

**SHURGARD**

**SELF-STORAGE**

# SUSTAINABILITY REPORT

# 2019

JANUARY 1, 2019 TO DECEMBER 31, 2019

Welcome to our first full sustainability report.

Over the past few years, we have been solidifying our position as a European leader in sustainable self-storage operations. This has required us to embrace industry-leading innovations whilst working to reduce the environmental footprint of our assets.

**To evidence our progression, we have also achieved quantifiable performance improvements:**

- We reduced like-for-like electricity consumption across our portfolio by 5.1%, when compared against 2018;
- Our like-for-like carbon emissions (scope 1 and 2) reduced by 4.1%, when compared against 2018;
- In 2019, 527 employees underwent Shurgard Academy training programs, representing 91% of the store workforce;
- 83 properties, in 33 districts, in our seven active countries have been audited on health and safety criteria;
- In the Feefo Trusted Awards 2020 (appertaining to 2019). For all markets, we won Platinum Trusted Awards, recognition for receiving a Gold Trusted Service Award for three consecutive years, and for the Netherlands, we won a Gold Trusted Award;
- Awarded a Green Star in GRESB 2019 results, a score of 60 out of 100; 2<sup>nd</sup> best performance out of our peer group.

Our industry faces many challenges, including adaption to the risks posed by climate change, increased regulations and a move towards carbon neutrality.

We recognize there is a need for change and that progress needs to accelerate. However, we are confident that Shurgard is well placed to navigate these challenges and, alongside core values relating to social engagement and diversity, deliver improved returns to our investors.

As CEO, I, alongside my colleagues, work to develop and implement our ESG strategy. We see sustainability as not just a feature of our stores, but inherent to the values and culture of our business. As we look forward, we will continue to implement new technologies such as smart building systems, introduce additional low-carbon onsite energy generation, and test new ways to connect our communities and teams through technology. We will identify and scale best practices across our portfolio.

We commit to further expanding our biodiversity, social and resilience programmes as part of our ESG strategy.

Since becoming public, we have disclosed all necessary information on the highest standards of transparency, to ensure long term trust with our shareholders. We are continuingly working on our corporate governance to ensure that the best decisions are made for the Company.

Finally Shurgard's stakeholders are the heart of the decision. Our ESG strategy aims at reinforce our community engagement. We set up policies and procedure to ensure the health and safety, as well as well-being of our employees. We strongly believe it will allow us to deliver the best services to our customers.

Shurgard commit to reporting our ESG progress on an annual basis going forward using international recognized standards such as EPRA'sBPR and GRESB.

Please read on for more information. Thank you for your interest in what we do.

Marc Oursin  
CEO

## NON-FINANCIAL INFORMATION – SUSTAINABILITY REPORT

### INTRODUCTION

Shurgard has established sustainable and responsible policies and procedures to the benefit of the natural environment and the long-term economic value for our customers, shareholders and employees. In doing so, we follow principles of sound environmental and social sustainability and good governance (ESG). This is reflected in our dynamic management approach to operating our storage centers and the close engagement with our teams.

Shurgard's approach to sustainability aligns its management of ESG issues across the life cycle of our storage properties. Our properties are designed to be resilient thereby minimizing their environmental footprint and exposure to climate-related risks. Once established, there is minimum need for major refurbishment due to longevity of materials used in their construction. In addition, the use of flexible systems allows for easy and cost-effective reconfiguration of storage units to suit an individual customer's needs.

Shurgard's approach forms the basis from which sustainability commitments and targets are formed and how achievement is measured. Shurgard actively seeks to provide a flexible environment which can respond to the needs of our customers, as those needs evolve. Our storage properties assist in accommodating the changing needs of the communities which these assets service – providing short to long-term storage solutions for our domestic customers during life changes such as moving house, births, deaths and marriages – times when a sense of community is particularly valuable. For business users, who make up around 20% of our customers, Shurgard offers adaptable solutions providing for more efficient and lower cost business outcomes, thereby helping to minimize businesses' carbon footprint.

Shurgard strives, where possible, to be a positive force in the development of strong integrated local communities. We support a range of not-for-profit organizations, charities and community groups across Europe. Shurgard also has a strong focus on the people who work in and utilize our properties, and on maximizing their health and well-being by providing safe, productive and positive environments.

Our sustainability and governance framework exists to provide an ESG strategy which drives our actions and strives to create outcomes that are manifested in the day-to-day operation of our business. Material issues are identified by our program of ongoing proactive engagement with stakeholders in the business and these issues are managed appropriately. One such example is the continuing evolution of our ESG risk matrix and management's commitment to minimize risk across all functions of the business. An ESG statement detailing the ESG annual goals for the Group is edited every year and made public on Shurgard's corporate website. Our policies are reviewed at ESG Committee and Board level and these policies are communicated throughout the organization via our internal communications platform, called "Our Place".

Our approach is designed to manage any potentially significant ESG impacts that Shurgard causes, contributes to, or that may be linked to through our service delivery or as a result of relationships with others, including our suppliers and communities. We continue to advance our improvement programs which are intended to, where possible, achieve a meaningful reduction in our carbon emissions, improve recycling initiatives and encourage greater staff engagement and diversity.

At Shurgard, we operate in an environment where ESG is part of our everyday business operation. Our ESG initiatives help drive positive corporate governance and performance. This positively impacts on the deployment of our capital within a framework which is focused on providing a stable and growing return to investors while carefully managing

organizational risk, with ESG factors being top of mind. Our ESG Committee, led by our CEO Marc Oursin, acts to support this.

Our 2019 ESG performance reported here builds on 2018, particularly in the areas of energy efficiency and our continuing efforts to contribute positively to our surrounding communities. Employee engagement remains an important concern and focus for Shurgard, and this year's results must be considered a benchmark for future performance. We look forward to continuing our work in this space and moving forward with a number of ESG initiatives throughout 2020 and into the future. Follow our progress online at <https://corporate.shurgard.eu/corporate-responsibility>. We welcome feedback and comments.

## ABOUT THIS REPORT

Shurgard presents the Sustainability Report annually, as part of the Annual Report. In this document, we account for our sources of the data, assumptions and conversion factors used in the context of our sustainability reporting. Shurgard used herein two recognized international standards to report on ESG: Global Real Estate Sustainability Benchmark (GRESB) and European Public Real-Estate Association Sustainability Best Practices Recommendations (EPRA sBPR). No significant changes occurred in Shurgard's organization or chain of suppliers during 2019.

## BOARD STATEMENT ON ESG RELEVANCE AND MATERIALITY

At Shurgard, we endeavor to understand the long-term sustainability of an investment and the factors that could cause it to change. We believe that ESG issues can influence investment risk and return and, therefore, incorporate ESG risk considerations into our fundamental investment analysis. Our ESG analysis serves to complement our ultimate objective of delivering superior long-term returns to our investors.

In order to successfully integrate sustainability into our corporate strategy, Shurgard identifies internal and external stakeholders, conducts high-quality dialogues and ascertains what is meaningful and material. Through this assessment we balance stakeholder expectations, identify risks and opportunities and develop relationships, trust, people and communities.

Our key stakeholders have been identified and prioritized according to the level of sustainability impact we believe our operations have on their day-to-day activities, and, in turn, their sustainability impact on our day-to-day activities. These impacts span our identified material ESG sustainability risks.

Our key stakeholder groups are:

- Employees
- Customers
- Investors
- Suppliers
- Community
- Government and Regulators

As part of our Environmental Management System, Shurgard uses a materiality assessment as a strategic business tool, with implications beyond sustainability reporting. This assessment applies a sustainability lens to business risk, opportunity, trend-spotting and risk management processes. The assessment identifies, refines and assesses numerous ESG factors that can affect our business and/or our stakeholders.

In general, our material topics do not change significantly from one year to the next, so we do not perform detailed reassessments at defined regular intervals. Instead, streamlined interim updates capture new issues or changing topics. This ongoing assessment process captures emerging risks, opportunities and stakeholder views across the

business. We ensure that our materiality process is integral to the wider business strategy by involving colleagues across the business to ensure emerging risks or opportunities are not missed. We monitor evolving external aspects by working with third parties, but also by reviewing feedback from surveys, our own ESG education, and insights generated from our social media platforms.

The Board of Directors is responsible for considering how sustainability topics interrelate with our business strategy, and also to develop sustainability materiality processes that link with the wider risk management process. By assessing and understanding the range of ESG factors, together with many other investment criteria, we believe we will be better positioned to deliver consistent, superior long-term investment returns for our investors.

## ENVIRONMENT

### ENVIRONMENTAL PERFORMANCE

*Improving our environmental performance is a key focus area*

As an owner and operator of real estate, we understand the impacts of our built environment and the importance of addressing these in a sustainable manner. Storage assets generally present lower environmental impacts with minimal utility use given the nature of the business. It should also be noted that our industry provides solutions that enable our customers to prevent disposal through storage. Despite this, we are continuously exploring and, where feasible, implementing solutions designed to mitigate climate change risk, reduce our carbon emissions and limit the overall impact on the environment.

