

A photograph of a large array of solar panels installed on a roof. The panels are dark blue with white grid lines. A bright sun is visible in the center, creating a lens flare effect. The sky is overcast with grey clouds. The panels are arranged in a grid pattern that recedes into the distance.

Big Yellow Group PLC Basis of Reporting 1st April 2016 – 31st March 2017 Corporate Social Responsibility and Sustainable Development

Deloitte LLP provides independent and limited assurance of selected subject matters in our annual Corporate Social Responsibility Report

Limited assurance is in accordance with the International Standard on Assurance Engagement ISAE 3000, by the review of processes and systems used to compile the data tested. Health and safety reporting is in accordance with the UK Health and Safety Executive guidance. Energy and carbon reporting is in accordance with the DEFRA Environmental Reporting Guidelines 2013. The Carbon Reduction Commitment (CRC) Tax Conversion Factors are used with reference to reporting CRC carbon dioxide emissions and tax reductions for electricity, gas and 'self-supplied' solar electricity.

Scope of Property Portfolio and Operations

This is the Group's eleventh annual CSR report (2007–2017) and covers the main activities of the company as an owner, operator and developer of self-storage within the UK. Big Yellow is a Real Estate Investment Trust (REIT) with the following store portfolio, operations and services:

- **73** store Portfolio (FY 2017);
- **71** stores (FY 2016);
- Acquired stores (FY 2017):
 - 'Twickenham 2'; and
 - 'Nine Elms';
- Previous new store construction Enfield (April 2015);
- **2** Administration Buildings: one Head Office; and one Distribution Centre.
- Managed Stores (on behalf of Armadillo majority holder). Not included in the portfolio for this report, based on ownership.

We report on our wholly owned 'Big Yellow Self-Storage' portfolio (excluding Armadillo stores, in which the Group has a 20% interest).

Energy Use Data Acquisition (Scope 1 & 2):

Electricity and gas metering, data acquisition and spreadsheet reporting is managed by 'Energy and Carbon Management' (ECM). They are responsible for energy cost acquisition, metering and quarterly and annual reports energy and carbon reports.

Chester and Oxford 2 (acquired FY 2016), require improved meter data acquisition. New acquisition stores Nine Elms and Twickenham 2 (FY 2017) also require improved metering. Our Energy Agent, 'Energy and Carbon Management' (ECM) is collecting their energy use data to establish their consumption for the last quarter of FY 2017.

The portfolio:

73 stores use 'off site' / supplied National Grid electricity (Scope 2 GHG emissions). **12** stores contain flexi offices of which 8 use natural gas (Scope 1, onsite GHG emissions).

17 stores generate roof top solar electricity (Scope 1) for self-supply.

We no longer include Bagshot and Maidenhead in the Group energy totals. The consumption at these stores is now reported in a separate table. Prior year data has not been restated.

NB. New store build 'fit out' construction sites use Grid supplied electricity during this phase or diesel if no Grid supply is available.

Big Yellow also owns one company van which uses diesel fuel <1% of Scope 1 + 2 GHG emissions), which is therefore not assessed as material.

Data Acquisition

Electricity Use

We obtain Half Hourly (HH) and Non-Half Hourly (NHH with Smart meters) kWh data from our stores via our energy agent

(ECM). This data is accurate and only estimated if a meter/meter communication either fails or has not been upgraded to a 'Smart Meter'. HH and Smart meters provide 'real time' data. Older meters are +24 Hrs data) for download. All these meters reduce reliance on invoice estimates.

Gas Use

All gas meters (used in 8 of our leased offices) were upgraded to automatic meter readers in FY 2012, to reduce inaccurate estimations for customers and annual reporting.

Flexi Office Services:

1. stores with flexi office heating have electric heating (**Brighton and Finchley**) and these kWh uses are included within their total store electricity (no sub-meter data);

2 flexi offices (**within Kennington and Bromley stores**) have ground source heat pumps (GSHPs). Heating and cooling electricity supply kWh are included in the total electricity use for stores and non-store administrative buildings. GSHP supplied electricity use is included within the total electricity main meter Scope 2.

Solar PV Generation, Performance and Export Electricity (kWhs)

Monitored on a monthly and quarterly basis for maintenance monitoring and quarterly basis for claiming 'Feed in Tariff' payments from EDF and Good Energy companies via a Smart meter portal at Head Office. PV generation.

New Stores Larger (50 kWp) PV or ~48 - 40,000 kWh/year generation export ~30%. As store demand increases with customer occupancy store use increases and export reduces to 10% or to 0 at 80% occupancy.

Refrigerant use

Emissions (kg CO₂e) from air conditioner ('top up's) during annual servicing records is variable. Annual Replacement varies from '0' (not material) to several **kg** 'top up' per year.

