SAFESTORE HOLDINGS PLC (the Company)

Directors' Remuneration Policy

APPROVED BY SHAREHOLDERS AT THE COMPANY'S ANNUAL GENERAL MEETING ON 12 JULY 2023

Introduction

This new Directors' Remuneration Policy will be put to a binding shareholder vote at the GM on 12 July 2023 and, if approved, will take effect immediately upon conclusion of the GM (in place of the current policy approved at the 18 March 2020 AGM which will continue to apply until such time). It is intended that the new Directors' Remuneration Policy will remain in force until 2026 and there are no planned changes to it over the three-year period to which it applies.

As part of the process undertaken by the Committee when designing the proposed 2023 Remuneration Policy, it carried out an extensive consultation seeking to engage with our largest shareholders as well as proxy voting agencies.

The Committee collated the feedback received and understood that some areas of the proposals required further consideration to ensure significant levels of shareholder support. In particular, there was a desire across our shareholder base for the Company to move to a more conventional remuneration structure over the medium term, particularly with regard to the split between base salary and LTIP as part of the total remuneration.

Therefore, the Committee wishes to pledge its commitment to moving to a conventional remuneration package over time consisting of a competitive salary, pension contribution rates in line with the wider workforce, and incentive award levels (annual bonus and LTIP), each within the market range for each respective role. The Committee has determined that a phased approach in which salary increases are applied each year, which for the avoidance of doubt may be higher than the average workforce rate, together with annual reductions in the LTIP opportunity is the most appropriate way to achieve the desired structure and ensures alignment with shareholder expectations.

For FY2023, to take into consideration the feedback of many shareholders regarding the particularly difficult economic environment and the cost of living crisis, the base salary increase for the Executive Directors will be 6%, below the average UK workforce increase of 7.36%. The maximum LTIP opportunity for the CEO and CFO will be 480% and 344% of salary respectively which is equivalent to Base awards of 300% and 215% of salary, with a maximum Multiplier of 1.6 times.

Salary increases will then be applied annually to rebase fixed pay to a more market competitive position and total LTIP award levels will be correspondingly reduced through a reduction to the Base award. It is the Committee's intention that the maximum Multiplier will remain at 1.6 times for upper decile relative TSR performance, ensuring that the Committee's guiding principle of upper quartile total remuneration, at grant, for exceptional performance is maintained throughout the life of the Policy.

The Committee determined that it would be appropriate to reposition the Executive Directors' pay to upper quartile total remuneration at grant for exceptional performance relative to FTSE 250 companies, given that the management team is highly regarded by investors, its outstanding track record of performance over a decade (consistently in excess of the FTSE 250 upper quartile TSR), has achieved significant expansion resulting in increased complexity in the business now operating across multiple European countries, and that Safestore has moved into the upper quartile of companies in the FTSE 250 by market capitalisation.

Given that the FTSE 250 total remuneration upper quartile, at grant, will change over time (in May 2022, the FTSE 250 upper quartile total remuneration was £3.6 million), the Committee is not able to specify the exact details of the phased approach at this time. However, Safestore is committed to making these changes on an annual basis to ensure that it achieves the objective. As set out above, the principle guiding the Committee will be that the Executive Team's total maximum remuneration, at grant, remains in line with the FTSE 250 upper quartile opportunity for exceptional performance, and that the split between the base salary and LTIP components of total compensation converges to become aligned within the range of accepted market benchmarking over the period.

Whilst our commitment to achieving this goal over time is absolute, it must be recognised that we cannot anticipate the remuneration environment accurately over the next three years and it may be that full achievement of our objective may not be achieved within this time frame. It is our intention, however, that sufficient progress has been made such that, in principle, a new Policy put to shareholders in 2026 would reflect a "normalised structure". The Committee also notes that if circumstances permit, it will accelerate this process over a shorter timeframe if possible.

The table below sets out an illustration of one potential approach that could be taken for the CEO (the actual approach may differ from this):

	FY2023	FY2024	FY2025	FY2026
Salary increase	**6%**	15%	13%	13%
Maximum annual bonus opportunity (% of salary)	**150%**	150%	150%	150%
Base award opportunity (% of salary)	**300%**	263%	225%	188%
Maximum Multiplier (multiple of Base award)	**1.6**	1.6	1.6	1.6
Maximum LTIP opportunity (% of salary)	**480%**	420%	360%	300%
Salary (£'000)	**482**	554	626	708
Pension (£'000)	**20**	23	26	29
Maximum bonus (£'000)	**723**	831	939	1,061
Maximum LTIP at grant (£'000)	**2,313**	2,327	2,254	2,123
Total remuneration opportunity (£'000)	**3,537**	3,735	3,845	3,921
FTSE 250 median salary (2022) (£'000)	***595***			
FTSE 250 total remuneration upper quartile (2022) (£'000)	***3,557***			

The benchmarks above are based on data as at May 2022, which were used to set our proposal for the 2023 remuneration, and therefore do not include the market increases applied during the 2023 reporting season.

The approach for the CFO will follow the same principles and pathway as the CEO.

The same guiding principles (i.e. FTSE 250 median total remuneration on grant for strong performance and FTSE 250 upper quartile total remuneration on grant for exceptional performance) would apply should there be recruitment of a new Executive Director and, in particular, the Committee expects to then accelerate the phased approach such that the package on recruitment would reflect a normalised structure.

