

Sustainability *continued*

Mandatory greenhouse gas (“GHG”) emissions reporting

This report was undertaken in accordance with the mandatory Greenhouse Gas (“GHG”) emissions reporting requirements outlined in the Companies Act for listed companies, which requires Safestore Holdings Plc (“Safestore”) to report on its Greenhouse Gas (“GHG”) emissions each financial year. This report contains our GHG disclosure for the 2018/19 financial year.

We have 122 stores in the UK and 28 stores in France. During the 2018/19 reporting period we purchased a new UK store at Heathrow; we also opened our Peterborough and Merry Hill stores, closed our Paddington Green and Leeds Central UK stores, and acquired one new French store in Pontoise. This report contains the following environmental data for all our stores which were operational at the beginning of the financial year: GHG emissions, electricity consumption, electricity transmission and distribution, gas consumption, water consumption, waste generation and business travel.

Methodology

Scope of analysis and data collection

Over 2018/19 we have collected primary data for all of our stores, including: building size (sq ft), electricity consumption (MWh), electricity transmission and distribution (MWh losses), gas consumption (MWh), water consumption (m³), waste generation (tonnes by waste disposal method) and business travel (mileage). We do not have any refrigerant leakage to report for any of our stores in the UK or France. All primary data used within this report is from 1 September 2018 to 31 August 2019, covering the same reporting period as last year. Where electricity, gas or water consumption data is not available or incomplete, we have estimated consumption based on the pro-rated average consumption per sq ft of lettable area of the stores where we have reliable data.

KPI selection and calculation

For the purposes of this report stationary energy use (electricity and gas consumption), water consumption, waste generation and business travel have been selected as the most appropriate key performance indicators (“KPIs”) for the Group. To ensure consistency in our reporting, particularly where there are differences between the UK and France, we are reporting all GHG emissions in units of CO₂e. We have used the 2019 GHG conversion factors published annually by Defra and BEIS with the exception of the French CO₂e conversion factors which are no longer published by Defra and BEIS. This is outlined in further detail at the end of this report.

GHG emissions scope

The Greenhouse Gas Protocol (“GHG Protocol”) differentiates between direct and indirect emissions using a classification system across three different scopes:

- **Scope 1 Emissions:** includes direct emissions from sources which Safestore owns or controls. This includes direct emissions from fuel combustion and industrial processes.
- **Scope 2 Emissions:** covers indirect emissions relating solely to the generation of purchased electricity that is consumed by the owned or controlled equipment or operations of Safestore.
- **Scope 3 Emissions:** covers other indirect emissions including third party-provided business travel.

GHG Emissions – Scopes included in this report

- **Scope 1 Emissions:** we are reporting our gas consumption and business mileage.
- **Scope 2 Emissions:** we are reporting our electricity consumption.
- **Scope 3 Emissions:** we are reporting our electricity transmission and distribution, waste generation and water consumption.

Group environmental performance

We recognise the importance of taking a proactive, strategic approach to environmental management and we aim to ensure that good environmental practices are applied throughout our stores, and that those working for or on behalf of Safestore are aware of the need to act responsibly and sustainably. Our most significant environmental impacts arise from the construction of new stores and the operational energy consumption of our existing stores.

Safestore is committed to the protection of the environment, prevention of pollution and to continually improving its environmental performance. We will comply with all relevant legislation and strive to exceed legal requirements where possible in order to avoid or minimise any potential environmental impacts.

The table overleaf displays our total Group performance for electricity consumption, gas consumption, water consumption, waste generation (recycling, landfill, energy from waste) and business travel against the previous year.

| Emissions source | Units | 2015/16 (Sept – Aug) | 2016/17 (Sept – Aug) | 2017/18 (Sept – Aug) | 2018/19 (Sept – Aug) |
|-------------------|----------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Natural gas | MWh | 1,887 | 2,349 | 4,358 | 4,136 |
| Electricity | MWh | 19,165 | 22,005 | 17,416 | 15,372 |
| Purchased water | m ³ | 37,005 | 45,129 | 61,655 | 55,113 |
| Recycling | tonnes | 757 | 787 | 1,211 | 586 |
| Landfill | tonnes | 56 | 49 | 57 | 44 |
| Energy from waste | tonnes | 419 | 721 | 730 | 1,320 |
| Business travel | miles | 612,588 | 602,240 | 628,822 | 396,088 |

