

A photograph of a large array of solar panels installed on a flat roof. The panels are arranged in a grid pattern, and a bright sun is reflecting off one of the panels in the center. The sky is overcast with grey clouds.

# Big Yellow Group PLC Basis of Reporting 1<sup>st</sup> April 2017 – 31<sup>st</sup> March 2018 Corporate Social Responsibility and Sustainable Development

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

Our mandatory Greenhouse Gas (GHG) emissions disclosures and select voluntary disclosures have been independently assured by Deloitte LLP in accordance with the International Standard on Assurance Engagements Revised (ISAE 3000)<sup>4</sup>.

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 twelfth annual CSR report (2007–2018) and covers the main activities of the company as an owner, operator and developer of self-storage within the UK.

Big Yellow is a FTSE 250 listed Real Estate Investment Trust (REIT) with the following store portfolio, operations and services as at 31st March 2018:

- 74 store Portfolio;
- New store opening at Guildford Central (12th March 2018);
- 2 Central Administration Buildings: one Head Office (Bagshot, Surrey); and one Distribution Centre (Maidenhead, Berkshire); and
- Managed Stores (on behalf of investors in Armadillo Self Storage). These stores are not included in this report, based on our ownership only being 20%.

We report on our wholly owned 'Big Yellow Self-Storage' portfolio.

## Energy Use Data Acquisition (Scope 1 & 2)

Our electricity and gas metering and data acquisition is managed by 'Energy and Carbon Management' (ECM). ECM are responsible for energy cost acquisition and metering. Carbon Clear Ltd (Carbon Clear) manage our spreadsheet reporting and the quarterly and annual production of energy and carbon reports.

Our new store in Guildford (Central) opened for customers on 12th March 2018 and

therefore has had a low impact on overall energy consumption in the year to March 2018.

## The portfolio

Our 74 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). 18 stores generate roof top solar electricity (Scope 1) for self-supply.

We do not include Bagshot and Maidenhead in the Group energy totals. The consumption at these stores is now reported separately from the rest of our portfolio in our CSR report"

NB: our new store construction sites use Grid supplied electricity during this phase or diesel if no Grid supply is available.

Big Yellow owns one company van which uses diesel fuel. This accounts for <1% of Scope 1 + 2 GHG emissions. This consumption was previously excluded from our reported data, however has been included in scope for this year. Prior years' data in the Report has not been restated to reflect this.

## Data Gathering

In 2018/19 we will be moving to an externally managed, online reporting software managed by Carbon Clear. During 2017/18 data acquisition and reporting for H1 remained with ECM; H2 and annual reporting was performed by Carbon Clear via spreadsheets.

### **Electricity Use:**

We obtain Half Hourly (HH) and Non-Half Hourly (NHH with Smart meters) kWh data from our stores via ECM, our energy agent. This data is accurate and only estimated if a meter / meter communication 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 facilities with flexi offices) were upgraded to automatic meter readers in FY 2012, to improve the accuracy of the data.

### **Flexi Offices:**

- Where stores with flexi offices have electric heating (for example Brighton and Finchley) we include these kWh uses within their total store electricity (we have no sub-meter data);
- Where flexi offices have ground source heat pumps (GSHP's) – for example Kennington and Bromley stores - heating and cooling electricity supply kWh are included in the total electricity use for stores and non-store administrative buildings. GSHP's supplied electricity use is included within the total electricity main meter Scope 2.

### **Solar PV Generation, Performance and Export Electricity (kWh):**

Solar PV generation is monitored on a monthly and quarterly basis for maintenance. It is

monitored on a quarterly basis for claiming 'Feed in Tariff' payments from EDF Energy and Good Energy Ltd via a Smart meter portal at Head Office. During February / March 2018 we switched Solar PV maintenance and monitoring contracts to EvoEnergy and have commenced upgrading our monitoring infrastructure.

### **New Stores, larger (50 kWh) PV installation:**

At low occupancy, we export approx. 30% of the electricity we generate. As store demand increases with customer occupancy, store use increases and export reduces to approx. 10% or to '0' at 80% occupancy.

### **Refrigerant use:**

Emissions (kg CO<sub>2</sub>e) from air conditioner top ups during annual servicing records is variable as top ups are only required on a need basis. As such, annual replacement can vary from 0 to several kg top up per year.

### **Greenhouse Gas (GHG) Emissions:**

GHG emissions are reported annually (tonnes CO<sub>2</sub>e) 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. This includes the seven main GHG emissions covered by the Kyoto Protocol, in line with common practice: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), hydrofluorocarbons (HFCs), nitrous oxide (N<sub>2</sub>O), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>).

## Energy Use and GHG Emissions

### Absolute and Intensity Data:

- Lighting ~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 have Gas supplied for heating).