Directors' Remuneration Policy *continued*

APPROVED BY SHAREHOLDERS AT THE COMPANY'S ANNUAL GENERAL MEETING ON 12 JULY 2023

Summary of the key changes proposed to the current Directors' Remuneration Policy

The following changes are proposed to the Directors' Remuneration Policy:

Element	Proposed change	Rationale for change
Salary	Salary increases will normally be applied annually over the life of the Policy, which for the avoidance of doubt may be higher than the average workforce rate.	To rebase fixed pay to a more market competitive position allowing a corresponding reduction in LTIP award levels to achieve a more "normalised remuneration structure".
Benefits	Non-material changes to the Policy wording to give clarity that the Committee can provide additional benefits where appropriate.	Aligns with market practice.
Pension	All Executive Directors will receive the average employer pension contribution rate received by the workforce (currently 4.1% of salary).	Aligns with investor body expectations and implementation of current policy since 1 May 2021.
Annual bonus	No material changes to policy other than to increase flexibility in relation to performance measures which are now defined as financial and non-financial instead of EBITDA and strategic/operational.	Change to Policy wording provides the Committee with appropriate flexibility.
LTIP	LTIP to award nil cost options over shares on an annual basis with a three year vesting and two year holding period. Dividend equivalents will be paid on vested shares. The maximum annual Base award will be up to 300% of salary for the CEO and 215% for the CFO/other Executive Directors. The performance measures, weightings and targets for the Base award will be set each year by the Committee based on a combination of financial and non-financial measures. Financial measures will not account for less than 65% of the LTIP opportunity. The vesting schedule will be changed such that for the financial measures 20% (rather than 25%) of awards will vest for threshold performance. 0% of awards will vest for threshold performance for the non-financial measures. Vesting of the Base awards can be increased by up to 1.6 times such that the overall maximum award will be up to 480% and 344% of salary for CEO and CFO/other Executive Directors respectively. Total LTIP award levels will be reduced annually during the Policy period.	The LTIP structure remains aligned with market and best practice, such that there is no reason for change. However, given the Committee's wish to reposition total remuneration, an increase from the current Policy's award levels of up to 200% is required. In line with standard practice the performance measures, weightings and targets are not included in Policy and will be set annually by the Committee. The Committee acknowledges that more stretching performance targets will be required to increase award levels and this is what is proposed for 2023 (please see the section headed Performance measures and targets for details of the 2023 performance measures). The reduction in threshold vesting ensures the amount vesting remains appropriate for threshold performance in terms of multiples of salary.
Shareholding guidelines	In-employment guidelines increased to 600% and 450% of salary for the CEO and CFO/other Executive Directors respectively. Post-employment guideline is 350% of salary on cessation for two years (or their actual shareholding on cessation if lower than 350% of salary). Excludes shares owned pre-18 March 2020 and awards vesting from the 2017 LTIP.	Aligns in-employment guideline with typical investor guidance that it should be broadly equal to the annual incentive opportunity. No change to post-employment guideline level of 350% of salary, which continues to be significantly ahead of market practice.
Non-Executive Director fees	Add flexibility such that the Company can pay fees for membership of Committees and fees for a Chair/ membership of any new Committee that is formed.	Aligns with standard practice

All other elements of the Policy remain unchanged or minor changes have been made to Policy wording to provide the Committee with appropriate flexibility or to better align with best practice.

Executive Directors' Remuneration Policy

The Directors' Remuneration Policy will be put to a binding vote at the General Meeting held on 12 July 2023 and will take effect from the date of the meeting.

Element and strategic link

Basic salary

To provide competitive fixed remuneration that will attract and retain appropriate talent.

Reflects an individual's responsibilities, experience and role

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Operation
Normally reviewed annually. Salaries are paid monthly.

When determining the salary of an Executive, the Committee takes into consideration:

- the individual Director's experience and responsibilities;
- the performance of the individual Director;
- the performance of the Group;
- pay and conditions throughout the Group; and
- the economic environment

Levels of base salary are reviewed periodically against companies of a comparable size in both the real estate sector and the FTSE 250.

Maximum
There is no prescribed maximum annual basic salary increase. When reviewing Executive salaries, consideration will always be given to the approach to colleague pay across the Group and the general performance of the Group.

Salary increases will be applied annually over the life of the Policy, which for the avoidance of doubt may be higher than the average workforce rate to rebase fixed pay to a more market competitive position allowing a corresponding reduction in LTIP award levels to achieve a more "normalised remuneration structure".

Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted Policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for colleagues until the target positioning is achieved.

The Company will set out in the section headed Implementation of Remuneration Policy, in the following financial year, the salaries for that year for each of the Executive Directors.

Performance targets and recovery provisions
A broad assessment of individual and business performance is used as part of the salary review. No recovery provisions apply.

Benefits

To provide competitive benefits and to attract and retain high calibre colleagues.

Operation
Reviewed periodically to ensure benefits remain market competitive.

Currently includes car allowance and life, private medical and dental insurance.

Directors' indemnities and Directors' and Officers' insurance during and following employment are provided.

The Committee recognises the need to maintain suitable flexibility in the determination of benefits that ensure it is able to support the objective of attracting and retaining personnel. Accordingly, the Committee would expect to be able to provide other benefits where appropriate and to adopt benefits such as relocation expenses, tax equalisation and support in meeting specific costs incurred by Executive Directors to ensure the Company and the individuals comply with their obligations in the reporting of remuneration.

Maximum
Benefit values vary year on year depending on premiums and the maximum potential value is the cost of the provision of these benefits.

Performance targets and recovery provisions
No performance targets or recovery provisions applicable.

Pension

To provide a Company contribution that aligns with the rate received by the workforce.

Operation
Pensions are provided by way of a contribution to a defined contribution arrangement and/or cash salary supplement.

Maximum
Executive Directors will receive the average employer pension contribution rate received by the workforce (the average employer contribution rate is currently 4.1% of salary).

Performance targets and recovery provisions
No performance targets or recovery provisions applicable.