A key driver of the establishment of the Shurgard ESG strategy is the desire to improve the sustainability of our storage portfolio. Our approach identifies opportunities for efficiencies in energy and water consumption and strengthening climate resilience across the portfolio. Any efficiency projects undertaken are assessed on the basis of return on investment for both the environment and our investors.

When undertaking design work for our storage centers, we recognize the crucial importance of appropriate built asset design. Where possible we seek passive design solutions that aim to reduce heating, cooling, lighting and ventilation energy use. Our external design and material specifications aim to incorporate the benefits of thermal mass and reduce cooling energy use. We also utilize a range of technologies to minimize heat transfer (particularly in climate and/or humidity-controlled storage). Where we are required to remediate land or contaminated sites, we seek expert advice and endeavor to conduct works in a sustainable manner.

Natural hazards including inclement weather may impact our operations and our real estate assets. Comprehensive business continuity and disaster recovery plans detail our management and operational approach in hazardous situations. Should rectification works be required, where necessary we seek expert advice and where possible we seek to conduct works in a sustainable manner.

### OUR OBJECTIVES

- Develop action plans for an optimized management of energy and water across all buildings;
- Reduce energy consumption and carbon emissions by 10% by 2023 (based on 2017 base year) on a like-for-like properties basis;
- Reduce water consumption by 5% by 2023 (against a base of 2017) on a like-for-like properties basis;
- Introduce programs to track waste management.

### KEY 2019 ACHIEVEMENTS

- We reduced like-for-like electricity consumption across our portfolio by 5.1%, when compared against 2018;
- Our like-for-like carbon emissions (scope 1 and 2) reduced by 4.1%, when compared against 2018;
- We operated an electric car shuttle service at our Brussels office alongside two electric car charging stations and bicycles for the benefit of our employees;
- During demolition works, materials have been reused elsewhere. This includes steel from a dismantled warehouse in the London area, crushed slab re-used for gravel in concrete also in the London area, and a demolished steel frame building for recycling in Paris;
- A whole steel framed building has been de-constructed in Berlin in order to be re-built on another site, removing the need for all new building materials.

## FUTURE ACTIONS

- Evaluate the feasibility of other low-carbon or renewable energy solutions and green energy tariffs;
- Explore opportunities to reduce single use plastics;
- Procure only 'green' cleaning materials.

## ENERGY

*Shurgard seeks to maximize energy efficiency*

This table shows energy usage as total and like-for-like figures for all Shurgard properties. Applicable properties refers to the number of properties within our organizational boundaries for this indicator. The degree day corrected energy use is normalized. In order to produce the report in a timely fashion, the data is actual to September 30, 2019, with estimates for the remainder of the year being formulated from replicates of October 1, 2018 to December 31, 2018. Life-for-like properties include all operational buildings where data is available for two full years. Shurgard reports the Company's sustainability indicators based on EPRA sBPR, third version September 2017.

The table indicates a solid reduction of 2.8% in total energy use across our properties (degree day corrected to take changes in weather conditions into account). This is attributable to energy efficiency initiatives across the portfolio.

ENERGY			ABSOLUTE MEASURES (Abs) - PROPERTIES		LIKE-FOR-LIKE (LFL) - PROPERTIES			
EPRA Code	Units of Measure	Indicator	2018	2019	2018	2019	% Change	
Elec-Abs Elec-LFL	MWh	Electricity	Total Procured Electricity	21,826	21,725	21,068	19,995	-5.1%
<i>of applicable properties<sup>1</sup></i>			225 of 226	230 of 231	217 of 217	217 of 217		
DH&C-Abs DH&C-LFL	MWh	District Heating & Cooling	Total Procured Heating & Cooling	3,549	2,807	3,385	2,644	-21.9%
<i>of applicable properties</i>			33 of 33	33 of 33	30 of 30	30 of 30		
Fuels-Abs Fuels-LFL	MWh	Fuels <sup>2</sup>	Total Procured Fuels	10,943	11,114	10,909	11,113	1.9%
<i>of applicable properties</i>			129 of 129	129 of 129	119 of 119	119 of 119		
			Total Energy Use	36,318	35,645	35,362	33,751	-4.6%
	MWh	Energy	Total energy use (Degree day corrected)	36,318	36,262	35,362	34,362	-2.8%
Energy-Int	MWh/m <sup>2</sup> /year - GIA	Energy Intensity		0.031	0.031	0.051	0.047	-8.4%

<sup>1</sup> Number of properties as of September 30, 2019 or September 30, 2018.

<sup>2</sup> Typically gas use for heating or hot water.

## GREENHOUSE GAS EMISSIONS

*Shurgard reduces GHG emissions through energy management*

The table below shows greenhouse gas emissions at Shurgard properties from gas (Scope 1) and from electricity (Scope 2) in absolute and LfL. Carbon emissions have reduced in the reporting period by 4.1%. This is attributable to energy efficiency initiatives across the portfolio.

GREENHOUSE GAS				ABSOLUTE MEASURES (Abs) - PROPERTIES		LIKE-FOR-LIKE (LFL) - PROPERTIES		
EPRA Code	Units of Measure	Indicator		2018	2019	2018	2019	% Change
GHG-Dir-Abs	Tonnes CO2e	Direct	Scope 1	2,629	2,656	2,621	2,655	1.3%
GHG-Dir-LfL								
GHG-Indir-Abs	Tonnes CO2e	Indirect	Scope 2	5,209	4,806	5,059	4,713	-6.8%
GHG-Indir-LfL								
	Tonnes CO2e	Total Carbon Emissions		7,839	7,461	7,680	7,368	-4.1%
GHG-Int	Kg CO2e/m <sup>2</sup> /year - GIA	GHG Intensity		6.70	6.37	11.341	10.141	-10.6%

## WATER

*Shurgard measures and conserves water*

The table below shows water usage at Shurgard properties. Applicable properties refer to the number of the properties within our organizational boundaries for this indicator. While water consumption has increased, data reporting has improved.

WATER - PROPERTIES				ABSOLUTE MEASURES (Abs) - PROPERTIES		LIKE-FOR-LIKE (LFL) - PROPERTIES		
EPRA Code	Units of Measure	Indicator		2018	2019	2018	2019	% Change
Water-Abs Water-LfL	m <sup>3</sup>	Municipal water		32,321	32,472	29,201	329,900	2.4%
Water-Int	m <sup>3</sup> /m <sup>2</sup> /year - GIA	Building water Intensity		0.0276	0.0277	0.0270	0.0276	2.4%
of applicable properties		Water disclosure coverage		224 of 226	229 of 231	216 of 216	216 of 216	



**WASTE**

*Shurgard targets waste management excellence*

The table shows generated waste at Shurgard properties. Applicable properties refers to the number of the properties within our organizational boundaries for this indicator.

WASTE - PROPERTIES			ABSOLUTE MEASURES (Abs) - PROPERTIES		LIKE-FOR-LIKE (LFL) - PROPERTIES		
EPRA Code	Units of Measure	Indicator	2018	2019	2018	2019	% Change
Waste-Abs Waste-LfL	tonnes	Hazardous Waste <sup>1</sup>	0.7	1.8	0.7	1.7	148.4%
		Landfilled Waste <sup>2</sup>	8.8	3.5	8.8	3.5	-60.5%
		Recycled Waste <sup>3</sup>	1,281.8	1,192.2	1,274.3	1,180.7	-7.3%
		Incinerated Waste <sup>4</sup>	1,469.5	1,785.7	1,438.8	1,583.1	10.0%
		Total waste <sup>5</sup>	2,760.8	2,983.3	2,722.6	2,769.0	1.7%
<b>of applicable properties</b>		<b>Waste disclosure coverage</b>	226 of 226	231 of 231	220 of 220	220 of 220	

1. Hazardous waste are wastes with properties that make it an oxidizing agent, flammable, irritant, harmful, toxic, cariogenic, corrosive, infectious, mutagenic or ecotoxic. This does not necessarily mean it is an immediate risk to human health, although some can be. At Shurgard, examples of typical hazardous waste streams include redundant lightbulbs, paint and other construction remnants.

2. This contains streams that cannot be recycled. In this context, the commercial waste from Shurgard will mostly be inert waste for construction and refurbishment. Also landfilled waste rates will be higher depending on recycling provision in that locality.

3. Recycling is the process of converting waste materials into new materials and objects. Waste recycled from Shurgard sites will include paper and cardboard, plastic, metals and timber.

4. Incineration is the burning of waste in a specially designed combustion chamber. Portions of all waste streams from Shurgard may be ultimately incinerated; this is dependent on the procedures of the waste providers in the locality.

5. Total culmination of all waste streams.

## CASE STUDY

In 2019, our head office in Luxembourg moved into 'Solarwind' in Ecopark Windhof. The building uses, for the very first time in the world, a triple environmental certification. It meets the highest standards in sustainable development and eco-citizenship.

