

Audit Committee Report

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 Guidance and Transparency Rule 7.1, the UK Corporate Governance Code, and the new FRC ethical standard.

Committee members and attendance

Member	Number of meetings attended
Laela Pakpour Tabrizi – Chair	●●●●
Anna Keay – Member	●●●●
Vince Niblett – Member	●●●●
Michael O'Donnell – Member	●●●●
Heather Savory – Member	●●●●

● attended
● absent
● not applicable

Introduction

The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval. The terms of reference are available on the Company's website.

<https://corporate.bigyellow.co.uk/investors/corporate-governance>

The Audit Committee is responsible for:

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

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

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

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). Vince Niblett, as a Fellow of the Institute of Chartered Accountants of England and Wales and Laela Pakpour Tabrizi as an experienced Finance Director, currently carrying out that role at Consumer Converged at Virgin Media O2, fulfil that 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 Chair on behalf of her fellow members. Each Audit Committee member has the right to require reports on matters of interest in addition to the cyclical items.

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

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

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

- reviewed published financial information including the year-end results, Annual Report, half year results and the Quarterly Trading Statements, including review of Alternative Performance Measures used by the Group;
- considered whether the Annual Report provides a fair, balanced, and understandable view of the Group's position and performance, strategy, and business model;
- assessed and concluded on the Group's viability statement and the going concern assessment for the annual and half yearly financial statements;
- considered the output from the Group-wide process used to identify, evaluate, and mitigate risks;
- reviewed the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements on this matter, and considered the impact of the new Combined Code and the BEIS review on the Group;
- reviewed and agreed the scope of the audit work to be undertaken by the external auditor;
- agreed the fees to be paid to the external auditor for their audit of the financial statements and review of the 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 her replacement as this is the fifth year she will have signed the accounts;
- considered audit firm rotation with an audit tender taking place in the year ending 31 March 2027;
- undertaken an evaluation of the performance of the external auditor and assessed its effectiveness;
- held discussions with the auditors on key judgements;
- considered the need for an internal audit function;
- considered the FRC ethical standard governing non-audit services and audit committees;
- reviewed the arrangements for "whistleblowing" by employees to ensure that there is a consistent policy in the Group to enable employees to voice concerns particularly in respect of possible financial reporting improprieties. A whistleblowing policy is included in the employee handbook and there is an external whistleblowing monitoring service;
- met the Group's external valuers and considered their competence and independence;
- met the Group's Store Compliance Manager;
- agreed updated Terms of Reference, incorporating Provision 29 of the Corporate Governance Code;
- reviewed the Audit Committee's Report; and
- reviewed its own effectiveness.

Adoption of the FRC Minimum Standard on Audit Committees and the External Audit

The Audit Committee has adopted the Financial Reporting Council's Audit Committees and the External Audit: Minimum Standard. The Committee has applied the principles of the Standard in overseeing the Company's relationship with the external auditor, with a particular focus on audit quality, independence and effectiveness. During the year, the Committee carried out a robust assessment of the effectiveness of the external audit, having regard to the auditor's delivery against the agreed audit plan, the quality and depth of challenge provided to management, the auditor's judgements on significant accounting matters, and feedback from management and internal audit. The Committee also considered relevant audit quality indicators and the findings of regulatory inspection reports relating to the audit firm and discussed with the auditor the actions taken in response. The Committee maintains oversight of auditor independence and objectivity, including approval and monitoring of non audit services in accordance with the Company's policy, to ensure that such services do not compromise independence or limit the Company's future choice of auditor. The Audit Committee is satisfied, based on the evidence considered, that the external audit was effective and of a high quality. The Committee will continue to apply the Minimum Standard and report on its application in future years, including in relation to audit tendering when applicable.

Audit Committee Report continued

Financial reporting and significant financial judgements

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

The Committee has considered whether the Annual Report for the year ended 31 March 2026 provides a fair, balanced, and understandable view of the Group's position and performance, strategy, and business model and whether it provides the necessary information to enable shareholders and prospective shareholders to assess the Group's position and performance, strategy, and business model. The Committee is satisfied that the Annual Report for the year ended 31 March 2026 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 127**.

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 critical accounting estimate 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 Chair 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 Chair of the Committee also met with the external valuers and satisfied herself 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 auditor use valuation specialists to review the valuations and report its 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. The Committee has concluded that there are not significant levels of judgements involved.

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

Management has reported to the Audit Committee that it is satisfied that it is not aware of any material misstatements in the financial statements.

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 Group's position and performance, strategy, and business model.

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, with effect from the year ended 31 March 2018. 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. Anna Jones is the current audit partner, and this is the fifth year that she has been the signatory to the Group's financial statements. A new audit partner from KPMG, Craig Steven-Jennings, will sign the 2027 financial statements.

The Company's policy is to rotate audit partners every five years, and to tender its audit to include new firms at least every ten years.

The Company complies 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. To comply with the Order the Company intends to conduct a formal tender process for audit services during the financial year ending 31 March 2027, so that should a new firm be appointed, they will be able to shadow KPMG during the audit of the 31 March 2027 financial statements.

Annual auditor assessment

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

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

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

Non-audit work

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

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

In respect of the year ended 31 March 2026, the auditor's remuneration comprised £668,000 for audit work and £68,000 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 11% of audit fees in 2025 and 11% in 2024.

Risk management and internal control

The Committee and the Board are responsible for establishing and maintaining the effectiveness of the Group's risk management and internal control framework. During the year, the Committee and Board have 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 **pages 46 to 51**.

The Committee remains focused on ensuring that finance and risk capability is appropriate to the scale of the business, whilst also acknowledging an increasingly regulated environment. The Board and its Committees have continued to monitor external and regulatory developments in relation to risk management and internal controls, including the introduction of provision 29 in the UK Corporate Governance Code 2024. The Group's processes and procedures in this area have been documented and presented to the Board and the Committee to ensure their appropriateness ahead of that provision coming into force for our year ending 31 March 2027. A full update on the Company's compliance against that provision will be set out in its 2027 Annual Report, in which the Board will provide its first declaration of effectiveness of the Company's material controls.

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 at least once every nine months. This provides the Committee comfort over the store related aspects of the Group's business. The Committee meets with the Store Compliance Manager as required, and at least once a year.

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

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

Overview

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

The Chair 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:

Laela Pakpour Tabrizi
Audit Committee Chair | 18 May 2026