Executive Directors' Remuneration Policy *continued*

Element and strategic link	
Annual bonus	
Incentivises the achievement of a combination of financial and non-financial performance targets in line with corporate strategy over a one-year period.	**Operation** Award made annually based on the achievement of a combination of financial and non-financial performance measures. Annual bonus of up to 100% of salary paid in cash. Any bonus in excess of 100% of salary will be held in shares ("restricted shares") on a net of tax basis, via an agreement with the Executive, until the end of the two year period following the financial year in which the bonus is earned. Dividends are payable on restricted shares. **Maximum** Maximum bonus opportunity is 150% of salary. Threshold performance will result in a bonus of 20% of maximum. Target performance will result in a bonus of 50% of maximum. **Performance targets and recovery provisions** Performance measures and targets will be set by the Committee annually. Two-thirds of the maximum opportunity will be subject to financial measures. One-third of the maximum opportunity will be subject to non-financial measures. There will be no pay-out under the non-financial measures if threshold performance under the financial measures is not met. The Committee retains overriding discretion to change the formulaic outcome (both downwards and upwards) if it is out of line with the underlying performance of the Company. In addition, the Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the year. For bonus paid in cash, malus applies in the year the bonus is earned and clawback operates for three years thereafter. For restricted shares, malus applies until the end of the two year period following the financial year in which the bonus is earned, and clawback operates for three years thereafter.
Long Term Incentive Plan	
Incentivises Executive Directors to execute the long term business plan and deliver long term sustainable value for shareholders.	**Operation** Annual awards of nil cost options. Vesting period of three years followed by holding period of two years, via an agreement with the Executive (during which any vested awards cannot be sold except for tax purposes on exercise). Dividend equivalents are payable on vested shares. **Maximum opportunity** Overall maximum annual award is up to 480% of salary for the CEO and up to 344% of salary for the CFO/other Executive Directors. Maximum annual award of up to 300% of salary for the CEO and up to 215% for the CFO/other Executive Directors (the "Base award"). For the Base award: • financial measures: 20% of awards will vest for threshold performance: and • non-financial measures: 0% of awards will vest for threshold performance. Vesting of the Base awards can be increased by up to 1.6 times (the "Multiplier"), based on a multiplier of between 1 times and 1.6 times which increases on a straight line basis. Total LTIP award levels will be reduced annually over the life of the Policy. **Performance targets and recovery provisions** The performance measures, weightings and targets for the Base award will be set annually by the Committee based on a combination of financial and non-financial measures. Financial measures will account for no less than 65% of the Base award opportunity. All targets are measured over a three-year performance period. Performance targets for the Multiplier will be set annually based on financial measures over a three-year performance period. Malus applies up to the vesting date and clawback applies during the two year holding period. The Committee will have overriding discretion to change formulaic outcomes of the LTIP awards (both downwards and upwards) if it is out of line with underlying performance of the Company. In addition, the Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the year. Please see the section headed Performance measures and targets for details of the 2023 performance measures, weightings and targets.

Element and strategic link	
All-colleague Sharesave scheme	
Encourages long term shareholding in the Company by all UK colleagues. No change to policy approved by shareholders on 18 March 2020.	**Operation** Under the terms of the Sharesave scheme all UK colleagues can apply to save for a three or five-year period towards an option to acquire the Company's shares priced at a discount of up to 20%. **Maximum** £500 per month or HMRC limits as applicable from time to time. **Performance targets and recovery provisions** No performance targets or recovery provisions applicable.
Shareholding guidelines	
To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	**Operation** Executive Directors are required to build up a shareholding of 600% of salary for the CEO and 450% of salary for the CFO/other Executive Directors. Current Executive Directors are expected to meet the guidelines within five years of the approval of this Policy. Newly recruited Executive Directors are expected to meet the guidelines within five years of joining. Beneficially owned shares, restricted shares under the annual bonus deferral and vested but unexercised awards valued on a net of tax basis will count towards the guidelines. A shareholding guideline will continue to apply for two years post cessation of employment. Executive Directors must retain shares equivalent in value to 350% of salary for two years post cessation of employment (or their actual shareholding on cessation if lower than 350% of salary). This excludes shares owned pre-18 March 2020 and awards vesting from the 2017 LTIP. **Performance targets and recovery provisions** No performance targets or recovery provisions applicable.

Discretion within the Directors' Remuneration Policy

The Committee has discretion in several areas of Policy as set out in this report. In particular, the Committee will have overriding discretion to change formulaic outcomes (both downwards and upwards) if they are out of line with underlying performance of the Company. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders.

Legacy awards

The Company will honour any remuneration-related commitments to current and former Executive Directors and Non-Executive Directors (including the exercise of any discretions available in relation to such commitments) where the terms were agreed and/or commitments made in accordance with any previous remuneration policy of the Company. Such payments or awards will be set out in the Annual Report on Remuneration in the relevant year. For the avoidance of doubt, it is noted that Executive Directors are eligible to receive payment under any award made prior to the approval and implementation of this new Remuneration Policy set out in this report.

Performance measures and targets

The table below sets out the rationale for the performance measures chosen in respect of the annual bonus and LTIP for the financial year ending 31 October 2023. In line with standard practice, the performance measures, weightings and targets for future years will be set annually by the Committee, with future targets reflecting the current business plan and economic environment at the time targets are set.

2023 Performance measures	What are the 2023 targets	How targets are set	Rationale
Annual bonus			
• Two-thirds EBITDA (excludes all leasehold rent charges). • One-third strategic/ operational measures.	The Board deems the annual bonus targets to be commercially sensitive. Full details of the 2023 targets and their achievement will continue to be disclosed retrospectively in the 2023 Directors' Remuneration Report. There will be no pay-out under the strategic/operational measures if threshold performance under the EBITDA measure is not met.	The performance targets are determined annually by the appropriate line manager and calibrated by the Committee considering the Company's business plan, strategic and operational imperatives, market conditions and external forecasts.	The combined use of financial, strategic, and operational measures provides a holistic assessment of corporate performance and allows for the Company to focus annually on targets that work towards the delivery of the financial measures under the LTIP. In line with previous years, the Committee is of the view that EBITDA is the most appropriate financial measure for the annual bonus assessment for 2023. The financial performance underpin ensures that no payment can be made under the non-financial element unless acceptable financial performance has been achieved.