Greenhouse Gas (GHG)

Emissions are reported annually (**tCO₂e**), under the Companies Act (2006) Director's summary section in The Annual Report). GHG emissions are expressed as tonnes of carbon dioxide equivalent that include the compounds that cause 'global warming'.

Energy Use and GHG Emissions

Absolute and Intensity Data

- **Lighting** approximately 60% of energy use
- **Venting of all top floors** and all stores via stair wells, by four electric fans (when the temperature rises in the summer season).
- **Venting of basements** 11 stores have additional venting for basements.
- **Flexi Offices** 12 stores have flexi offices (8 x Gas supplied).

GHG Emission Reporting

- **Gross Internal Area (GIA) m²**, is used as it approximates to 'total useful floor area' as defined by Energy Performance Certification (EPC's) or customer access to all part of the building via: lighted reception area; loading bay; corridor's; stairwells; lifts; storage space, office space etc.
- **'Final Storage Area'** refers only to the storage area (no lighting); and
- **Annual Average Customer Occupied Space (Occupancy intensity)** is more relevant as an annual energy 'intensity' KPI (made up of 4 quarters) for portfolio and customer growth.
- Areas are converted from **ft² (USA)** to **m² EU** for: **Global Reporting Initiative (GRI KPI's); EPRA KPI's; and Annual Investor Benchmarks (CDP, FTSE4Good, GRESB, VIGIO RIRIS, ET INdex etc.)**

Total Absolute Carbon Emissions Measure

(tCO_{2e} / kgCO_{2e}) are made up of:

- **Supplied Electricity**, including flexi office electricity (scope 2 emissions);
- **Natural Gas** for heating 8 x offices (scope 1 emissions);
- **Refrigerant** for air conditioning 'top up' or replacement (scope 1) when required;
- **Grid Electricity** supplied to construction for 'fit out' electricity (scope 2)

- **Gas Oil** generator (scope 1 emissions) if used;
- **The final storage area** represents all floor areas when fitted out with self-storage partitioning, (**kg CO_{2e}/m² Final**).
- **Customer Occupancy Space** represents the space only occupied by customer storage (**kg CO_{2e} / m² occupancy**)
- **Final Storage Area (FSA)** is achieved at full customer occupancy, when the store 'matures' and each floor is fitted out with self-storage partitioning. It does not include the other 'useful' access areas.
- **'Annual Average Customer Occupancy (m²)** is defined as the self-storage space occupied by customers on a weekly basis (accounting for weekly customer 'move ins' and 'move outs'). This data does not include vacant units and areas in upper floors that could be partitioned in the future.
- **Final Office Areas** of 8 gas heated offices reported annually for gas use and emissions.
- **'Flexi Office Occupied space'** (ft:m² conversion) is defined as Final Area **occupied space by office unit** rented and excludes vacant offices, corridors, stair wells etc., and other parts of the store under the same shell construction. The data is sourced from Big Yellow Self Storage Weekly / Monthly Sales **Reports**: 'Summary by

Category Tab', monthly spreadsheet to 31 March 2017 (ft² converted to m²).

- **8 x Flexi Office Gas Final areas**, within stores, excludes non-usable space such as, office corridors, stair wells etc., It does not include other parts of the store, used for storage, under the same 'shell' construction.

Energy KPI Scope

KPI's for store energy use and GHG emissions:

- Supplied electricity, gas and solar (kWh)
- Energy costs or payments (£): CRC tax; FiT payments; increases; reductions; annual averages;
- Percentage (%) of absolute kWh and CO₂e reductions / increases;
- Percentage (%) increases in cumulative renewable energy generation (kWh) since 2008 and comparing with previous year;
- Annual generation as a percentage of all 17 grid supply 'solar stores';
- Annual generation as a percentage of the whole store portfolio energy use;
- Total kWh use (all electricity' solar, gas);

New Store Construction Site Fit Out

Enfield store opening was on 1 April 2015. Enfield fit out construction took place from January to March 2015, and has been included in the scope of reporting due to a small amount of electricity consumption during the construction phase". This is not material to our assurance.

When a new store 'Fit Out' managed by Big Yellow Construction is started:

- No 'gas oil' is used, unless there is no electricity supply; and
- Site supplied electricity (kWh) is used and measured by a standard network meter.

Store / Flexi Office Carbon Intensity KPI's

Emissions are recorded on our ECM energy spreadsheets. Total CO₂e (and CO₂) are normalised by the total areas as follows:

- Carbon relative to Revenue (kgCO₂e /£m);
- Carbon kg CO₂e/m² Annual Average Customer Occupancy;
- Carbon kg relative to Gross Internal Floor Area (kgCO₂e/GIFAm²)
- Average data can be used if comparing against 'year on year' / several year's data.