- Multi-function roof terrace
- Bike storage, locker facilities and showers
- Wellness center
- Gym
- Daycare
- Lounge
- Restaurant
- Driving range
- Urban wind turbines
- Photovoltaic and thermal solar panels
- Biomass boiler
- Geothermal
- Green electricity
- Rainwater collection



## GREEN CERTIFIED BUILDINGS

*Shurgard pursues green-building certifications for all of our properties*

Shurgard encourages the achievement and maintenance of green building certifications to protect value and to stay ahead of regulations. We have a dedicated team who is responsible for achieving and maintaining green building certifications with the support of our ESG Committee. The Committee initiates feasibility studies and provides support to the property teams to meet certification requirements and performance objectives. BREEAM is the preferred certification of choice. BREEAM (Building Research Establishment Environmental Method) is a sustainability assessment method that is used to assess the environmental performance of buildings.

### KEY 2019 ACHIEVEMENTS

- Awarded BREEAM Excellent at our Herne Hill property;
- In September 2019, Shurgard Park Royal achieved BREEAM Outstanding.

### FUTURE ACTIONS

- Increase green building certification coverage;
- Report on the % coverage of BREEAM certification across the portfolio.

The table shows the number of sustainability certified buildings. Applicable properties refers to the floor area of the properties within our organizational boundaries for this indicator. This number has increased by 400%, which reflects our commitment to certification. Alongside the Excellent and Outstanding classifications reported above, three of our buildings achieved a BREEAM rating of Very Good, and a further 15 achieved a Good BREEAM certification.

SUSTAINABILITY CERTIFIED BUILDINGS		Total sustainability certified assets		
EPRA Code	Indicator	2018	2019	% Change
	Number of certified assets	5	25	400%
Cert-tot	Certified area (m <sup>2</sup> )	46,987 m <sup>2</sup>	211,967 m <sup>2</sup>	350%
	Certified area, share of total portfolio (%)	2.7%	12.0%	345%

## ENVIRONMENTAL MANAGEMENT SYSTEM

*Better risk control and asset decisions through management systems*

We believe that using an Environmental Management System (EMS) supports better results. Shurgard's EMS has been established to align with the International Standards Organization (ISO) 14001 standard, which is an internationally recognized approach to environmental management. The key elements of our strategy include:

1. Plan: The results of our materiality review, together with asset level risk and opportunity analysis, are used to develop control procedures, objectives and targets, with the overall objective of achieving continual improvement.
2. Implement: We implement improvement programs in conjunction with our local partners and suppliers.
3. Monitor and Measure: We use a variety of approaches to monitor and measure ESG performance. Performance is tracked on a regular basis.
4. Review: We complete regular progress reviews. This is a vital element of our approach and is designed to help ensure our approach is refined and improved. A further in depth annual review is also completed. We also use external methodologies, including GRESB, to benchmark our performance externally.
5. Reporting: We commit to reporting progress on an annual basis.

## OUR OBJECTIVES

- Develop an EMS with gradual alignment to ISO 14001;
- Develop a framework to assess sustainability risks at all assets – to address all key issues including energy, water, waste and flood risk.

## KEY 2019 ACHIEVEMENTS

- Evaluated our risks and control measures to maintain performance;
- Our contracts with our key suppliers have been revised to include environmental management controls.

## FUTURE ACTION

- Assess our suppliers to measure compliance with regulatory requirements.

## SOCIAL

### COMMUNITY ENHANCEMENT

#### *Enhancing communities through engagement and giving*

At Shurgard, to help enable meaningful action, we define community as our immediate neighbors and those in the local catchment areas surrounding our properties. We support and empower our community partners by focusing on building positive and lasting relationships and maintaining a sustainable operation. We believe that having an open and transparent dialogue with our local communities enables us to create a harmonious environment for our neighbors, customers and staff alike.

Compliance with local laws and regulations is paramount to the progress of our development projects, the sustainability of our operations and harmonious community environments. Hence, we consult our local councils, governments and regulators where necessary to verify that our obligations are met and that we are making a constructive contribution to the areas in which we operate.

All of our facilities (as well as our corporate offices) have time and financial budgets to provide in-kind support and sponsorship to our community partners, and this financial year they have continued to utilize these budgets to provide a positive contribution. In 2019 Shurgard spent €19,025 on community and charitable support, and we have committed a further €45,200 to good causes in 2020.

The effectiveness of our community engagement is continuously being reviewed and adjusted to ensure that we sufficiently address community interest and opportunities.

#### OUR OBJECTIVE

- Establish a community and charitable engagement policy.

#### KEY 2019 ACHIEVEMENTS

- Free unit rentals across Sweden and Denmark for Team Rynkeby, a Nordic charity cycling team. In 2019, Team Rynkeby donated €10.6 million to organizations that help children with critical illnesses;
- In March 2019, our Romford center donated cardboard boxes for a YMCA charity sleep-out;
- During our recent Herne Hill development, Shurgard supported ten local members of the community to gain construction qualifications and related work placements on site. Artwork from the local community was also displayed on the construction hoardings;
- In December 2019, our London Development team donated items to the local homeless, including sleeping bags and mats;
- Free unit rentals in 19 Dutch properties as well as hosting collection points for baby items for redistribution where required (<https://stichtingbabyspullen.nl/>);
- We made a donation to a charity to benefit the community of Croydon Purley Way.

#### FUTURE ACTIONS

- Installation of community noticeboards across UK properties for the benefit of free advertisements for local events and businesses;
- Continue to work in all of our countries to establish meaningful relationships with local charities and organizations.

## EMPLOYEE ENGAGEMENT

*Engaged employees are our competitive advantage*

We operate a highly centralized business model, with effective controls and frameworks to empower our workforce. We place a high degree of trust and authority in our center teams and operational management to run each property and region with support and oversight from our head office. Shurgard is passionate about creating excellent workplaces characterized by optimal organizational health, wellbeing and productivity of our employees. We pride ourselves on our core values of teamwork, care and excellence. Our policies and programs are designed to make employee working life productive and rewarding. We foster an open, supportive, diverse and inclusive culture. We regularly monitor and evaluate our performance in this regard.

Shurgard launched a Company survey for all employees, as we believe that feedback enables us to strive to improve employees' well-being and thus the Company's performance. The results showed that:

- 92% of our employees have a clear understanding of what is expected of them;
- 82% of our employees feel that they are treated with respect at work;
- 80% of our employees believe that their manager encourages collaboration on their team.

### KEY 2019 ACHIEVEMENT

- 67% of employees (484) participated in the Company survey.

### FUTURE ACTION

- Implement action plans following the results of the Company survey.

New Hires and Turnover			2018		2019	
EPRA Code	Units of Measure	Indicator	Number	Rate	Number	Rate
Emp-Turnover	Total number and rate	New employee hires	293	40.0%	312	43.0%
		Employee turnover	251	34.0%	300	41.0%

## EMPLOYEE DEVELOPMENT

*Shurgard supports skills development and lifelong learning*

We believe the quality of customers' interaction with our employees is critical to our long-term continued success. Accordingly, we emphasize customer service and teamwork in our employee training programs. Each in-store employee is required to complete a rigorous three-month training program that builds on the foundation to assist our customers with their storage needs. European Support Center employees are also engaged in an extensive induction program which lasts several weeks. We offer a continuous feedback program to help employees improve their performance. We invest in a wide range of training to grow both professional skills as well as soft skills, such as communication, problem-solving and time management.

The Shurgard Academy was launched in 2018 to enable us to attract, retain and train top talents within our stores. The Academy provides a transparent program of progression which empowers our employees to develop throughout their careers. The Academy ensures a structured process of career progression, from Junior Assistant Store Manager to Senior Store Manager and District Trainer.

### OUR OBJECTIVES

- Keep rolling-out the Shurgard Academy program;
- Develop further sustainability training programs for our employees.

**KEY 2019 ACHIEVEMENT**

- In 2019, 527 employees underwent Academy training, representing 91.0% of the store workforce.

**FUTURE ACTION**

- Develop further sustainability training programs for our employees.

**Employee Training, Development and Performance**

EPRA Code	Units of Measure	Indicator	2018	2019	
Emp-Training	Average number of hours	Employee training and development	Average hours of training undertaken by employees in the reporting period	44,146	42,266 <sup>1</sup>
Emp-Dev	% of total workforce	Employee performance appraisals	% of total employees who received regular performance and career development reviews during the reporting period	75.2%	87.3% <sup>2</sup>

<sup>1</sup> Small decrease due to a slight decrease in the number of employees and of employees who had previously completed training.

<sup>2</sup> Employees undertaking their six week induction training do not undergo performance appraisals.