Directors' Remuneration Policy *continued*

APPROVED BY SHAREHOLDERS AT THE COMPANY'S ANNUAL GENERAL MEETING ON 12 JULY 2023

Executive Directors' Remuneration Policy *continued*

2023 Performance measures	What are the 2023 targets	How targets are set	Rationale
LTIP			
Base award: • 65% adjusted diluted EPRA EPS growth. • 25% strategic/ operational measures. • 10% ESG measures. **Multiplier:** • Relative TSR vs FTSE 250 (excluding Investment Trusts) index companies. **Performance modifier:** • For 2023, the awards are underpinned by a performance modifier whereby the number of LTIP awards vesting will be reduced by one-third, if Safestore's TSR over the three year performance period is either below the median TSR of the FTSE 350 Supersector Real Estate index; or negative.	**EPS targets:** For 2023: • Threshold (20% vesting) = 5% p.a. growth. • 65% vesting = 7% p.a. growth. • Strong (80% vesting) = 9% p.a. growth. • Maximum (100% vesting) = 12% p.a. growth. Straight-line vesting in between performance levels. **Strategic/operational targets:** For 2023, the measure will be the aggregate net increase in Maximum Lettable Area ("MLA") over the three financial years ending 31 October 2025. • Threshold net increase (0% vesting). • Target net increase (50% vesting). • Maximum net increase (100% vesting). Straight line vesting in between performance levels. Given the Board considers the targets set to be commercially sensitive, they will be disclosed retrospectively. **ESG targets:** ESG targets will be developed, measured and reported in the same way as the strategic targets. There are two measures for 2023: 1. EPC ratings of developments and refurbishments at A or B • Threshold (0% vesting) 95% of developments and refurbishments. • Target (50% vesting) 98% of developments and refurbishments. • Maximum (100% vesting) 100% of developments and refurbishments.	**EPS targets:** To recognise the increase in the Base award compared with the current policy award levels, the EPS targets for 2023 have significantly more stretch. For example, 8% p.a. EPS growth would provide full vesting under the current LTIP awards, but this would be reduced to 72.5% vesting under the proposed schedule. Vesting at threshold has also been reduced from 25% to 20%. In addition, to ensure the targets provide an appropriate payout for all participants, vesting is accelerated from 20% to 80% between 5% and 9% p.a. growth. The range has been set taking account of internal forecasts and consensus estimates. **Strategic/operational targets:** These objectives will be quantifiable in nature in line with investor guidance and may change from year to year. For 2023, the Board determined that the most suitable measure to support and incentivise growth is the net increase in MLA. The Committee is able to confirm that the targets have been approved and the threshold level of performance has been set above Safestore's 31 October 2022 MLA pipeline and above main competitors' recent levels of MLA net increase. **ESG targets:** 2023 targets have been set in line with Safestore's publicly disclosed ESG strategy which is to reduce the carbon intensity of its operational portfolio over time, working towards operational net zero according to the market-based method of the GHG Protocol by 2035. Emissions targets cover Scope 1, Scope 2 (market-based) and selected Scope 3 categories relevant to store operations.	**EPS targets:** EPS is considered the most appropriate financial measure for 2023 for aligning the interests of the Executive Directors with those of shareholders and is also an established measure of Safestore's long term sustainable profitability. **Strategic/operational targets:** The introduction of strategic/operational objectives will directly measure management's performance against the strategic and operational imperatives set annually by the Board. This measure, combined with EPS, and the stretch in the performance targets has been designed to incentivise the Board's desire for Safestore to profitably expand its operations and footprint, and grow its market share in a not yet fully mature asset class. **ESG targets:** Linking the Executive Directors' remuneration to ESG objectives is reflective of broader investor views and ensures they are incentivised to deliver the Company's ESG strategy. We have selected two performance targets for 2023 that are material, ambitious and aligned with Safestore's sustainability strategy and commitments, including achieving net zero emissions from operations by 2035. The Group has an ambitious plan to reduce carbon intensity of buildings in operation through a combination of efficiency and optimisation initiatives to reduce energy demand and a concurrent substitution of energy supply to zero/low carbon sources. Significant progress has already been delivered; initiatives have reduced Safestore's absolute emissions to 54% below the 2013 baseline level despite a 50% increase in the portfolio floor area over the same period. As a result, Safestore's emissions intensity is already significantly below the self-storage sector average, which is itself the lowest emissions intensity real estate sector. Reducing emissions further from the current portfolio is therefore challenging. At end 2022, Safestore's GHG emission intensity stood at 1.27[1] kg CO_2/m^2. Future progress will require investment in more complex solutions. It is therefore imperative that any new store locations introduced to the portfolio are operationally efficient. As such, the first performance target has been calibrated to incentivise the stretching goal of 100% of new and redeveloped buildings achieving at least an EPC rating of B from 2024 onwards.