Group Targets

We set group targets that take into account Big Yellow's 'material' / significant environmental, social and governance (CSR / ESG) business impacts on behalf of our main stakeholders (customers, investors, staff, and government organisations). Targets are set annually against financial year 2011, a base year of peak energy use / carbon emissions. Financial year 2008, is a longer term, secondary peak energy use year. We assess what is achievable based on energy efficiency programmes and other sustainable key performance indicators (KPI's). External benchmarks are also referred to such as external, longer term Government GHG emission reduction commitment to 2020 and 2050.

Responsibility: CSR Manager

The CSR Manager reviews Big Yellow self-storage activities, portfolio and services to identify significant environmental, social and financial aspects of the business that could be made more sustainable, efficient and viable. These aspects may have impacts that need to be managed for sustainable investment opportunities or risk management:

1. The Manager identifies raw data sources across all 'material' energy, ('non material' water and waste) aspects for our services, data collection and performance reporting.
2. The scope covers development of new stores through to the whole portfolio and current operations;
3. Data checking and validation to ensure the information is complete, accurate, consistent and is in the right format;
4. Selecting and applying CSR / ESG and GHG emission conversion factors correctly for calculations; and
5. The development of the CSR / ESG report format that is in line with Government legislation and non-Government guide lines such as:
 - a. the Companies Act (2006); Greenhouse Gas (GHG) emissions reporting;
 - b. Carbon Reduction Commitment (CRC) taxation; and
 - c. Energy Saving Opportunities Scheme (ESOS); and
6. Real Estate Sector Sustainability Reporting best practice

benchmarking requirements for real estate investors:

- a. FTSE4 Good;
 - b. Carbon Disclosure Project (CDP);
 - c. Global Real Estate Sustainability Benchmark (GRESB); and
 - d. other investor enquiries
- Monthly, quarterly and Annual Data management and collection throughout the year;
 - Use of the **UK Government GHG Conversion Factors (Expiry 30/06/2017) for Company Reporting'** (change to 1 year rolling averages to restate back to peak energy uses in FY 2011 and FY 2008);
 - Management of Energy Agent (ECM) procurement of annual, quarterly and monthly data, (electricity, gas, solar self-supply, refrigerant and carbon (CO₂e & CO₂), for GHG emission compliance, savings, tax and cost data:
 - **Absolute electricity or gas use** and costs from electricity suppliers and electricity (kWh) generated by Big Yellow Solar PV are recorded. Big Yellow's Energy Agent (ECM) records average annual kWh cost data on their spreadsheets:
 - Carbon emission saving resulting from solar electricity generation = tCO₂ x £17.20 (FY 2016/17) for carbon displaced and reported as financial savings.

Store based monthly, quarterly, annual solar kWh generation and maintenance reporting:

- **Seventeen solar PV installations** are monitored using remote 'Solarmeter' portal access to kWh generation meter readings. kWh generation is assessed by the CSR Manager to compare against expected kWh simulation data provided by the manufacturer and supplier.
- If actual generation is significantly below expected generation, then additional information from the solar inverters are requested. Photographs may also be requested for Solarcentury if any remedial action is required;
- Monthly and quarterly kWh generation meter readings are used to report annual generation and revenue expected revenue.
- An intranet Finance spreadsheet converts kWh generated to FIT payments by suppliers.
- **Five Ground Source Heats Pump installations**
These pumps exchange heat from groundwater below the store for heating and cooling of some reception and office areas. These are maintained annually.
- **Two Wind Turbines** trials have been decommissioned (2015) as significantly below specified performance. Not suitable for urban environment and associated wind turbulence, safety risk, and return on investment.

Construction Fit Out electricity use;

- Scope 2 kWh use is metered on site and recorded in Construction minutes. tCO_{2e} emission are calculated by the CSR Manager and:

- Included in the Groups carbon footprint.
- Water use (m³) is reported in the Construction minutes; and
- Waste (m³/t) is recorded and reported where significant.

These KPI's are only used when successive years of Construction development are a significant aspect of Big Yellow's activities, or are 'material'.

Health and Safety

Re. UK Health and Safety Executive (HSE): 'Reporting accidents and incidents at work: a brief guide to the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).

"AIIR and / or RIDDOR" are used for health and safety annual reporting on:

- customers (stores including flexi offices);
- visitors (non-staff or non-contract);
- contractors (with contract); and
- staff (employed by Big Yellow), involved in work related incidents.

Best Practice:

- Employee Reportable Injuries: ≥ 3 days (Requires, recording only);
- **Employee Major Injuries:** ≥ 7 days (requires mandatory reporting) = 0
- **'Fatal Injuries':** 0
- **'Notices'** = 0
- **'Prosecutions'** = 0

For employees, 7 or more days off work is defined as a major injury, and **For customers, visitors and contractors** we report an accident to the

HSE (i.e. reportable) if the person is injured (minor or major injury);

AND taken to hospital directly from the site

AND, the inclusion of reportable injuries, where it is deemed the fault of Big Yellow’.