### GHG Emission Reporting:

- **Maximum Lettable Area (MLA)** (also sometimes referred to as the Final Storage Area (FSA)) represents the sum of all the storage rooms in a facility, when fully fitted out with self-storage partitioning (kg CO<sub>2</sub>e/m<sup>2</sup> MLA).
- **Current Lettable Area (CLA)**, is the sum of all the storage rooms in a facility that have currently been fitted out; there may be more space that can be fitted out in a facility in the future; once a facility is fully fitted out, the area of all the storage rooms becomes the MLA).
- **Gross Internal Area (GIA)** m<sup>2</sup> (also sometimes referred to as the Gross Internal Floor Area (GIFA) m<sup>2</sup>) is used as it approximates to 'total useable floor area' as defined by Energy Performance Certification (EPC's) or by customer access to all part of the building via lighted reception area; loading bay; corridor's; stairwells; lifts; storage space, office space etc. It is calculated by multiplying the MLA by 3, then dividing by 2.

- **Annual Average Customer Occupied Space** Occupancy intensity is the most relevant annual energy intensity KPI as it smooths out peaks and troughs that naturally occur during the year due to varying customer demand
- Areas are converted from ft<sup>2</sup> (UK) to m<sup>2</sup> 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<sub>2</sub>e / kgCO<sub>2</sub>e) are made up of:
  - o **Supplied Electricity**, including flexi office electricity (scope 2 emissions);
  - o **Natural Gas** for heating 8 x flexi offices (scope 1 emissions);
  - o **Refrigerant** for air conditioning 'top up' or replacement (scope 1) when required;
  - o **Grid Electricity** supplied to construction for 'fit out' electricity (scope 2)
  - o **Gas Oil** generator (scope 1 emissions) if used;
  - o **Diesel fuel** for one company van (scope 1 emissions) if used
- **Customer Occupied Space** represents the space only occupied by customer storage at a point in time (kg CO<sub>2</sub>e / m<sup>2</sup> occupancy)
- **Annual Average Customer Occupancy** (m<sup>2</sup>) 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 Flexi Office Areas** of 8 gas heated offices reported annually for gas use and emissions.
- **Flexi Office Occupied space** (ft:m<sup>2</sup> 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 2015 (ft<sup>2</sup> converted to m<sup>2</sup>).
- **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 CO<sub>2</sub>e reductions / increases;
- Percentage (%) increases in cumulative renewable energy generation (kWh) since 2008 and comparing with previous year;
- Annual generation as a percentage of all 18 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

Guildford Central store opening was on 12th March 2018. Guildford Central fit out construction took place from 17th November to 5th March 2018, and has not 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 overall consumption.

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 calculated and recorded on our ECM / Carbon Clear spreadsheets. Total CO<sub>2</sub>e (and CO<sub>2</sub>) are normalised by the total areas as follows:

- Carbon relative to Revenue (kgCO<sub>2</sub>e /£m);
- Carbon kg CO<sub>2</sub>e/m<sup>2</sup> Annual Average Customer Occupancy;
- Carbon kg relative to Gross Internal Floor Area (kgCO<sub>2</sub>e/GIFAm<sup>2</sup>)

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 that we have on the environment, our employees, communities, suppliers and customers, taking into account the views of

our wider stakeholder community such as investors and government organisations.

Targets are set regularly and reviewed 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: Head of CSR**

The Head of CSR 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:

- The Head of CSR identifies raw data sources across all 'material' energy, ('non-material' water and waste) aspects for our services, data collection and performance reporting.
- The scope covers development of new stores through to the whole portfolio and current operations;
- Data checking and validation to ensure the information is complete, accurate, consistent and is in the right format;
- Selecting and applying conversion factors correctly for calculations; and

- The development of the CSR / ESG report format that is in line with Government legislation and non-Government guide lines such as:
  - o the Companies Act (2006); Greenhouse Gas (GHG) emissions reporting;
  - o Carbon Reduction Commitment (CRC) taxation; and
  - o Energy Saving Opportunities Scheme (ESOS); and

Real Estate Sector Sustainability Reporting best practice benchmarking requirements for real estate investors:

- FTSE4 Good;
- Carbon Disclosure Project (CDP);
- Global Real Estate Sustainability Benchmark (GRESB); and
- other investor enquiries

Monthly, Quarterly and Annual Data management and collection throughout the year;

Use of the UK Government GHG Conversion Factors (Expiry 31/07/2018) for Company Reporting' (change to 1 year rolling averages to restate back to peak energy uses in FY 2011 and FY 2008);

Management of all relevant suppliers, such as ECM (Energy Agent) and Carbon Clear (reporting software & consultancy supplier) for example, and procurement of annual, quarterly and monthly data, (electricity, gas, solar self-supply, refrigerant and carbon (CO<sub>2</sub>e

& CO<sub>2</sub>), 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 = tCO<sub>2</sub> x £17.20 (FY 2017/18) for carbon displaced and reported as financial savings.