2023 Performance measures	What are the 2023 targets	How targets are set	Rationale
LTIP *continued*			
	ESG targets: *continued* 2. Reduction in greenhouse gas emission intensity: • Threshold (0% vesting) reduction to 1.03 kg CO_2/m². • Target (50% vesting) reduction to 0.93 kg CO_2/m². • Maximum (100% vesting) reduction to 0.89kg CO_2/m². The Committee has discretion to deal with acquisitions as appropriate. For example, acquisitions could be excluded from the performance assessment, or the target could be reset in line with those published in future annual reports. **Multiplier:** For 2023, if TSR performance is above the upper quartile of the FTSE 250 (excluding Investment Trusts) then the Base award vesting can be increased by up to a maximum of 1.6 times for upper decile performance as follows: • Below upper quartile: Base award vesting increased by 1 times (no increase to Base award). • Upper quartile: Base award vesting increased by 1 times (no increase to Base award). • Upper decile or above: Base award vesting increased by 1.6 times. Straight line increase in Multiplier vesting between upper quartile and upper decile relative TSR performance. **Performance modifier:** For 2023, the awards are underpinned by a performance modifier whereby the number of LTIP awards vesting will be reduced by one-third, if Safestore's TSR over the three year performance period is either below the median TSR of the FTSE 350 Supersector Real Estate index, or negative.	**Multiplier:** 2023 Multiplier targets have been set such that Base award vesting only increases for above upper quartile TSR performance. The maximum Multiplier only pays out for upper decile TSR performance. The Committee considers this to be outstanding performance. **Performance modifier:** The targets for the 2023 performance modifier have been calibrated such that they are consistent with the threshold performance level under the current LTIP (i.e. median relative TSR) and ensuring that value has been created for shareholders.	**ESG targets:** *continued* These targets, if they are met, will ensure the Group is on track to meet its commitment to achieve net zero emissions from operations by 2035 whilst also supporting the valuation of its asset portfolio. **Multiplier:** For the Multiplier to have any value, the participants must first achieve some of the Base award performance conditions. For 2023, the level of vesting from the Base award would only increase for significant TSR outperformance of the FTSE 250 (excluding Investment Trusts) index where the Company is above upper quartile. The FTSE 250 (excluding Investment Trusts) is considered the most appropriate peer group based on Safestore's ranking within the FTSE. **Performance modifier:** The Committee is mindful that there is no relative TSR performance measure in the Base award performance targets for 2023 as the focus was to keep EPS as the main KPI and introduce ESG and a strategic growth KPI as well. As such, given that the Committee wanted to ensure that significant payouts would only be achieved for acceptable TSR performance against the real estate sector and that absolute value had been created for shareholders, a performance modifier based on absolute and relative TSR will apply to the 2023 awards. The potential scaling back of awards vesting by one-third is the same as the weighting of relative TSR in the current LTIP which ensures consistency of approach. **Overall:** The framework established to set 2023 performance targets, ensures that the Committee is comfortable that significant levels of vesting will only be achieved for commensurate levels of performance: • Maximum vesting under the Base award will only be achieved for significant EPS growth, strong strategic/operational progress on our growth priorities and strong progress against our ESG strategy. • The Multiplier has been designed such that the Committee can demonstrate that full vesting will only occur for truly outstanding performance. Overall, the performance targets have been calibrated such that upper quartile levels of total remuneration can only be generated for upper decile levels of performance i.e. significantly more stringent levels of performance are required compared with other companies providing upper quartile levels of total remuneration. In line with standard practice, the performance measures, weightings and targets for future years will be set annually by the Committee, with future targets reflecting the current business plan and economic environment at the time targets are set.

1 This takes account of a full year of GHG emissions for the Benelux assets bought from the Carlyle JV in 2022. The 2022 Annual Report shows GHG emissions at 1.03 kg CO_2/m², computing only part year emissions for these assets.

Differences between Executive Directors' and colleagues' remuneration

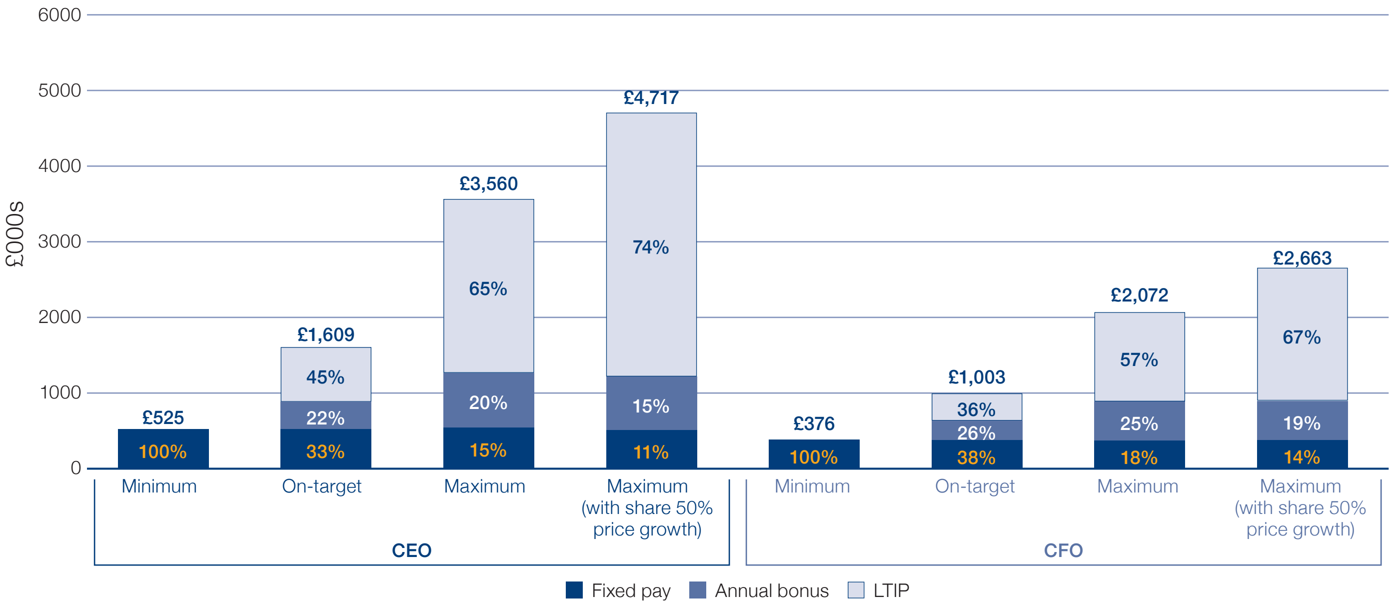
The following differences exist between the Company's Policy for the remuneration of Executive Directors as set out in the Policy table above and its approach to the payment of employees generally:

- our Head Office colleagues are eligible to receive a discretionary annual bonus, which is calculated against business targets and objectives. A lower level of maximum annual bonus opportunity applies to Head Office employees below the Executive Directors;
- all our sales colleagues are eligible for our performance-based monthly bonus scheme and can earn up to 50% of their monthly salary;
- Executive Directors may opt to receive a cash supplement in lieu of pension. Executive Directors receive the average employer pension contribution rate received by the workforce (the average employer contribution rate for 2022 was 4.1% of salary); and
- Executive Directors are able to participate in the LTIP. Currently 60-70 colleagues (c.10% of the workforce) within our Middle and Senior Management levels are invited to participate in the LTIP at the Remuneration Committee's discretion.

In general, these differences arise from the development of remuneration arrangements that are market competitive for the various categories of individuals. They also reflect the greater emphasis placed on performance related pay for Executive Directors.

Pay for performance: scenario analysis

The following charts provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of pay under four different performance scenarios: "Minimum", "On-target", "Maximum" and "Maximum with LTIP share price growth of 50% over three years". Potential reward opportunities are based on the proposed 2023 implementation of Remuneration Policy as set out above.



Assumptions used in determining the level of payout under given scenarios are as follows:

Element	Minimum	On-Target	Maximum	Maximum with LTIP share price growth of 50% over three years
Fixed elements	Base salary as at 1 May 2023 Pension of 4.1% of salary Benefits in line with value in year to 31 October 2022			
Annual bonus	Nil	50% of maximum	100% of maximum	100% of maximum
LTIP	Nil	50% vesting of Base award	100% vesting of Base award, maximum 1.6 times Multiplier achieved	100% vesting of Base award, maximum 1.6 times Multiplier achieved with 50% share price growth

Note

1 Dividends have not been included in the restricted shares from the annual bonus deferral and dividend equivalents have not been included in the LTIP awards.

2 No Sharesave awards included.

3 Potential reward opportunities are based on the proposed Remuneration Policy as implemented in 2023.

Approach to recruitment and promotions

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new recruit would be assessed following the same principles as for the Executive Directors and would be set in accordance with the terms of the Company's prevailing approved remuneration policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Element	Recruitment Policy
Base salary	Salary levels will take into account the individual's experience, market data for the relevant role, internal relativities and their current base salary. Where an individual is recruited at below market norms, they may be realigned over time, subject to performance in the role.
Benefits, pension and all-colleague Sharesave	Will be set in accordance with the Remuneration Policy.
Annual bonus	Will operate in line with the Remuneration Policy with the maximum opportunity set at 150% of salary.
LTIP	Will operate in line with the Remuneration Policy with the maximum opportunity set at 480% of salary for the CEO and 344% for the CFO/other Executive Directors in 2023. As set out on page 3, the same guiding principles (i.e. FTSE 250 median total remuneration on grant for strong performance and FTSE 250 upper quartile total remuneration on grant for exceptional performance) would apply should there be recruitment of a new Executive Director and, in particular, the Committee expects to accelerate the phased approach such that the package on recruitment would reflect a normalised structure. However, the Committee may determine that any new Executive Director's salary should initially be positioned below the targeted market competitive position, in line with standard practice. In this case a short phased approach may be required to bring down the LTIP award level to within the market range to achieve the normalised structure.
Maximum variable remuneration	Will be the total of the maximum annual bonus and LTIP opportunity (630% of salary for CEO and 494% for CFO/other Executive Directors in 2023) in line with the Remuneration Policy. Maximum variable remuneration will be reduced annually over the life of the Policy as the maximum LTIP opportunity reduces each year in accordance with the Remuneration Policy.
Shareholding guidelines	In line with Remuneration Policy, with five years from joining to meet in-employment guideline.
Internal promotes	Where an existing colleague is promoted to the Board, the Policy set out above will apply from the date of promotion but there would be no retrospective application of the Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing colleague would be honoured and form part of the ongoing remuneration of the colleague. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.
'Buyout' of incentives forfeited on cessation of employment	The Committee does not have an automatic policy to buyout subsisting incentives granted by an executive's previous employer and which would be forfeited on cessation. Should, however, the Committee determine that it is appropriate to do so, the Committee may consider buying out incentive awards which an individual would forfeit upon leaving their current employer, although any compensation would, where possible, be consistent with respect to currency (i.e. cash for cash, equity for equity), vesting periods (i.e. there would be no acceleration of payments), expected values and the use of performance targets. The Committee may then grant up to the same expected values where possible under the Company's incentive plans, subject to the annual limits under these plans. It does, however, retain the discretion to provide the expected value under specific arrangements in relation to the recruitment of the individual.
Relocation	In instances where the new Executive is relocated from one work location to another, the Company will provide compensation to reflect the cost of relocation for the Executive in cases where they are expected to spend significant time away from their home location in accordance with its normal relocation package for colleagues. The level of the relocation package will be assessed on a case-by-case basis but may take into consideration any cost of living differences, housing allowance and schooling in accordance with the Company's normal relocation package for colleagues.
Notice period	Twelve months for Executive Directors.

Service contracts for Executive Directors

The service agreements of the Executive Directors are not fixed term and are terminable by either the Company or the Director on the following bases:

Director	Date of current service contract	Notice period
F Vecchioli	3 September 2013	Twelve months
A Jones	29 January 2013	Twelve months

When setting notice periods, the Committee has regard to market practice and corporate governance best practice. All service contracts are available for viewing at the Company's registered office and at the AGM.

