.5 pence per share was proposed for the final dividend.

Subject to approval by shareholders at the Annual General Meeting to be held on 19 July 2019, the final dividend will be paid on 26 July 2019. The Ex-div date is 20 June 2019 and the Record date is 21 June 2019.

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.

Disclosure of Greenhouse Gas ("GHG") Emissions**Companies Act 2006; Climate Change, the GHG Emissions Director's Reports Regulations 2013**

From October 2013, all listed companies are required to report annual quantities of GHG emissions (measured as Carbon Dioxide Equivalent (CO₂e)) as follows:

- **Scope 1** – significant direct emission sources, such as our flexi-office gas heating, air conditioner coolant replacement and one Company van diesel fuel emissions;
- **Scope 2** – significant indirect or offsite power station electricity supply emissions to our stores; and
- **Scope 3** – 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).

Summary of Scope 1 and 2 Total Carbon Footprint (GHG carbon equivalent emissions (tCO₂e))

Including electricity, gas, coolant and van diesel from our store and non-store portfolio

Year	2016	2017	2018	2018 restated ¹	2019
GHG Scope 1 and 2 total tonnes CO ₂ e (tCO ₂ e)	4,456.2	4,126.9	3,520.5	3,340.0	2,853.9
Scope 3 Electricity Transmission Losses and employee business travel (tCO ₂ e)	355	357	312	Not restated	134
GHG Intensity: kg CO ₂ e/ Annual Revenue £000	40.0	37.8	30.1	28.6	22.8
GHG Intensity: kg CO ₂ e/ Annual Revenue £	0.04	0.04	0.03	0.028	0.023
GHG Intensity: kg CO ₂ e/ Customer Occupancy m ²	14.6	12.7	10.2	9.7	8.0
GHG Intensity: kg CO ₂ e/ Current Lettable Area ('CLA') m ²	n/a	n/a	n/a	7.8	6.6

Note: Our materiality threshold for carbon emissions is > 1%

¹ Data has been restated due to the improved application of DEFRA factors, see the Basis of Reporting document for further information

For our full Environmental reporting against EPRA KPIs, please see our annual CSR report 2018/19 and our Basis of Reporting document 2018/19. Questions can be directed to 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 66.

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 890,283 shares to satisfy the exercise of share options (2018: 687,707).

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:

Tim Clark	Non-Executive Director (resigned 19 July 2018)
Richard Cotton	Senior Independent Director
James Gibson	Chief Executive Officer
Georgina Harvey	Non-Executive Director
Steve Johnson	Non-Executive Director
Anna Keay	Non-Executive Director
Adrian Lee	Operations Director
Vince Niblett	Non-Executive Director
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 page 64.

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.

Governance (continued)

Directors' Report (continued)**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 2019 and 20 May 2019.

	No. of ordinary shares 31 March 2019	Percentage of voting rights and issued share capital 31 March 2019	No. of ordinary shares 20 May 2019	Percentage of voting rights and issued share capital 20 May 2019
Blackrock Inc	17,527,893	10.5%	17,402,137	10.4%
Standard Life Aberdeen	10,249,925	6.2%	10,419,299	6.3%
Merian Global Investors Limited	8,609,871	5.2%	8,483,281	5.1%
The Vanguard Group Inc	6,472,347	3.9%	6,537,719	3.9%
FMR LLC	5,715,446	3.4%	5,454,196	3.4%
Cohen & Steers Inc	5,199,413	3.1%	5,743,462	3.5%
Ameriprise Financial Inc	5,117,681	3.1%	n/a	n/a

Ameriprise Financial Inc's holding at 20 May 2019 was below 3%. The interest of the Directors in the share capital of the Company is shown on page 90 of the Remuneration Report.

Purchase of own shares

The Company was granted authority at the AGM in 2018 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.

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. 50% 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 respect of each Director of the Company, at the date when this report was approved, to the best of their knowledge and belief:

- so far as each Director is 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 might have reasonably been expected to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor 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

20 May 2019

Statement of Directors' Responsibilities

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws 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 Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework.