**DIVERSITY & INCLUSION**

*Shurgard reflects and welcomes the diverse communities we serve*

Shurgard is committed to an inclusive workplace that embraces and promotes human rights, diversity and equal opportunity. The success of Shurgard relies on its ability to attract, engage and retain the best staff available. For this to occur, we understand that our recruitment and promotion methods must be fair, efficient and effective. We value, respect and leverage the unique contributions of people with diverse backgrounds and perspectives to enhance our understanding of the needs of our customers. We believe that this encourages innovative solutions and exceptional customer service to an equally diverse community. Our commitment to creating and ensuring a diverse work environment contributes to Shurgard's corporate objectives and embeds the importance and value of diversity within the culture of our organization.

Shurgard aims to create an inclusive environment that supports people and removes artificial barriers from the workplace. Shurgard is committed to maintaining a workplace that is free from discrimination and human rights violations. Recruitment, selection and promotion of individuals into specific positions or for development opportunities are determined on personal/professional merit. All employees are subject to the same rules and conditions of employment without regard for any individual differences. Shurgard established reporting procedures about any harassment, discrimination and human rights violations that ensure protection of the whistleblower. All employees are informed about these procedures. Training for all staff on sexual harassment and discrimination occurs at induction and is refreshed on a regular basis.

**OUR OBJECTIVE**

- Continue to empower gender equality.

**KEY 2019 ACHIEVEMENT**

- Integrated ESG criteria into our procurement process.

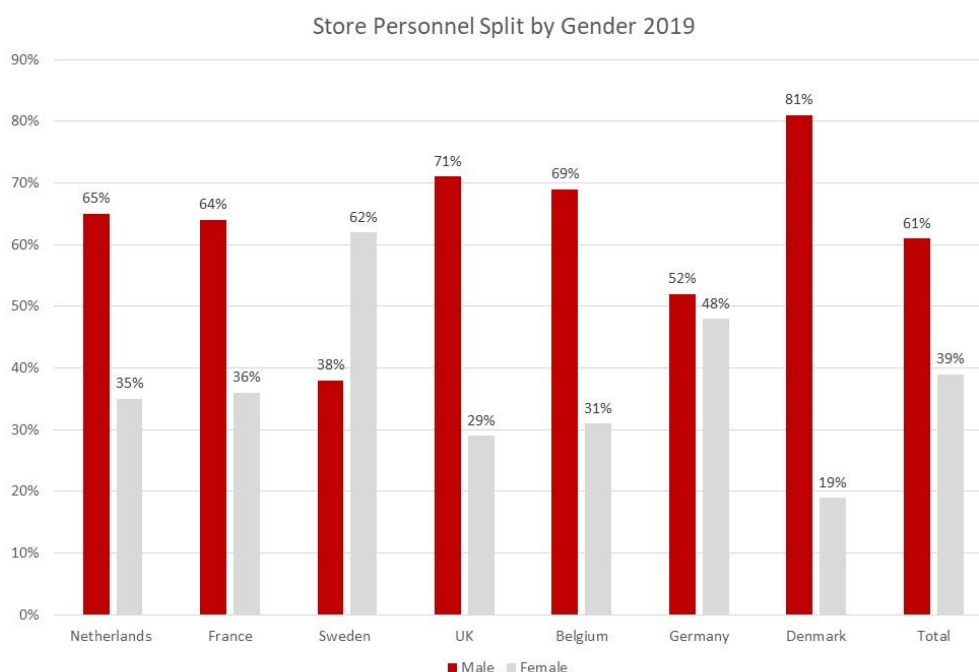
**FUTURE ACTIONS**

- Continue to strive for equality and diversity;
- Create a diversity and inclusion policy;
- Integrate more specific diversity factors into our procurement process.

Employee Gender Diversity			2018		2019	
EPRA Code	Units of Measure	Indicator	Female	Male	Female	Male
Diversity-Emp	% of male & female employees	Employees on the organization's Board of Directors	27.3%	72.7%	27.3%	72.7%
		Employees in the organization's Senior Management	0.0%	100.0%	0.0%	100.0%
		Employees in the organization engaged as Senior Managers	32.0%	68.0%	37.0%	63.0%
		All other employees	39.0%	61.0%	39.0%	61.0%

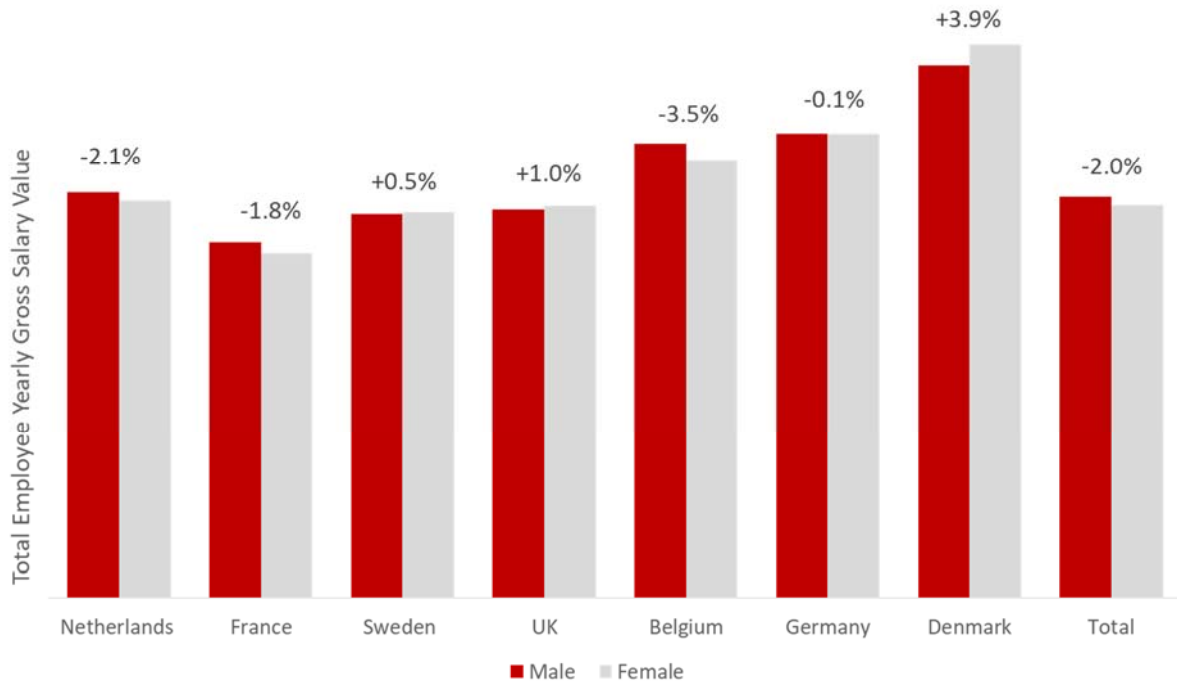
Employee Gender Pay Ratio in stores				
EPRA Code	Units of Measure	Indicator	2018	2019
			Mean	Mean
Diversity-Pay	Gender Pay Ratio (%)	Gender Pay Gap	0.3%	-2.0%

Within our stores, we foster an inclusive culture which engages with all potential candidates. The outcome of this culture is a good gender balance in our stores, which employ 80% of the total Shurgard personnel. Within stores across our seven operating countries, the gender split is 61.0% male and 39.0% female. In 2018, the gender split was 62.0% male and 38.0% and female.



The gender split for our European Support Center employees is 52.0% male and 48.0% female in 2019 and was 55.0% male and 45.0% female in 2018.

### Store Personnel Average Salary in 2019



The gender pay difference for store personnel is marginal across our different operating countries. The total difference is 2.0% (in favor of male personnel) across all geographies which reflects a range between -3.9% and 1.0%. The slight decrease compared to 2018 is mainly due to a higher turnover in the female staff with more years of seniority.

### WORKPLACE HEALTH & SAFETY

*Shurgard is committed to zero harm*

The safety of our staff and our customers is our chief priority. Safe practices are inherent in our systems, our operating procedures, and most importantly in the way we think and act. Shurgard is committed to providing a safe environment for our staff and customers. We regularly monitor, assess, evaluate and we continuously improve our approach to workplace health & safety. A workplace health & safety organizational induction is provided to all new team members and contractors upon initial employment or engagement with Shurgard.

Regular periodic training is conducted with all team members, in addition to instances of changes to workplace or operations; plant or equipment; legislation, policies, work processes or processes, and generally as required. Furthermore, task-specific training is conducted to provide knowledge of health & safety issues and safe working practices relevant to work activities, workplaces or equipment. Training is hands-on and interactive, to ensure complete understanding of procedures. Records of training conducted and participation and acknowledgment of training by team members are kept in an online learning management system or filed with the human resources department. An improvement in our work accidents frequency rate is testament to the systems, processes, initiatives and buy in from all staff.

The Shurgard Group has an internal audit department fully dedicated to assessing all assets, including health & safety criteria. They manage every year to assess more than a third of the properties and all of our districts, to ensure



that all applicable health & safety rules are respected. Shurgard is fully committed to providing safe storage facilities to our customers and our staff.

#### KEY 2019 ACHIEVEMENT

- 83 properties, in 33 districts, in our seven active countries have been audited on health & safety criteria.

