

SAFESTORE HOLDINGS PLC

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TERMS OF REFERENCE  
OF THE REMUNERATION COMMITTEE

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**SAFESTORE HOLDINGS PLC**  
**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**  
**(as approved by the Board of Directors**  
**of Safestore Holdings plc (the "Company") on 11 December 2009)**

**1. Membership**

- 1.1 Members of the Committee comprises not fewer than three non-executive directors of the Company, to be selected by the Board, on the recommendation of the Nomination Committee in consultation with the chairman of the Remuneration Committee, who are all independent in character and judgement and free from any relationships or circumstances which are likely to affect, or could appear to affect, the Committee member's judgement.
- 1.2 The chairman of the Board may also be a member, but not chairman, of the Remuneration Committee if he or she was considered independent on appointment as chairman of the Board. The Board must from time to time review the composition of the Remuneration Committee to ensure that membership of the Remuneration Committee rotates amongst the Company's independent non-executive directors.
- 1.3 The chairman of the Remuneration Committee shall be appointed by the Board. In the absence of the Committee Chairman the remaining members present shall elect one of themselves to chair the meeting.
- 1.4 If any member of the Remuneration Committee is unable to act for any reason, the chairman of the Remuneration Committee may appoint any other independent non-executive director of the Company to act as his alternate.

**2. Secretary**

- 2.1 The Company Secretary is the secretary of the Remuneration Committee.

**3. Quorum**

- 3.1 The quorum necessary for meetings of the Remuneration Committee is two of its members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

**4. Meetings**

- 4.1 The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require. Any of the Committee members may request a meeting of the Remuneration Committee if he or she considers it necessary, to be arranged by the secretary.

- 4.2 Only members of the Committee are entitled to attend Committee meetings. However, other individuals such as the Chief Executive, the Chief Financial Officer, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.

## **5. Notice of Meetings**

- 5.1 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, generally no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **6. Minutes of Meetings**

- 6.1 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

## **7. Annual General Meeting**

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting to be available to answer shareholders' questions.

## **8. Duties**

The Committee shall:

- 8.1 Make recommendations to the Board on the Company's framework of remuneration for the executive management, the secretary and the chairman of the Board and its cost (the remuneration of non-executive directors shall be a matter for the chairman and the executive members of the Board). No director or manager shall be involved in any decisions as to their own remuneration;
- 8.2 To evaluate the performance of the Chairman by seeking the views of the non-executive directors;
- 8.3 Review the ongoing appropriateness and relevance of the remuneration policy;
- 8.4 Determine on behalf of the Board specific remuneration packages for each of the executive directors and the chairman of the Board, including pension rights and any compensation payments;
- 8.5 In determining such packages and arrangements, to give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code: Principles of Good Governance and Code of Best Practice, as published by the Financial Reporting Council, and the UK Listing Authority's Listing Rules and associated guidance;

- 8.6 Consult the Company's chairman and/or chief executive about its proposals relating to the remuneration of the executive directors;
- 8.7 Provide the packages needed to attract, retain and motivate executive directors of the quality required (but avoid paying more than is necessary for this purpose);
- 8.8 Approve the duration of any service agreement to be entered into with any executive director, bearing in mind that an objective should be to set notice or contract periods at one year or less and that the performance related elements of remuneration should form a significant proportion of the total remuneration package of executive directors and should be designed to align their interests with those of the shareholders and to give such directors incentives to perform at the highest level;
- 8.9 Recommend and monitor the level and structure of remuneration to senior management;
- 8.10 Agree the policy for authorising claims for expenses from the Chief Executive and Chairman;
- 8.11 Approve the design of, and to determine the targets for, any schemes of performance related remuneration and, in designing such schemes, to follow the provisions in Schedule A to the Combines Code;
- 8.12 Comply with the principles and provisions of the Combined Code on directors' remuneration and to ensure that the provisions of the Directors' Remuneration Report Regulations 2002 regarding disclosure of remuneration are fulfilled;
- 8.13 Consider whether the directors should be eligible for annual bonuses and, if so, to consider an upper limit for such bonuses;
- 8.14 Consider whether the directors should be eligible for benefits under long-term incentive schemes and to weigh traditional share option schemes against other kinds of long-term incentive scheme;
- 8.15 Consider the pension consequences and associated costs to the Company of basic salary increases and other changes in remuneration, especially for directors close to retirement;
- 8.16 Consider where to position the Company relative to other companies and to be aware what comparable companies are paying, taking account of relative performance and using such comparisons with caution;
- 8.17 Be sensitive to the wider scene, including pay and employment conditions elsewhere in the Group, especially when determining annual salary increases;
- 8.18 Consider what compensation commitments (including pension contributions) the directors' service agreements, if any, would entail in the event of early termination. Particular consideration should be given to the advantages of providing explicitly in the initial contract for such compensation commitments except in the case of removal for misconduct;

- 8.19 In early termination cases where the initial contract does not explicitly provide for compensation commitments, to tailor its approach (within legal constraints) to the circumstances. The aim should be to avoid rewarding poor performance, while dealing fairly with cases where departure is not due to poor performance and to take a robust line on reducing compensation to reflect departing directors' obligations to mitigate loss;
- 8.20 Be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

### **9. Reporting Responsibilities**

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce an annual report of the company's remuneration policy and practices which will form part of the company's Annual Report and ensure each year that it is put to shareholders for approval at the Annual General Meeting.

### **10. Other**

- 10.1 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

### **11. Authority**

- 11.1 The Committee is authorised by the Board to obtain information on the remuneration of any employee of the Company or any of its subsidiary undertakings, and to obtain the advice and assistance of any of the Company's executives provided their role in providing such advice and assistance is clearly separated from their role within the business.
- 11.2 The Committee is authorised by the Board to investigate remuneration paid to directors of other companies of a similar size in a comparable industry sector in the UK.
- 11.3 The Committee is authorised by the Board to obtain, at the company's expense, any legal or other independent professional advice as it deems necessary to fulfil its responsibilities and to secure the attendance of any person with relevant experience and expertise at committee meetings if it considers this appropriate.

The Remuneration Committee should make available these terms of reference, explaining its role and the authorities delegated to it by the Board.