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 their 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 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 20 May 2019 and is signed on its behalf by:

James Gibson
Chief Executive Officer

John Trotman
Chief Financial Officer

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 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity, Consolidated Cash Flow Statement, and the related notes, including the accounting policies in notes 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 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework and as applied in accordance with the provisions of the Companies Act 2006; 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.

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 two financial years ended 31 March 2019. 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	
Materiality: Group financial statements as a whole	£10.5m (2018: £9.5m) 0.69% (2018: 0.69%) of Total Assets
Coverage	100% (2018:100%) of Total Assets
Key audit matters vs 2018	
Event driven	The impact of uncertainties due to the UK exiting the European Union on our audit ▲
Recurring risks	Valuation of Investment Property, including Investment Property Under Construction ◀▶
	Parent Company: Amounts owed by Group Undertakings ◀▶

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

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

Key audit matters are those matters that, in our professional judgment, 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 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.

The risk	Our response
<p>The impact of uncertainties due to the UK exiting the European Union on our audit</p> <p>Unprecedented levels of uncertainty</p> <p>All audits assess and challenge the reasonableness of estimates, in particular as described in Valuation of Investment Property, including Investment Property under Construction below, and related disclosures and the appropriateness of the going concern basis of the preparation of the financial statements (see below). All of these depend on assessments of the future economic environment of the Group's future prospects and performance.</p> <p>In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure in the viability statement and to consider the Directors' statement and 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.</p> <p>Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.</p>	<p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> • Our Brexit knowledge – We considered the Directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the Directors' plans to take action to mitigate the risks. • Sensitivity analyses – When addressing Valuation of Investment Property, including Investment Property under Construction, and other areas that depend on forecasts, we compare the Directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • Assessing transparency – As well as assessing individual disclosures as part of our procedures on Valuation of Investment Property, including Investment Property under Construction, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against the understanding of the risks. <p>Our results</p> <p>As reported under Valuation of Investment Property, including Investment Property under Construction, we found the resulting estimates and related disclosures of Valuation of Investment Property, including Investment Property under Construction, and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.</p>

The risk	Our response
<p>Valuation of Investment Property, including Investment Property under Construction</p> <p>Investment Property £1,354.4m (2018: £1,245.1m)</p> <p>Investment Property Under Construction £91.1m (2018: £58.2m)</p> <p>Refer to page 95 (Audit Committee Report), note 2 (accounting policy) and note 15 (financial disclosures).</p>	<p>Subjective Valuation:</p> <p>Investment property valuation is a significant and key risk of material misstatement as the valuation process is subjective and inherently judgemental 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 fair value of investment property, including investment property under construction 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. The financial statements (note 15) disclose the sensitivity estimated by the Group.</p>
	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Assessing valuer's credentials: We assessed the external valuer's 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. • Methodology choice: 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. • Personnel interview: We met with the external valuer and the audit committee chairman with our own internal real estate specialist to discuss the valuation process, key assumptions such as occupancy, capitalisation and discount rates, and the rationale behind the more significant or unusual valuation movements during the year. • Our sector experience: 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. • Data provided to the valuer: We performed property visits and tested the current and historical accuracy of information used to generate key inputs to the valuation such as store occupancy and net rental income by physically inspecting a sample of storage units and reviewing a sample of customer storage licence agreements. • Independent re-performance: Using our own internally produced model and the external valuer and management's inputs we assessed the reasonableness of valuation as produced by the external valuer. • Tests of detail: For investment property under construction we tested that the supporting information for construction contracts and budgets, which was also supplied to the valuer, was consistent with the Group's records for example by inspecting original construction contracts. We also obtained evidence that planning permission had been obtained for development sites. • Assessing transparency: We assessed the Group's disclosures discussing the investment property and investment property under construction valuation and their sensitivities. <p>Our results</p> <ul style="list-style-type: none"> • We found the valuation of investment property and investment property under construction to be acceptable (2018: acceptable).

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

	The risk	Our response
<p>Amounts owed by Group Undertakings</p> <p>£593.1m (2018: £470.6m)</p> <p>Refer to note 2 (accounting policy) and note 31 (financial disclosures).</p>	<p>Low risk, high value:</p> <p>The carrying amount of the intra-group debtor balance represents 96% of the Company's total assets at 31 March 2019.</p> <p>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.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Test of details: 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. Assessing subsidiary audits: 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. <p>Our results</p> <ul style="list-style-type: none"> We found the assessment of the recoverability of the Group debtor balance to be acceptable (2018: acceptable).