Group environmental performance – analysis

We have analysed the year-on-year change in our performance and provided commentary on our Group environmental performance, as below:

Gas performance

We are continually seeking opportunities to reduce energy consumption to the lowest practicable levels appropriate with the operational needs of the business and to satisfy the needs of our customers. We are phasing out the use of gas in our stores wherever possible, but some of our stores still consume low volumes of gas for heating in reception and office locations. At the design and construction stage we seek opportunities to design efficient low consuming working environments and are ensuring that all new stores are built and rely just on electricity.

| Gas performance | | 2015/16 | 2016/17 | 2017/18* | 2018/19** | % change |
|----------------------|--------------------|---------|---------|----------|----------------|--------------|
| Year ended 31 August | | | | | | |
| Gas use | MWh | 1,887.9 | 2,349.3 | 4,358.3 | 4,136.2 | (5.1) |
| Scope 1 Emissions | tCO ₂ e | 347 | 434 | 801.8 | 760.4 | (5.2) |

Total gas consumption across all of our stores was 4,136.2 MWh, which is a 5.1% reduction compared with the previous financial year. This reduction can be attributed to our ongoing programme of replacing gas heating with electric heating within our existing stores.

* 2018 data has been recalculated to include acquired stores and to undertake estimations for three stores where consumption data was not available or incomplete.

** 2019 consumption data has been estimated for four stores where consumption data was not available or incomplete.

Electricity performance

We are continuing to identify opportunities to reduce electricity consumption across our stores. To support this, we have installed smart metres across 92% of our UK stores to enable us to better accurately monitor our electricity consumption and identify further opportunities to improve energy efficiency.

Recognising that our electricity consumption is predominantly derived from our lighting requirements we have completed a portfolio wide LED lighting upgrade programme, across all of our UK stores.

| Electricity performance | | 2015/16 | 2016/17 | 2017/18* | 2018/19** | % change |
|-------------------------|--------------------|----------|----------|----------|-----------------|---------------|
| Year ended 31 August | | | | | | |
| Electricity use | MWh | 19,165.2 | 22,005.2 | 17,416.0 | 15,372.7 | (11.7) |
| Scope 2 Emissions | tCO ₂ e | 6,707.7 | 6,563.3 | 4,376.7 | 3,527.0 | (19.4) |
| Scope 3 Emissions | tCO ₂ e | 604.0 | 613.6 | 371.4 | 299.1 | (19.5) |

Total electricity consumption across all of our stores was 15,372.7 MWh which is a 11.7% year-on-year reduction in consumption. This saving demonstrates the significant positive impact the LED upgrade and PIR installation has had on reducing our consumption after a full year in operation. In addition, this demonstrates that we have been able to decrease our overall electricity use whilst maintaining our supply to customers.

* 2018 data has been recalculated to include acquired stores and to undertake estimations for three stores where consumption data was not available or incomplete.

** 2019 consumption data has been estimated for two stores where consumption data was not available or incomplete.

Water performance

Our stores consume very low volumes of water and we strive to further minimise our consumption of water wherever possible through the installation of efficient water fixtures and fittings.

| Water performance | | 2015/16 | 2016/17 | 2017/18* | 2018/19** | % change |
|----------------------|--------------------|---------|---------|----------|---------------|---------------|
| Year ended 31 August | | | | | | |
| Water use | m ³ | 37,005 | 45,129 | 61,655 | 55,113 | (10.6) |
| Scope 3 Emissions | tCO ₂ e | 38.9 | 47.5 | 64.9 | 58.0 | (10.6) |

Between September 2018 and August 2019, the total water consumption across all of our stores was 55,113 m³, which is a decrease of 10.6% compared to the previous financial year. To this effect we have completed trials of water efficiency measures at our Head Office, which have yielded an overall reduction of 62% in water consumption during the financial year. These measures included installing flow restrictors on taps, flush counters for urinals and the use of water saving devices in our toilets.