#### FUTURE ACTIONS

- In 2020 implement a new check list for the internal audit of properties, including more health & safety criteria;
- Continue to enhance the safety culture at Shurgard.

#### Asset Health & Safety assessments and compliance

EPRA Code	Units of Measure	Indicator	2018	2019	
H&S-Assets	% of assets	Asset health & safety assessments	% of assets for which H&S impacts are assessed or reviewed	37%	35.5%
H&S-Comp	Total number	Asset health & safety compliance	Number of incidents of non-compliance with regulations and/or voluntary standards	N/A	N/A

#### Employee health & safety

EPRA Code	Units of Measure	Indicator	2018	2019
H&S-Emp	Per 100,000 hours worked	Injury rate	0.003%	0.002%
		Lost day rate	0.093%	0.037%
	Days per employee	Absentee rate	4.1%	4.2%
	Total number	Fatalities	0%	0%

#### CUSTOMER ENGAGEMENT

##### *Shurgard puts service excellence first*

Delivering excellent customer service is central to the Shurgard ethos and we view it as a key competitive advantage. We are committed to understanding our customers' needs, providing tailored storage solutions and delivering on our brand promise. Our focus on customer engagement and insights informs our customer experience strategy which aims to deliver superior experiences and in turn, drive retention and referrals.

Our policies and procedures are designed to protect the health, safety and privacy of our customers. We monitor and assess these programs which are updated regularly based on our learnings.

Around 80% of the Shurgard customer base are residential customers whose storage needs range from short term due to moving house, renovating or simply needing more room, through to long-term needs for collectibles or hobbies. The remainder of the Shurgard customer base are businesses, from online retailers or local businesses through to multi-national companies requiring a distribution network.

We define four overarching demand drivers for self storage: demographic, socioeconomic, housing markets and business markets. Changes in these drivers and market conditions influence the demand for self storage and in turn our operating business.

Demographic Drivers	Socioeconomic drivers	Housing market drivers	Business market drivers
Marriage/Moving in together	Urbanization	Housing construction	Growth in online retailing
Divorce	Ageing population	Renovations	Optimizing existing office/warehouse space
Birth/Growing families	Change of life events	Housing sale activity	On-premise storage costs
Death/estate management	Long-term travel	Rental market volumes	Decentralization of stock and point of sale distribution network
	Expatriate and grey nomad lifestyle		

#### KEY 2019 ACHIEVEMENTS

- In the Feefo Trusted Awards 2020 (appertaining to 2019), for the Netherlands, we won a Gold Trusted Award. For all other markets, we won Platinum Trusted Awards, recognition for receiving a Gold Trusted Service Award for three consecutive years;
- Over the past year, over 5,000 reviews have been collected using Feefo, the online review platform which guarantees genuine feedback. Across Europe, we score an average of 4.6 out of 5 stars;
- Since 2013, over 2,300 independent customer reviews have been collected on TrustPilot with more than 81% rating their experience 'great' and 'excellent';
- In the UK, we have dedicated units on the ground floor for customers with limited accessibility.

#### FUTURE ACTION

- Continue to seek customer feedback through Feefo and seek improvement opportunities at each property.

## SUSTAINABLE PROCUREMENT

*Shurgard is committed to sourcing sustainable goods and services*

We commit to working with appointed partners, suppliers and contractors to improve environmental performance through our supply chain and ensure that they are free from slavery or human trafficking.

To drive positive change, we ask our suppliers strategic questions and evaluate different options using a wider variety of criteria. Sustainable procurement means going beyond price, quality, and value to also incorporate environmental, social (especially human rights, anti-slavery and human trafficking) and governance considerations into our supply-chain decisions and purchases. Our sustainable procurement strategy contributes to local communities and, by buying locally, helps reduce negative social, environmental and health impacts, by notably promoting high labor standards and local job creation.

As part of our sustainable procurement strategy, Shurgard:

- Considers environmental, social and economic life-cycle factors when purchasing goods and services;
- Aims to suggest more and more sustainable merchandise to our customers;
- Provides our employees and suppliers with knowledge and resources about sustainable procurement principles;
- Reviews human rights and modern slavery risks throughout the supply chain.

We continually look for opportunities to increase dialogue and improve understanding, both internally and externally, on sustainable sourcing. Strategies include addressing sustainability-specific requirements in our standard procurement agreements and our partners are required to confirm that they comply with such requirements. Within all our contracts we have clauses to mitigate bribery and corruption, offenses to human rights and modern slavery. During the construction phase, we randomly conduct environmental and social audits on site.

### OUR OBJECTIVE

- Continue to develop supply chain engagement frameworks.

### KEY 2019 ACHIEVEMENTS

- In 2019, we established our anti-slavery, human trafficking and child labor statement; publicly available at <https://corporate.shurgard.eu/corporate-responsibility/policy>;
- Flyers are printed on recycled paper and storage boxes sold are made from Forest Stewardship Council (FSC) accredited cardboard;
- The bubble wrap sold in our properties has been certified under European Union REACH regulation.

### FUTURE ACTIONS

- Our ongoing commitment is to continue to require our supply chain to confirm their approach on anti-bribery and corruption, modern slavery and diversity and inclusion. We will keep performance of our key supplies (identified by turnover) under annual review;
- Bubble wrap procured from 2020 will be made from recycled plastic;
- From 2020, we will change the plastic bag, handed to new clients for contract and other documents, to a paper envelope;
- From the first quarter of 2020, the mattress protectors we sell will be environmentally certified.

## INVESTOR ENGAGEMENT

*Feedback focuses Shurgard on the right priorities*

GRESB is the Global Real Estate Sustainability Benchmark. It is an investor driven scheme that benchmarks environmental, social and governance performance of real estate entities (<https://gresb.com/>). The GRESB benchmark informs our investor community of our ESG performance, our approach to such, risk management protocols and a range of other indicators to verify that our business is 'sustainable'.

Our executive team runs a program of face-to-face investor engagement activities including annual and quarterly reporting cycles and attend investor events across Europe.

### OUR OBJECTIVE

- Participate in GRESB and work to improve scores year-on-year.

### KEY 2019 ACHIEVEMENT

- Awarded a Green Star in GRESB 2019 results, a score of 60 out of 100; 2<sup>nd</sup> out of our peer group.

### FUTURE ACTION

- Aim for year-on-year GRESB score improvement.

## ANTI-CORRUPTION AND ANTI-BRIBERY

Shurgard complies with the anti-corruption and anti-bribery laws of the countries in which it does business. Employees undergo training to ensure they are compliant.

We do not directly or indirectly offer or give anything of value to any government official, including employees of state-owned enterprises, to influence any act or decision that may help us get or retain business or to direct business to anyone.

Shurgard also requires that any agents we engage to conduct business on our behalf are reputable and that they comply with these guidelines.

## GOVERNANCE

### *A principles foundation for long-term success*

Shurgard believes that, in the achievement of our long-term objectives, it is imperative to act with probity, transparency and accountability. By doing so, we believe that shareholder wealth will be maximized in the long term and that our employees, those with whom we do business, and the communities in which we operate will all benefit.

As a Luxembourg Société Anonyme whose shares are exclusively listed on Euronext Brussels, Shurgard is not required to adhere to the Luxembourg corporate governance regime applicable to companies that are traded in Luxembourg, or to the Belgian corporate governance regime applicable to stock corporations organized in Belgium.

However, as we recognize the importance of high standards of corporate governance, we have set up our own Corporate Governance Charter that meets the specific needs and interests of our Company. The charter came into effect when the Company listed on Euronext Brussels. Our governance structure is designed to foster principled actions, informed and effective decision-making, and appropriate monitoring of both compliance and performance.

For additional information, please refer to the Corporate Governance Charter in the "Governance" section of the Shurgard website <https://corporate.shurgard.eu>. The last update of the Corporate Governance Charter occurred on October 3, 2019.

The governing bodies of our Company are the Board of Directors and the General Shareholders' Meeting. The powers of these governing bodies are defined in the 1915 Companies Act and our Articles of Association. The Board together with the Senior Management team manages the Company in accordance with applicable laws.

### OUR OBJECTIVES

- Review and, where appropriate, update our existing corporate governance charter;
- Report on sustainability programs through EPRA compliant approaches.

### KEY 2019 ACHIEVEMENTS

- Reviewed our Committees rules;
- Successfully held our first AGM in April 2019;
- Reported on our sustainability programs within this report, via an EPRA compliant approach.

### FUTURE ACTIONS

- Review our whistle-blowing policy and procedure to follow best practice;
- Maintaining a high level of corporate governance and transparency by reporting in accordance with EPRA guidelines and evaluating progress through GRESB assessments

## BOARD OF DIRECTORS

According to our Articles of Association, the Directors are appointed by the General Meeting of Shareholders for a term of one year. The General Shareholders' Meeting also determines the number of members of the Board of Directors, and the terms of their office (which may not exceed one year). The Directors are eligible for reelection and they can be removed at any time by the General Meeting of Shareholders, with or without cause. If the Board has a vacancy, the remaining Directors have the right to appoint a replacement until the next General Shareholders' Meeting.