This definition was revised in the year ended 31 March 2017, and prior to this, these incidents were only reported if they were ‘in connection with work. **The definition of ‘reportable’ has changed to ‘only include incidents suffered by non- employees that were deemed the fault of Big Yellow’.**

Big Yellow Construction (Fit Out) work related health and safety performance is reported for ‘Fit Out’ contractors and visitors, and can be compared against total ‘man days’ for that year.

Scope: Stores & Construction

Includes all operational buildings and Big Yellow Construction Fit out Stage:

- 73 wholly owned operational stores;
- 1 x Bagshot Main Office;
- 1 x Maidenhead Merchandise Depot; and
- ‘Fit Out’ Construction sites, when operational.

Annual Data Request

Health and Safety Policies

Health and safety meetings are held quarterly by the Group H&S Committee.

<p style="text-align: center;">Group H&S Committee & Data Collection</p>

Stores, Bagshot, Maidenhead	Construction Fit Out
Operations Director	Construction Director
Facilities Management (spreadsheet)	Construction Manager (spreadsheet)
CSR Manager Performance Reporting	

Big Yellow Staff RIDDOR Calculation:

Number **reportable** injuries / Average number of staff employed x 100,000 =

Annual Injury Incident Rate (AIIR)

Guidance is taken from **RIDDOR** for determining when to report an accident to the HSE. For **employees**, an accident is reported if it is a major injury **OR** an absence **over seven days** and it occurs **whilst at work**. The **three-day** absence means we report the accident even if it is minor because it is the **absence** that we are required to report from 6th April 2012

For **customers, visitors** and **contractors**, we report the accident if the person is injured (minor or major injury) **AND** taken to hospital **AND** it is on our **property**. ‘**Reportable Injuries**’ where it is not deemed the fault of Big Yellow are not included. **All incidents are publically reported** (from FY 2013). This definition was revised in the year ended 31 March 2017, and prior to this, all incidents – whether in connection with work or not – were reported. Minor incidents and notices are also reported if they occur within the financial year.

Considerate Constructors Scheme (Supply Chain)

This scheme is not being assured by Deloitte, as it is monitored and certified by the Scheme.

New store Construction: all Big Yellow Construction Company (supply chain) contractors for demolition, shell and fit out have been instructed to sign up to the Considerate Constructors Scheme (CCS).

Sites that register with the Scheme are monitored against a Code of Considerate Practice, designed to encourage best practice beyond statutory requirements. The main areas of performance assessment fall into three categories:

- the environment;
- the workforce; and
- The general public.

Site managers can gain a maximum of 5 points for each of 8 main categories and are responsible for site workers performance in the following areas:

- being considerate;
- environmental protection;
- maintaining cleanliness;
- being a good neighbour;
- respectability;
- safety;
- responsiveness; and
- accountability

CCS auditors visit the sites and assess each of the eight category performances for a maximum score of 40 points.

Reports are sent to the Construction Director and CSR Manager for review and actions if required. This KPI is only used when successive years of Construction development is a significant aspect of Big Yellow's activities. **This KPI is certified externally (CCS) and does not require Assurance.**

Store Waste Management (GHG Emissions Scope 3 Supply Chain 'non material')

Operational store waste is reported by our contractor but is not included in this Assurance. The data covers all stores and our merchandise warehouse. Waste data is measured in tonnes (t's), cost (£'s) including Landfill Tax savings, and the percentages (%) of mixed dry recyclables and mixed papers by mass balance. The percentage sent to landfills for further recycling and disposal is not estimated. Residual GHG emissions are usually <1% of combined Scope 1 and 2 emissions and are therefore not materials.

Construction Waste Management (GHG Emissions Scope 3 Supply Chain)

Construction waste disposal and recycling is based on estimates of skip volume and conversion to tonnage. This KPI is only used when successive years of Construction development is a significant aspect and environmental impact from Big Yellow's activities.

Store Water Use (GHG Emissions Scope 3 Supply Chain 'non material')

Water use at Big Yellow has a low impact on our business and the environment. Water use is very low (1-3 store staff use) and one WC for customers. A kitchen sink is available for staff. Previous water bill data reviews of water invoices provide inaccurate estimates. In recent years modern meters on new stores are more reliable. Our strategy is to review water data meter data and upgraded and avoid over estimates in order to report on an annual basis.

Data Provider Review

Draft sections of the CSR report are sent back to the data providers for review of the narrative prior to final review by Operations and CFO review. Signed copies are provided.

CSR Manager

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