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

- Eighteen solar PV installations are monitored using remote 'Solarmeter' portal access to kWh generation meter readings.
- For most of this reporting period, kWh generation is assessed by the Head of CSR 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 if any remedial action is required;
- Monthly and quarterly kWh generation meter readings are used to report annual generation and revenue expected revenue.
- Spreadsheet provided by our Finance team converts kWh generated to FIT payments by suppliers.

- At the end of FY 2017/18 Big Yellow has selected EvoEnergy Ltd for the Maintenance and Monitoring of its solar installations – processes will be reviewed going forward to ensure accurate reporting.
- Five Ground Source Heats Pump (GSHP) installations  
These pumps exchange heat from groundwater below the store for heating and cooling of some reception and office areas. These are maintained annually.

Construction Fit Out electricity use;

- Scope 2 kWh use is metered on site and recorded in Construction minutes. tCO<sub>2</sub>e emission are calculated by the CSR Manager and:
  - o Included in the Groups carbon footprint.
  - o Water use (m<sup>3</sup>) is reported in the Construction minutes; and
  - o Waste (m<sup>3</sup>/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

**From the 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).

Annual Injury Incident Rate (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:  $\geq 3$  days
- (Requires, recording only);
- Employee Major Injuries:  $\geq 7$  days (requires mandatory reporting) = 0
- 'Fatal Injuries': 0
- 'Notices' = 0
- 'Prosecutions' = 0

#### Reporting of accidents

For **employees**, an accident is reported if it is a specified 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 classified as minor. For customers, visitors, and contractors, we report the accident if the person is injured (minor or major injury) **AND** taken to hospital **AND** within the control of Big Yellow.

'Reportable Injuries' where it is not deemed within the control of Big Yellow are not included.

This definition was revised in the year ended 31 March 2017, and prior to this, these incidents were reported if they were sustained in connection with work. The definition of 'reportable' was revised to only include

incidents suffered by non-employees that were deemed within the control 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.

For the first time this year, Construction (Fit Out) Health & Safety data is included in the public limited assurance scope performed by Deloitte. (Minor injuries and reportable injuries (RIDDOR)

#### Scope: Stores & Construction

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

- 74 x wholly owned operational stores;
- 1 x Bagshot Main Office;
- 1 x Maidenhead Merchandise Depot; and
- 'Fit Out' Construction sites, when operational. (during 2017/18 that was applicable to Guildford Central, which opened in March 2018 and has therefore been accounted for in the total store numbers)

#### Health and Safety Policies

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

Staff Data Gathering & RIDDOR calculations are from data gathered from our HR database taking account of individual contract type and region defined as Bagshot or Stores and Full Time (over 37.5 hours per week), Head Office and 40 hours per week Stores. Casual workers included as permanent employees.

Construction Man days worked are calculated using aggregated sign in and out data for each operative on a daily basis. The site manager counts up and notes number of attendees in the site diary. These numbers are reported to Big Yellow Construction at the end of the job, or at end of year if required.

### 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 specified 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 classified as minor.

For customers, visitors, and contractors, we report the accident if the person is injured (minor or major injury) **AND** taken to hospital **AND** within the control of Big Yellow.

‘Reportable Injuries’ where it is not deemed the fault of Big Yellow are not included. All incidents are publicly reported (from FY 2013). This definition was revised in the year ended 31 March 2017, and prior to this, all incidents were reported. Minor incidents and notices are also reported if they occur within the financial year.

### Calculations

Big Yellow Staff RIDDOR Calculation:  
Number reportable injuries / Average number of staff employed x 100,000 =

Man Days worked Data Gathering and Construction (Fit Out) RIDDOR Calculation:  
Number reportable injuries / Total Man days worked x 100,000 =

## Considerate Constructors Scheme (Supply Chain)

Please note, 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 Head of CSR 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's for customer's. A kitchen sink is available for staff. A review of water bills from 2012/13 show that each of our stores used approx. 45l

per FTE (based on 68 stores and 3.3FTE's per store). This is in line with the Better Buildings Partnership water benchmark, which states 'typical practice' at 41l/per person/ per annum. However, it is worth noting that in recent years water data meters have been upgraded and we will be reviewing data collection approach with a view to report water consumption on an annual basis going forward.

## Data Provider Review & process

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.

Annual Data Collection process	
Group H&S Committee	
Stores, Bagshot, Maidenhead	Construction Fit Out
Operations Director	Construction Director
Facilities Management (spreadsheet)	Construction Manager (spreadsheet)
Head of CSR Performance Reporting	

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