Directors' Remuneration Policy *continued*

APPROVED BY SHAREHOLDERS AT THE COMPANY'S ANNUAL GENERAL MEETING ON 12 JULY 2023

Service contracts for Executive Directors *continued*

Fees for external non-executive directorships

The Board allows Executive Directors to accept appropriate outside commercial Non-Executive Director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services, which will be subject to approval by the Board. The Executive Directors hold no external directorships.

Payment for loss of office

When determining any loss of office payment for a departing Director, the Committee will always seek to minimise the cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation), or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment. The Committee also reserves the rights to agree ancillary payments such as Executive Directors' fees.

Regarding salary, benefits and pension, there will be no compensation for normal resignation or in the event of termination by the Company due to gross misconduct. In other circumstances, Executive Directors will be entitled to receive notice pay or payment in lieu of notice. On loss of office, the all-colleague Sharesave scheme will operate in line with the HMRC approved rules. A summary of the main contractual terms in relation to annual bonus and LTIP are set out below:

Scenario	Timing or calculation of vesting/payment	Committee's discretion
Annual bonus		
Good leaver – A "good leaver" is defined as a participant that ceases to be in employment by reason of death, ill health, injury, disability, redundancy, retirement, the Company employing the participant ceases to be a member of the Group, the participant's employing business being sold out of the Group or at the Committee's discretion.	**Performance year of cessation** Bonus will normally be pro-rated for service provided in the year of cessation and is subject to the achievement of performance targets measured at the end of the year. Bonus up to 100% of salary is delivered in cash at the end of the performance year. Bonus earned over 100% of salary will be held in shares ("restricted shares") on a net of tax basis, via an agreement with the Executive, until the end of the two year period following the financial year in which the bonus is earned in line with Policy. **Restricted shares** The period on restricted shares will continue to apply until the normal end date and the shares will continue to be subject to malus/clawback.	The Remuneration Committee has the following elements of discretion: • to determine whether an executive is a good leaver in line with the provision on the left-hand side; • to determine that a bonus may be paid at the date of cessation; and • to determine that any restricted shares period ceases to apply.
Bad leaver – Anyone who is not a good leaver will be a "bad leaver".	**Performance year of cessation** There will be no bonus for the year in which they leave. **Restricted shares** The period on restricted shares will continue to apply until the normal end date and the shares will continue to be subject to malus/clawback.	
Change of control	**Performance year of cessation** The bonus will be determined by the Committee at its discretion by reference to the time elapsed from the start of the performance year to the change of control date and the achievement of the performance targets achieved as at that date. **Restricted shares** The period applying to any restricted shares will cease immediately prior to a change of control.	The Committee has the discretion to determine, in exceptional circumstances, whether to pro-rate for time served as a colleague during the year of cessation.
LTIP		
Good leaver – A "good leaver" is defined as a participant that ceases to be in employment by reason of death, ill health, injury, disability, redundancy, retirement, the Company employing the participant ceases to be a member of the Group, the participant's employing business being sold out of the Group or at the Committee's discretion.	Unvested awards will vest on the normal vesting date, subject to: (i) the extent any applicable performance targets have been satisfied at the end of the normal performance period and; (ii) pro-rating to reflect the period between grant and cessation of employment as a proportion of the vesting period that has elapsed. In case of death, unvested awards will normally vest immediately. Where cessation of employment occurs during any holding period, the holding period will normally continue to apply to vested LTIP shares.	The Remuneration Committee has the following elements of discretion: • to determine whether an executive is a good leaver in line with the provision on the left-hand side; • to determine that the performance period ends on the date of cessation with awards vesting on that date; • in the case of death, to determine that awards vest on the normal vesting date; • to determine whether to pro-rate the number of awards for the time elapsed since grant; and • to allow the shares to be released from a holding period in certain exceptional circumstances.

Bad leaver – Anyone who is not a good leaver will be a "bad leaver".	Bad leavers will forfeit all unvested awards. Where cessation of employment occurs during any holding period, the holding period will continue to apply to vested LTIP award shares as normal	
Change of control	The Committee will determine the level of vesting taking into account: (i) the extent that any applicable performance targets have been satisfied at that time; (ii) the bid consideration received; and (iii) the portion of the vesting period that has then elapsed. In the event of an internal corporate reorganisation, the Committee may decide to replace unvested awards with equivalent new awards over shares in the acquiring company.	The Committee has the discretion to determine, in exceptional circumstances, whether to pro-rate the award for time served as a colleague.
Buy-out award	Where cessation of employment occurs in relation to a new Executive Director who has been granted a buy-out award, the treatment would be in line with the terms of the buy-out award.	In line with terms of buy-out award.

Malus and clawback policies

Incentive	Policy
Annual bonus – cash	Malus applies in the year the bonus is earned and clawback for three years thereafter.
Annual bonus – restricted shares	Malus applies until the end of the two year period following the financial year in which the bonus is earned and clawback for three years thereafter.
LTIP	Malus applies up to vesting and clawback during the two-year holding period.

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 or the audited accounts of any Group member; and/or
- the discovery that assessment of any performance condition or target in respect of a payment was based on error, or inaccurate or misleading information; and/or
- the discovery that any information used to determine the amount of any incentive payment was based on error, or inaccurate or misleading information; and/or
- action or conduct of a participant which, in the reasonable opinion of the Committee, amounts to colleague misbehaviour, fraud or gross misconduct; and/or
- a material failure of risk management of the Company, a Group member or a business unit of the Company; and/or
- the Company or any Group member or business of the Group becomes insolvent or otherwise suffers corporate failure so that the value of the payment is materially reduced provided that the Board determines following an appropriate review of accountability that the participant should be held responsible (in whole or in part) for that insolvency or corporate failure; and/or
- events or behaviour of a participant have led to the censure of a Group member by a regulatory authority or have had a significant detrimental impact on the reputation of any Group member provided that the Committee is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them.