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 £10.5m (2018: £9.5m), determined with reference to a benchmark of total assets (of which it represents 0.69% (2018: 0.69%)).

In addition, we applied materiality of £3.25m (2018: £3.0m) 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 £4.8m (2018: £4.9m), determined with reference to a benchmark of total assets, of which it represents 0.78% (2018: 0.99%).

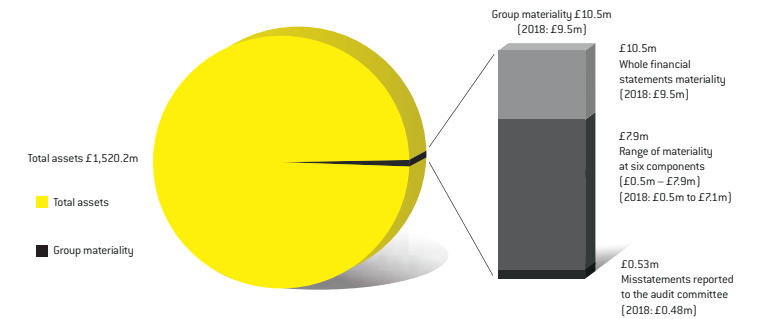
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £525,000 (2018: £475,000) and those relating to Balance Sheet classifications exceeding £2.0m (2018: £1.0m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 19 (2018: 22) components, we subjected six (2018: six) to full scope audits for Group purposes. These Group procedures covered 100% (2018: 99%) of total Group revenue; 100% (2018: 99%) of the total profits and losses that made up group profit before tax; and 100% (2018: 100%) of total Group assets.

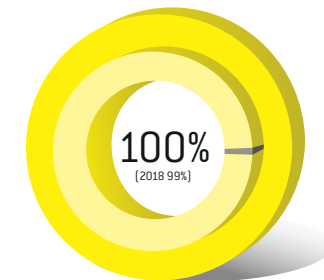
The remaining 0% (2018: 1%) of total Group revenue, 0% (2018: 1%) of the total profits and losses that made up Group profit before tax and 0% (2018: 0%) of total Group assets is represented by 13 (2018: 16) reporting components, none of which individually represented more than 0% (2018: 1%) of any of total Group revenue, total profits and losses that made up 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 at the head office in Bagshot, Surrey.

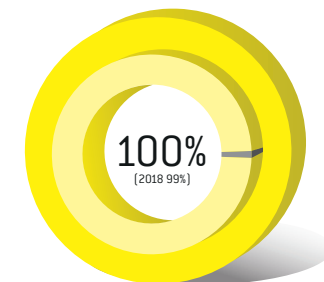
The Group team used component materialities, which ranged from £0.5m to £5.8m (2018: £0.5m to £7.1m), having regard to the mix of size and risk profile of the Group across the components.



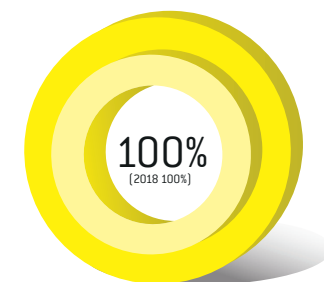
Group Revenue



Total profits and losses that made up group profit before tax



Group total assets



■ Full scope for group audit purposes 2019
 ■ Residual components
 ■ Full scope for group audit purposes 2018

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

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group'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 at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's 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 over this period were:

- The impact of economic uncertainty on the Group's occupancy rates.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

Based on this work, we are required to report to you if:

- we have anything 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 a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 45 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. 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 principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 45 that they have carried out a robust assessment of the 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 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.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

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 judgments 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 report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and 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; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. 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.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 102, 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 other irregularities (see below), 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, other irregularities 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.

Irregularities – ability to detect

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, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence 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.

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 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.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. 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. 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 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

Arlington Business Park, Theale, RG7 4SD

20 May 2019