The Board of Directors is currently composed of eleven members, one Executive Director and ten Non-Executive Directors. We consider six of the members of our Board of Directors to be independent, of which one has been

appointed Lead Independent Director. At the Annual General Meeting of Shareholders of April 30, 2019, all the members of the Board were re-appointed for a term of one year ending at the Company's Annual General Meeting of Shareholders to be held in 2020.

For more detailed information on the composition of the Board of Directors, see section "Management" on page 22 of this report.

#### Composition of the highest governance body

EPRA Code	Units of Measure	Indicator	2018	2019	
Gov-Board	Total numbers	Composition of the Board of Directors	Number of board members	11	11
			Number of independent board members	6	6
			Average tenure on the governance body	0.25 year <sup>1</sup>	1.25 year <sup>1</sup>
			Number of non-executive board members with competencies relating to environmental and social topics	10	10 <sup>2</sup>

<sup>1</sup> The average tenure reflects the fact that the Company has been listed since October 2018.

<sup>2</sup> We consider that all the Non-Executive Board members have competencies related to environmental and social topics, through academic and professional backgrounds, and/or charities work.

## RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of Directors retains sole responsibility for the following matters:

- a) convene the general meeting of shareholders of the Company;
- b) establish the internal regulations of governance of the Company;
- c) elect the members of the Audit Committee, the Nomination and Remuneration Committee and the Real Estate Investment Committee;
- d) appoint and remove the CEO of the Company;
- e) delegate the day-to-day management of the Company to the CEO;
- f) appoint and remove the other executive board members when their appointment or removal is proposed by the CEO;
- g) approve the overall Company strategy;
- h) approve the annual overall Company budget;
- i) approve the annual balance sheet and profit and loss accounts and propose an allocation of the annual profits;
- j) approve any acquisition or disposal of assets, properties or subsidiaries worth more than €50 million; and
- k) decide on a Company basis on the introduction or major amendments of pension schemes, share option schemes, participation of employees in profits, or similarly important labor relations schemes.

## BOARD MEETINGS

The Board of Directors meets as often as the interests of the Company require and at least four times a year. The meetings are called by the Chairman of the Board. Except in urgent cases or with the prior consent of all the Directors, at least forty-eight hours' written notice must be given for Board meetings.

The Chairman prepares the agenda of the Board meetings after consultation with the CEO and/or the Lead Independent Director.

The Chairman presides at meetings of the Board. If he is absent the Board can vote by majority to appoint another Director as Chairman for the relevant meeting. At least half of the Directors must be present at the meeting for any deliberation and voting to be valid. No Directors can be represented by another Director at any meeting of the Board.

The convening notice provides details of the day, time and place of the Board meetings. The Board and its committee meetings are conducted in English and can be held remotely (e.g. by video or telephone conference). In these circumstances, the connection must be uninterrupted, all members taking part in the meeting must be identified, and they must be able to communicate with each other on a continuous basis.

During the financial year 2019, the Board of Directors held five meetings. All members of the Board were present at these meetings. Over the year, the Board members assessed the way the Board operates, the effective fulfilment of its role and its compliance with the rules of good governance. The Board members consider that the available tools, organization and policies in place are adequate to perform their role and to ensure good governance of the Company. Thus, no change has been requested.

#### DIRECTORSHIPS HELD BY BOARD MEMBERS

As of December 31, 2019, our Board members held directorship mandates in the following companies:

Name	Mandates
Ronald L. Havner, Jr.	Public Storage, PS Business Parks, Inc., AvalonBay Communities, Inc., Huntington Hospital
Marc Oursin	Triangle Investissement, Ugly Invest
Z. Jamie Behar	Sunstone Hotel Investors, Inc., Armour Residential REIT, Inc., Broadstone Real Estate Access Fund, Broadtree Residential, Inc., Puppies Behind Bars
John Carrafiell	Klépierre, Yale School of Architecture Dean's Council, London's Chelsea and Westminster Hospital's Development Board
Daniel C. Staton	Public Storage, Staton Capital LLC, ARMOUR Residential REIT Inc, ACM, Terran Orbital
Ian Marcus	Secure Income REIT PLC, Town Centre Securities plc, Prince's Foundation, Redevco NV, the Wharton Business School Real Estate Faculty, Cambridge University Land Society, Ian Marcus Consultants, Limited, The Crown Estate, Eastdil Secured LLP
Muriel De Lathouwer	CFE, Coderdojo Belgium asbl, Amoobi, Olympia group of companies, CPH
Olivier Faujour	Smartbox Group
Frank Fiskers	Whitbread PLC, Rak hospitality holding LLC
Padraig McCarthy	NewSpace Capital Partners GP S.A, NewSpace Capital Partners SCS, NewSpace Capital GP S.A.
Isabelle Moins	April International Care France, Smile Corp (SAS), Innovaas

#### SHARE OWNERSHIPS OF DIRECTORS

As of December 31, 2019, the members of the Board of Directors owned 178,041 shares or 0.20% of the total share capital of the Company. The breakdown of share ownership is:

<b>Name</b>	<b>Number of shares</b>
Ronald L. Havner, Jr.	10,000
Marc Oursin	138,092
Z. Jamie Behar	1,901
John Carrafiell	N/A
Muriel De Lathouwer	2,639
Olivier Faujour	4,347
Frank Fiskers	4,347
Ian Marcus	2,515
Padraig McCarthy	N/A
Isabelle Moins	1,700
Daniel C. Staton	12,500
<b>Total</b>	<b>178,041</b>

### INDEPENDENCE OF BOARD MEMBERS

Six of the Non-Executive directors – Muriel De Lathouwer, Olivier Faujour, Frank Fiskers, Ian Marcus, Padraig McCarthy and Isabelle Moins – are independent of management and of other outside interests that might interfere with the exercise of their independent judgement. We define an “independent Board member” as a member who:

- a) is not an executive or managing director of the Company or an associated company;
- b) is not an employee of the Company or an associated company;
- c) does not receive significant additional remuneration from the Company or an associated company apart from a fee received as Non-Executive Director;
- d) does not have an employee, contractual or managerial relationship with, is not an agent of, nor has a financial interest in or receive compensation from, the controlling shareholder(s) (i.e. a strategic shareholder with a 10.0% or larger holding);
- e) has no significant business relationship with the Company. Business relationships include significant suppliers of goods or services (including financial, legal, advisory or consulting services), a significant customer and organizations that receive significant contributions from the Company or Group;
- f) is not a partner or employee of the external auditor of the Company or an associated company;
- g) is not an executive or managing director in another company in which an executive or managing director of the Company is a non-executive or supervisory director, and does not have other significant links with executive directors of the Company through involvement in other companies or bodies; and
- h) is not a close family member of an executive or managing director, or of persons in the situations referred to in points (a) to (h).



## DIVERSITY OF BOARD MEMBERS

Shurgard is committed to achieving a high degree of diversity at all levels of the Company. We recognize diversity enhancing qualities such as age, gender, race, ethnicity, geography, sexual orientation, gender identity and diverse backgrounds. This commitment to diversity also extends to the Company's Board. Our Board reflects diverse perspectives, including a complementary mix of skills, experience and backgrounds, which we believe is paramount to the Company's ability to represent the interests of all shareholders. As disclosed above, 30.0% of the Non-Executive Board members are women. In addition, six nationalities are represented on the Board of Directors which allows for an enriching cultural exchange.

The Board members have many different skills and backgrounds: three-quarters of the directors have extensive management and finance experiences and seven directors have strong knowledge in real-estate, including self storage. The Board profiles are also complemented by skills in marketing, engineering and insurance. To enhance self-storage knowledge and corporate governance skills, the members of the Board take part in ongoing training provided by the Company.

## COMMITTEES OF THE BOARD

The Board of Directors has set up the following committees, each of which is governed by internal rules and regulations approved by the Board:

- the Audit Committee;
- the Nomination and Remuneration Committee; and
- the Real Estate Investment Committee

The Board of Directors can amend or rescind the powers delegated to each of the committees and amend the internal rules and regulations to which the committee is subject.

According to their internal rules and regulations, each of the committees convenes at appropriate times and whenever required by our affairs. The meetings are called by the chair or by two members acting jointly. The meetings of the committee are held in the Grand Duchy of Luxembourg or at other places indicated on the convening notice. Except in urgent cases or for regularly scheduled meetings, the meetings of the committee are announced in writing at least 48 hours in advance. This notice can be waived if each member of the committee provides documented consent. Meetings previously scheduled by the committee do not require a separate notice. Members of the committee can participate in a meeting remotely by conference call or video-conference. Remote participation is equivalent to a physical presence at the meeting. At least half of the committee members present or represented at a committee meeting constitutes a quorum, and resolutions are adopted by a simple majority vote of the committee members present or represented. In case of a tie, the resolution will not be approved. The committee provides periodic reports to the Board of Directors and assesses its own effectiveness annually.