Directors' Remuneration Policy *continued*

APPROVED BY SHAREHOLDERS AT THE COMPANY'S ANNUAL GENERAL MEETING ON 12 JULY 2023

Non-Executive Directors and letters of appointment

The Board as a whole and specifically the Chairman of the Board and the Executive Directors are responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman of the Board whose remuneration is determined by the Remuneration Committee and recommended to the Board.

The table below sets out the key elements of the Policy for Non-Executive Directors.

Strategic link	Operation	Maximum	Performance targets and recovery provisions
To provide compensation that attracts high calibre individuals and reflects their experience and knowledge.	Non-Executive Directors may receive a base fee and additional fees for the role of Senior Independent Director or chairmanship of a Committee. The Company retains the flexibility to pay fees for the membership of Committees. Fees for a Chair/membership of a new Committee will be in line with the Policy. Fees are reviewed annually with any changes generally effective from 1 May. Non-Executive Directors also receive reimbursement of reasonable expenses (and any tax thereon) incurred undertaking their duties and/or Company business. Non-Executive Directors do not receive any variable remuneration element or pension contribution but may receive benefits if determined appropriate to the role.	The fees for Non-Executive Directors and the Chair are broadly set at a competitive level against other companies of comparable size and complexity. Where made, any increase in Non-Executive Director fees will generally be in line with the increase awarded to the wider workforce; however, the increase may be higher to reflect any changes to time commitments and take into consideration increases in the level of responsibility.	No performance targets or recovery provisions applicable.

Letters of appointment

The Group's policy is to appoint Non-Executive Directors to the Board with a breadth of skills and experience that is relevant to the Group's business. Appointments are made by the Board upon the recommendations and advice from the Nomination Committee.

The Non-Executive Directors do not have service contracts but are appointed under letters of appointment. Non-Executive Directors are appointed for an initial three-year term and their appointment continues subject to annual re-election at the Company's AGM. Non-Executive Directors are typically expected to serve up to three three-year terms subject to performance review.

The table below sets out the dates that each Non-Executive Director was first appointed and the notice period by which their appointment may be terminated early by either party.

Director	Date of appointment	Notice period by Company or Director
D Hearn	1 December 2019	Three months
I S Krieger	3 October 2013	Three months
G van de Weerdhof	1 June 2020	Three months
L Duhot	1 November 2021	Three months
D Mousseau	1 November 2021	Three months
J Bentall	18 May 2022	Three months

No compensation is payable in the event of early termination apart from the notice period. All letters of appointment are available for viewing at the Company's registered office and at the AGM.

Consideration of conditions elsewhere in the Group

As part of our commitment to fairness across the business, and in line with requirements under the UK Corporate Governance Code, we set out information in our 2022 Annual Report on the pay conditions of the wider workforce and comparisons with Executives, as well as our diversity policies and statistics. We are committed to transparency internally and externally in relation to developments on these important issues.

The Committee did not specifically consult with colleagues when drawing up the Directors' Remuneration Policy. However, to build the Remuneration Committee's understanding of reward arrangements applicable to the wider workforce, the Committee is provided with data on the remuneration structure for management level tiers below the Executive Directors and pay outcomes for these roles, as well as comparable benchmarking information. The Committee also reviews feedback from the formal workforce advisory panel, in addition to the Investors in People survey, which provides further context in relation to pay and conditions throughout the organisation. These valuable insights were considered when the Committee developed the Policy set out above.

Statement of shareholder views

Whilst the Committee is acutely aware of the current economic landscape, it believes it is business critical to appropriately incentivise and retain an excellent management team to continue to deliver value for our shareholders.

Indeed, this principle was discussed by the Chairman and the Senior Independent Director at meetings held last year with a number of our larger institutional shareholders, all of whom agreed that the retention of the Executive Directors and the Senior Management team was considered by shareholders to be a critically important challenge for the Board going forward.

In light of this feedback and the Company's exceptional performance since the Executive Directors joined the business, the Committee determined that it would be appropriate to reposition Executive Director pay to the upper quartile versus the FTSE 250 to ensure it is sufficiently motivating.

The Committee initially explored two alternative approaches to achieve this goal:

1. significant increases to salary in combination with market standard variable pay opportunity levels; and
2. maintain conservative salary levels with a market standard bonus and a significant LTIP opportunity.

The Committee was of the view that the second approach would be more suitable for Safestore.

The Committee presented a summary of Safestore's remuneration challenges as well as an initial proposal for the 2023 Remuneration Policy reflecting the second approach above to our major shareholders, representing over 74% of issued share capital as well as proxy voting agencies, in January 2023. The Committee subsequently held meetings with a large number of shareholders as well as proxy voting agencies to understand sentiment towards the proposals. We were pleased that all our shareholders were supportive of our efforts to retain an exceptional management team and that a significant number supported the initial proposals.

The Committee collated feedback received and understood that some areas of the proposed structure required further consideration to ensure significant levels of shareholder support. Please see page 4 of this Notice of General Meeting which sets out these areas and the Committee's response.

As noted above, the Committee has listened to the feedback received through the extensive shareholder engagement process and is determined to ensure that the refinements made to the proposed Remuneration Policy appropriately address the concerns raised by a number of our major shareholders.

The Committee is comfortable with the amended proposals and we believe that they are in line with the best interests of Safestore and will incentivise and retain the highly successful Executive Team which is critical to executing our business strategy and driving long-term creation of value for shareholders.

The Committee remains committed to ongoing dialogue with the Company's shareholder base to ensure the views of all stakeholders are taken into account and that the correct decisions are made for the Company.

Safestore Holdings plc
Brittanic House
Stirling Way
Borehamwood
Hertfordshire WD6 2BT
Tel: 020 8732 1500
Fax: 020 8732 1510
www.safestore.co.uk
www.safestore.com