We have also completed a Water Survey at our Liverpool and Battersea Business Centres, to identify further opportunities to install water saving devices at these sites and are currently investigating opportunities to roll out further water saving measures across our stores.

* 2018 data has been recalculated to include acquired stores and to undertake estimations for 31 stores where consumption data was not available or incomplete.

** 2019 consumption data has been estimated for 33 stores where consumption data was not available or incomplete.

Sustainability *continued*

Mandatory greenhouse gas (“GHG”) emissions reporting *continued*

Waste performance

We produce a relatively small amount of waste and we are seeking opportunities to further reduce or avoid the use of natural resources and minimise waste production by promoting recycling where possible. We continue to improve our waste segregation at our stores and are actively enhancing our recycling facilities to divert waste from landfill.

| Waste performance | | 2015/16 | 2016/17 | 2017/18 | 2018/19 | % change |
|----------------------|--------------------|---------|---------|---------|----------------|---------------|
| Year ended 31 August | | | | | | |
| Waste – Recycling | Tonnes | 756.7 | 787.1 | 1,211.2 | 585.6 | (51.7) |
| Waste – EfW | Tonnes | 419.2 | 721.6 | 730.0 | 1,320.5 | 80.9 |
| Waste – Landfill | Tonnes | 56.0 | 49.2 | 57.3 | 44.2 | (22.9) |
| Scope 3 Emissions | tCO ₂ e | 35.8 | 37.8 | 47.2 | 45.1 | (4.5) |

In the last twelve months to August 2019, a total of 1,950.3 tonnes of waste has been generated which is a decrease of 2.4% compared with the previous year. The amount of waste going to landfill has decreased by 22.9%, with most now being diverted to Energy from Waste (“EfW”). The amount of waste sent to EfW has subsequently increased by 80.9% compared to the previous financial year; a result of changing supplier contracts for a number of our stores.

We are currently implementing a Waste Efficiency Programme across our portfolio to ensure that we have the correct facilities on site to enable our stores to minimise landfill waste and ensure that waste will be recycled where possible. During 2018/19 this involved the removal of the compactor at our Battersea Business Centre and replacement with a greater volume of recycling facilities. As part of our Waste Efficiency Programme, we are undertaking site audits to identify actions we can take to further improve our site waste segregation facilities.

Business travel performance

We report on our business travel, which includes vehicles owned by Safestore and business mileage. We shall continue to promote public transport and car sharing where possible.

| Business travel performance | | 2015/16 | 2016/17 | 2017/18 | 2018/19 | % change |
|-----------------------------|--------------------|---------|---------|---------|----------------|---------------|
| Year ended 31 August | | | | | | |
| Business travel | Miles | 612,588 | 602,240 | 628,822 | 396,088 | (37.0) |
| Scope 1 Emissions | tCO ₂ e | 176.1 | 168.5 | 175.6 | 108.8 | (38.1) |

Business vehicles travelled 396,088 miles in the twelve months to 31 August 2018, resulting in a 37.0% decrease compared with the previous year. The emissions from our business travel have decreased by 38.1% as we have switched a number of our vehicles from diesel to petrol.

Group GHG performance (mandatory GHG reporting)

We have used the Defra and Greenhouse Gas Protocol methodology for compiling this GHG data and, for UK energy consumption and emissions, included the following material GHGs: CO₂, N₂O and CH₄. In accordance with the Defra reporting guidelines and data conversion factors for Greenhouse Gas emissions, the equivalent reports on Safestore’s French properties used the CO₂e factors provided by the Association of Issuing Bodies (“AIB”) and the International Energy Agency (“IEA”).

Our GHG emissions for 2018/19 covered 98.5% of floor space (data is not currently available for Heathrow, Merry Hill, Peterborough and Pontoise stores) and all of the UK vehicle fleet, both directly controlled and owner-driven vehicles (Company mileage only). Please note that the recycling tonnage for the French sites has been estimated for 2018/19. The average year-on-year change in recycling tonnage has been determined for the last four consecutive years for which there is accurate data available. The recycling tonnage for 2017/18 has been uplifted by this average (+5.3%) to calculate the estimated tonnage for 2018/19.