## AUDIT COMMITTEE

The Audit Committee is responsible for all matters set forth in the Luxembourg law of July 23, 2016 on the audit profession, as amended (the "Audit Act"), the Audit Committee should, in particular, perform the following activities:

- a) inform the Board of Directors of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and what the role of the audit committee was in that process;
- b) monitor the financial reporting drawing-up process and submit recommendations or proposals to ensure its integrity;

- c) monitor the effectiveness of our internal quality control and risk management systems and, where applicable, its internal audit, regarding our financial reporting, without breaching its independence;
- d) monitor the statutory audit of the annual and consolidated financial statements, in particular its performance, taking into account any findings and conclusions by the Commission de Surveillance du Secteur Financier ("CSSF", the Luxembourgish finance regulator) pursuant to Article 26(6) of Regulation (EU) No 537/2014;
- e) review and monitor the independence of the approved statutory auditor(s) (réviseur(s) d'entreprises agréé(s)), in particular the appropriateness of the provision of non-audit services to the audited entity in accordance with Article 5 of Regulation (EU) No 537/2014;
- f) be responsible for the selection of the approved statutory auditor(s) (réviseur(s) d'entreprises agréé(s)) and recommend the approved statutory auditor(s) (réviseur(s) d'entreprises agréé(s)) for approval by the Company's shareholders except when Article 16(8) of Regulation (EU) No 537/2014 is applied.

At least one member of the Audit Committee should be competent in accounting and/or auditing. The Audit Committee members as a whole should be competent in the relevant sector in which we are operating. A majority of the members of the Audit Committee should be independent of the Company. The chair of the Audit Committee should be appointed by its members and should also be independent of the Company.

As of December 31, 2019, the Audit Committee consisted of four members: Pdraig McCarthy (chair), Jamie Behar, Isabelle Moins and Muriel de Lathouwer. Pdraig McCarthy, Isabelle Moins and Muriel de Lathouwer are considered independent Board members. Pdraig McCarthy, Jamie Behar and Muriel de Lathouwer have a special competence in accounting and/or auditing in listed companies. Three of the four members of the Audit Committee are independent, which ensures good governance and nonpartisan decision-making. Non-independent director Jamie Behar has been appointed to the Audit Committee due to her renowned academic knowledge in finance and ten years of senior experience in real-estate investment.

During the financial year 2019, the Audit Committee held five meetings, where all committee members were present.

At their meeting of August 12, 2019, the members of the Audit Committee adopted a policy wherein the Audit Committee must pre-approve non-audit services provided to the Company and/or any subsidiary entity by the Company's statutory auditor. The purpose of this policy is to ensure transparency when providing non-prohibited non-audit services by the Company's statutory auditor.

Over the year, the Audit Committee members assessed the way the Committee operates, the effective fulfilment of its role, its rules, and the policies and tools available. The committee members consider these adequate to perform their role and to ensure good governance of the Company. Thus, no change has been requested.

## **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee is responsible for the following matters:

- a) the review and approval of corporate goals and objectives relevant to the Senior Management's compensation, and the evaluation of their performance related to these goals;
- b) making recommendations to the Board on incentive compensation plans and equity-based plans;
- c) submitting proposals to the Board on the remuneration of members of the Senior Management;
- d) making recommendations to the Board on the Company's framework of remuneration for Senior Management and other members of the executive management, and assisting the Board in drawing up the remuneration policy of the Company;

- e) identifying candidates qualified to serve as members of the Board and executive officers;
- f) recommending candidates to the Board for appointment by the General Meeting or for appointment by the Board to fill interim vacancies on the Board;
- g) facilitating the evaluation of the Board and reporting to the Board on all matters relating to remuneration (including, for example, on internal pay disparity);
- h) preparing a remuneration report (which should contain, among others, disclosure on the remuneration of each executive officer) and which should be submitted to the annual Shareholders' Meeting for an advisory vote;
- i) submitting a list of candidates to the Board on the appointment of new directors and Senior Management;
- j) assessing the existing and required skills, knowledge and experience for any post to be filled and preparing a description of the role, together with the skills, knowledge and experience required;
- k) making an assessment about the independence of candidate directors; and
- l) assessing, together with the CEO, the way in which the Senior Management operates and the performance of its members at least once a year.

The Nomination and Remuneration Committee members should be competent in the relevant sector in which they are operating. The Committee is composed of independent Directors and Non-Executive Directors of the Board of Directors.

As of December 31, 2019, the Nomination and Remuneration Committee consisted of five members: Frank Fiskers (chair), Muriel De Lathouwer, Ian Marcus, Pdraig McCarthy and Olivier Faujour, all of whom are considered independent Board members.

During the financial year 2019, the Nomination and Remuneration Committee held four meetings where all committee members were present.

Over the year, the members of the Nomination and Remuneration Committee assessed the way the Committee operates, the effective fulfilment of its role and compliance with the rules of good governance. The Committee members consider that the available tools, organization and policies in place are adequate to perform their role and to ensure a good governance of the Company. Thus, no change has been requested.

#### **REAL ESTATE INVESTMENT COMMITTEE**

The Real Estate Investment Committee is authorized by the Board to review and approve all acquisitions or disposal of assets, properties or subsidiaries under €50 million.

As of December 31, 2019, the Real Estate Investment Committee consisted of six members: Jamie Behar (chair), Olivier Faujour, Frank Fiskers, Daniel C. Staton, Ian Marcus and John Carrafiell. Olivier Faujour and Frank Fiskers are considered independent Board members.

During the financial year 2019, the Real Estate Investment Committee held six meetings, where all committee members were present.

Over the year, the members of the Real Estate Investment Committee assessed the way the Committee operates, the effective fulfilment of its role and compliance with the rules of good governance. The Committee members consider that the available tools, organization and policies in place are adequate to perform their role and to ensure a good governance of the Company. Thus, no change has been requested.

## SENIOR MANAGEMENT

The Senior Management of the Group is made up of five members, who hold their positions through employment contracts with entities of the Group, except for the CEO who has a management agreement and who is appointed and may be removed by the Board of Directors.

For more detailed information on the composition of the Board of Directors, see section "Management" of this report on page 23.

The Board of Directors has delegated the daily management of the business to the CEO. He has the authority to represent the Board, as well as a number of ancillary specific powers. In addition, the CEO has been granted powers to approve any development or refurbishment of real estate assets.

## DIRECTORSHIPS HELD BY SENIOR MANAGEMENT

As of December 2019, the members of the Senior Management held directorship mandates in the following companies<sup>1</sup>:

Name	Mandates
Marc Oursin	Triangle Investissement, Ugly Invest
Jean Kreusch	Transforming Talent SPRL
Duncan Bell	Self-Storage Association UK (SSAUK)
Ammar Kharouf	/
Jean-Louis Reinalda	Tekto BV (NL)

<sup>1</sup> Members of the Senior Management also held directorship mandates in the Company's subsidiaries.

## SHARE OWNERSHIP OF THE MEMBERS OF SENIOR MANAGEMENT

As of December 31, 2019, the members of the Senior Management owned the following numbers of shares, adding up to 236,576 shares or 0.27% of the total share capital:

Name	Number of shares
Marc Oursin	138,092
Jean Kreusch	86,521
Duncan Bell	2,173
Ammar Kharouf	4,348
Jean-Louis Reinalda	4,902
<b>Total</b>	<b>236,576</b>

The Senior Management are requested to build up shareholdings in the Company proportional to their fixed compensation. This is 2.5 times the fixed compensation for the CEO, 2.0 times for the CFO and 1.5 times for the other Senior Management members. These shareholdings must be accumulated over five years following the IPO in October 2018.

## DIRECTORS' AND MANAGEMENT CONFLICTS OF INTEREST

Members of the Senior Management have employment agreements with an entity of the Group, other than the CEO who has a management contract. Certain members of the Senior Management also serve on the boards of various

Group companies. In addition, the CEO is a member of the Board of Directors of the Company. Therefore, conflicts of interest could arise for members of the Board of Directors and of Senior Management between their duties towards the Group, the relevant individual Group companies and their duties as members of the Board of Directors of the Company or as a member of Senior Management, respectively.

As of December 31, 2019, the following members of the Board of Directors are partners, directors, representatives and/or employees of Public Storage or an affiliate thereof: Ronald L. Havner, Jr. and Daniel C. Staton. Jamie Behar and John Carrafiell are members of the Board of Directors elected on the designation of our shareholder New York State Common Retirement Fund. Apart from these potential conflicts of interest and the transactions and legal relations described in the section "Related Party Transactions", there are no other actual or potential conflicts of interest between the obligations of the members of the Board of Directors or Senior Management toward the Company and their respective private interests or other obligations.

None of the Board members or members of the Senior Management are related to one another by blood or marriage. We have not granted any Board members or members of the Senior Management any loans, nor have we assumed any guarantees or sureties on their behalf.