We used the following GHG emission conversion factors:

UK government GHG emission conversion factors for company reporting Standard set from 30/06/2018 to 30/06/2019

| Scope | Emissions’ source | Unit | Conversion factors |
|-------|--|----------------|--------------------|
| 1 | Natural gas (gross CV) | kWh | 0.18385 |
| 1 | Business travel | Miles | 0.27927 |
| 2 | UK electricity grid supply | kWh | 0.25560 |
| 2 | France electricity grid supply* | kWh | 0.04700 |
| 3 | UK electricity transmission and distribution | kWh losses | 0.02170 |
| 3 | France electricity transmission and distribution | kWh losses | 0.00382 |
| 3 | Water supply | m ³ | 0.3440 |
| 3 | Water treatment | m ³ | 0.7080 |
| 3 | Commercial waste – Recycling | Tonnes | 21.3538 |
| 3 | Commercial waste – Energy from Waste | Tonnes | 21.3538 |
| 3 | Commercial waste – Landfill | Tonnes | 99.7592 |

* The data for France has been produced using the Association of Issuing Bodies (“AIB”), European Residual Mixes 2018 and Production Mix conversion factor. (Note: Defra no longer provides overseas electricity generation conversion factors. The conversion factors are obtained directly from the “IEA”).

In accordance with the mandatory Greenhouse Gas (“GHG”) emissions reporting requirements outlined in the Companies Act for listed companies we have reported our GHG disclosure for 2018/19.

Mandatory GHG emissions reporting data

| GHG emissions | Units | 2015/16 | 2016/17 | 2017/18 | 2018/19 | % change |
|----------------------------------|---|---------|---------|---------|--------------|---------------|
| Scope 1 | tonnes CO ₂ e (UK and France) | 524 | 602 | 977 | 869 | (11.0) |
| Scope 2 | tonnes CO ₂ e (UK and France) | 6,708 | 6,563 | 4,376 | 3,527 | (19.4) |
| Scope 3 | tonnes CO ₂ e (UK and France) | 679 | 699 | 483 | 402 | (16.8) |
| Total GHG CO₂e | total tonnes CO₂e (UK and France) | 7,911 | 7,864 | 5,836 | 4,798 | (17.8) |
| GHG CO ₂ e intensity | tonnes CO ₂ e/floor space (thousand sq ft) | 0.9 | 0.9 | 0.6 | 0.5 | (16.7) |
| GHG CO ₂ e intensity | tonnes CO ₂ e/floor space (thousand sq m) | — | 9.8 | 6.6 | 5.5 | (16.7) |

Group GHG performance (mandatory GHG reporting) analysis

Total GHG emissions for Scope 1, Scope 2 and Scope 3 for the twelve-month period to 31 August 2019 have decreased by 17.8% (or 1,038 tonnes CO₂e) to 4,798 tonnes CO₂e. Of the total GHG emissions Scope 1 accounts for 18.1%, Scope 2 accounts for 73.5% and Scope 3 accounts for 8.4%.

The reductions we have achieved in reducing electricity and gas consumption across our sites have translated into significant reductions in our GHG emissions. Our reduction activities completed during 2018/19 include the completion of LED lighting installation, along with additional smart metering. Our overall floor space has decreased marginally from 9,524,237 sq ft (2017/18) to 9,355,923 sq ft (2018/19), which has also attributed to the reduction in some of our emissions.

The reduction in our GHG emissions, particularly Scope 2 Emissions (purchased electricity) is also partially attributed to rebasing of the GHG conversion factors. The rebasing of GHG conversion factors has seen the GHG emissions conversion factor for electricity reduced by 9.7%. This reflects changes to the UK's energy mix during 2018/19 which saw a further reduction in the use of coal-powered electricity generation and increases in the generation of gas and renewables.

Our GHG emissions CO₂e intensity has decreased from 0.6 tonnes CO₂e per 1000 sq ft in 2017/18 to 0.5 tonnes CO₂e per 1000 sq ft in 2018/19, which is a decrease of 16.7%.