Pursuant to the 1915 Companies Act, in the event that a member of the Board of Directors has a financial conflict of interest in any Company transaction submitted to the approval of the Board of Directors, they must inform the Board of Directors at that meeting and include a record of their statement in the minutes of the meeting. The member of the Board of Directors may not take part in the deliberations relating to that transaction and may not vote on the resolutions relating to that transaction. At the following General Shareholders' Meeting, before any other resolution is put to vote, a special report should be made on any transactions in which any of the directors may have had a conflict of interest with that of the Company.

### **ANNUAL GENERAL MEETING**

The Annual General Meeting of Shareholders must be held within six months following the end of the financial year at the place and on the day set by the Board of Directors. The Board of Directors can convene Extraordinary General Meetings as often as the Company's interests require. In accordance with the Luxembourg Company Law, a General Meeting of Shareholders must be convened on the request of one or more shareholders who together represent at least one tenth of the Company's capital.

The right of a shareholder to participate in a General Meeting and to exercise the voting rights attached to his shares are determined with respect to the shares held by such shareholder the 14th day before the General Meeting of Shareholders at 24 hours (Luxembourg time), which is known as the "Record Date". Each shareholder has the right to ask questions about the items on the agenda of a General Meeting of Shareholders. Each share entitles the holder to one vote. Each shareholder can exercise their voting rights in person, through a proxy holder, or by correspondence in advance of the General Meeting of Shareholders, by means of the form made available by the Company.

In the financial year 2019, the Annual General Meeting of Shareholders took place on April 30, 2019 (further information can be found on <https://corporate.shurgard.eu/investors/annual-general-assembly>).

### **STATUTORY AUDITOR**

During the financial year 2019, the Company's statutory auditor (réviseur d'entreprise agréé) was Ernst & Young S.A. Ernst & Young S.A., is registered with the CSSF as a cabinet de révision agréé and with the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés, Luxembourg) under number B47771. The registered office of Ernst & Young Luxembourg S.A. is 35E, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. Ernst & Young S.A. is a member of the Luxembourg body of registered auditors (Institut des Réviseurs

d'Entreprises). At the Annual General Meeting of Shareholders of April 30, 2019, Ernst & Young S.A. was re-appointed as independent auditor (*réviseur d'entreprises agréé*) of the Company for a term of one year ending at the Company's Annual General Meeting of Shareholders to be held in 2020.

Audit fees in 2019 were €617,179 for the audits of consolidated and statutory financial statements of the Company and its subsidiaries.

### EPRA PERFORMANCE MEASURES

Shurgard reports the Company's sustainability indicators based on EPRA's (European Public Real Estate Association) latest recommendations: Best Practice Recommendations on Sustainability Reporting, (sBPR), third version September 2017.

Shurgard reports sustainability indicators for all 25 of 28 of the EPRA sBPR Performance Measures. Indicators are reported for energy, greenhouse gas emissions, water, waste and the proportion of environmentally certified buildings, corporate governance and social aspects.

### EPRA OVERARCHING RECOMMENDATIONS

#### ORGANIZATIONAL BOUNDARY

Shurgard limits its report to properties controlled by Shurgard (operational control) in accordance with the principles of the Greenhouse Gas Protocol. Operational control has been chosen since it provides Shurgard with the best conditions for demonstrating statistics and data that Shurgard can directly influence.

#### COVERAGE

Shurgard works actively to access relevant data for the properties that Shurgard owns and manages. Having access to data is important to Shurgard, as the information creates conditions for efficient and sound technical management of the buildings. The proportion of properties included in each indicator is mentioned in connection with respective key indicators.

Shurgard does not have access to measurement data for all properties. In 2019, missing information is primarily accounted for by waste-removal. At the time of the report production, waste removal contractors were unable to provide statistics for all properties. Energy and water data is also affected by changes in the portfolio – i.e. recently purchased, sold and project properties – and this complicates access to relevant data. Shurgard constantly strives to access all relevant data as comprehensively as possible. We commit to reporting on progress annually.

#### ESTIMATIONS OF DATA

In order to meet Annual Report deadlines, all environmental data under measured indicators has been estimated for the last three months in 2019 i.e. October 1, 2019 to December 31, 2019. Estimation is based on the last three months of 2018, but takes asset changes into account.

#### THIRD PARTY VERIFICATION

Shurgard's Sustainability Report – in accordance with sustainability indicators according to the EPRA sBPR Performance Measures – has been verified by EVORA Global Ltd.

#### NORMALIZATION

Shurgard calculates energy intensity key ratios through dividing by the buildings' floor area. This is the most widely accepted method in Europe for a self-storage facility by which to compare energy utilization and resource consumption.

**SEGMENTAL ANALYSIS (BY PROPERTY TYPE, GEOGRAPHY)**

Shurgard operates a single property type, self-storage warehouses. Data is reported for this asset type only. We may choose to report environmental performance by geography in future years.

**DISCLOSURE ON OWN OFFICES**

Energy consumption for headquarters is included within total energy consumption, as the head office is located at the same location as a self-storage facility and uses a single energy supply.

**LOCATION OF EPRA SUSTAINABILITY PERFORMANCE IN COMPANIES' REPORTS**

This document is a supplement within the Annual Report, available on Shurgard's official website.

**REPORTING PERIOD**

Reporting for each year accounted for in the EPRA table refers to the calendar year, i.e. January 1, 2019 to December 31, 2019.

## INDEPENDENT REVIEW STATEMENT

EVORA Global Ltd. (EVORA) was engaged by Shurgard Self Storage S.A. (Shurgard) to conduct an independent review of selected ESG indicators disclosed within their Annual Report 2019 ("The Report"), for the year ended December 31, 2019, as published on the Company's website <https://corporate.shurgard.eu/>

### Scope and Basis of our opinion

Our review focused on the accuracy of energy, water, waste and greenhouse gas performance data included within this report. Data used within this report was collected by Shurgard and supplied to EVORA for review.

The following tasks were specifically performed during the verification of Shurgard's Greenhouse Gas Scope 1 and 2 emissions (Shurgard do not report scope 3 emissions):

- A review of documentation, data records and sources relating to GHG emissions assertions and claims;
- A review of the processes and tools used to collect, aggregate and report on all GHG data and information;
- An assessment of environmental information systems and controls, including:
  - Selection and management of all relevant GHG data and information;
  - Processes for collecting, processing, consolidating, and reporting the relevant environmental data and information;
  - Design and maintenance of the GHG information system;
  - Systems and processes that support the GHG information system;
- A sample based assessment of processes for generating, gathering and managing GHG data;
- Examination of all relevant environmental data and information to develop evidence for the assessment of the GHG claims and assertions made.

We have utilized ISO 14064-3 to inform development of our review process.

### Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Below EVORA set out the energy to carbon conversion factor sources used by Shurgard to calculate greenhouse gas emissions:

- Germany Gas: Process Record: Thermal Energy from Natural Gas. Last updated 2019
- UK electricity and gas conversion - UK Government - Greenhouse gas reporting: conversion factors 2018 and 2019
- All Other Gas: Covenant of Mayors for Climate and Energy: Default emission factors for local emission inventories
- Germany District Heating: Process Record: District Heating Mix. Last updated 2019.
- All other district heating system: Energy Star Portfolio Manager Greenhouse Gas Emissions, August 2019
- All other country electricity conversion factors: International Energy Agency IEA) - Emission Factors 2019



### **Performance Information**

Shurgard's reporting of performance including the disclosure of data is comprehensive and the indicators are disclosed in a balanced manner. Performance data is presented objectively, with clear and balanced representation of 2019 performance. In order to produce the report in a timely fashion, the data is actual to September 30, 2019, with estimates for the remainder of the year formulated, based on consumption during the period: October 1, 2018 to December 31, 2018.

Our review of GHG emissions, energy, waste, and water data presented in the report resulted in minimal technical errors being identified based on our sampling. These errors have been corrected for the final report. The systems for production and collation of these data appear, from our review, to be reliable and capable of producing complete and consistent data.

### **Conclusion**

Based on our analysis from the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's performance data for the year ended December 31, 2019 has not been prepared, in all material respects, diligently and accurately.

### **Shurgard's Responsibilities**

EVORA's review and verification engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. EVORA expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement. Shurgard is responsible for the preparation of the Report and for the information and statement contained within it. They are responsible for determining the ESG goals, performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

### **EVORA's responsibilities, independence and team competencies**

Our responsibility is to express a conclusion on the performance data for the year ended December 31, 2019.

We confirm to Shurgard that we have maintained our independence and objectivity, including the fact that there were no events or prohibited services provided which could impair that independence and objectivity in the provision of this engagement.

This report is made solely to Shurgard. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in a verification report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Shurgard for our work, for this report or the conclusions we have formed.

EVORA Global Limited  
London, United Kingdom  
January 2020

**PUBLISHER**

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**PHOTO**

Shurgard Self Storage S.A.