Directors' Remuneration Policy

The key aim of the Directors' Remuneration Policy is to align the interests of Executive Directors with those of the shareholders by supporting the delivery of strategy. The structure of the remuneration framework is designed to reflect the strategic direction of the business and to align it with the Company's KPIs. In setting the Directors' Remuneration Policy, the Committee takes into consideration, amongst other matters, investor guidelines and the maximum amount of remuneration the Executive Directors could receive should all targets be met. The Executive Directors' remuneration is set within a remuneration framework which applies to all employees across the Group. Each of the key elements of the remuneration package is designed to drive the creation of long-term shareholder value, without encouraging Executive Directors to take inappropriate risk.

In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring that no individual is involved in the decision-making process related to their own remuneration. In particular, the remuneration of all Executive Directors is set and approved by the Committee; none of the Executive Directors are involved in the determination of their own remuneration arrangements.

Each year, with the support of external advisers, the Committee undertakes a review of the remuneration of the Executive Directors. It has oversight of the remuneration of the Leadership team, who are the senior managers immediately below Board level, and the Company Secretary. It considers the responsibilities, experience and performance of the Executive Directors and pay across the Group.

Changes to the Policy since approval at the 2019 AGM are outlined in the Chair's letter on pages 136 to 138 and are detailed below. The Committee also has the discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, in the best interests of the Company, and disproportionate to seek or await shareholder approval.

Subject to approval by shareholders at the 2022 AGM, this policy will be effective for the 2022 performance year and will apply to incentive awards with performance periods beginning on 1 January 2022. Payments to Directors can only be made if they are consistent with a shareholder approved Policy or amendment to the Policy.

In determining the 2022 Policy, the Committee considered the following as set out in Provision 40 of the Code:

CLARITY AND SIMPLICITY	The Committee is of the opinion that the 2022 Policy and the remuneration framework for the wider workforce is transparent, simple and easy to understand. We believe that the framework is clearly communicated to and understood by our key stakeholders and our employees. Remuneration for our Executive Directors consists of the following elements as set out in Chart 1: • salary; • pension benefits; • Bonus; • DSBP; • LTIP; • Sharesave; • SIP; and • other benefits. The Committee has engaged extensively with key stakeholders, such as shareholders and representatives from the workforce, who have confirmed this view.
RISK	The Company's remuneration arrangements discourage both the Executive Directors and the wider workforce from excessive risk taking in the pursuit of achieving objectives. The Bonus, DSBP and LTIP include malus and/or clawback provisions that apply when the Committee considers that performance is achieved as a result of excessive risk taking, as well as in other circumstances as set out on page 145 of the Directors' Remuneration Report. Executive Directors are required to hold a percentage of their base salary in shares in the Company (as described further on page 151). Additionally, they are subject to post-cessation requirement to continue holdings shares in the event that they leave the Company. Part of their annual Bonus is subject to deferral under the DSBP and a compulsory post-vesting holding period for LTIP shares. The Committee has the discretion to override formulaic outturns to ensure incentive payouts reflect underlying business performance, and is aligned to shareholder experience.
PREDICTABILITY	Potential values of rewards to the Executive Directors under the 2022 Policy are clearly stated in Chart 5 on page 161, which sets out the minimum, maximum and on target scenarios. This chart also demonstrates the impact of share price appreciation on the 2022 LTIP award. Potential outcomes are regularly reviewed by the Committee.
PROPORTIONALITY	In order to ensure outcomes do not reward poor performance, a significant portion of our remuneration framework is performance based and requires challenging performance targets and metrics to be achieved.
ALIGNMENT TO CULTURE	There is strong linkage between the structure of the Company's incentive schemes, its Purpose and Values, and strategy. The Company's Responsible SEGRO ambitions have identified net zero-carbon by 2030 as a key strategic objective, and the inclusion of ESG measures in the new annual Bonus structure reinforces its importance. The chart on page 147 illustrates how variable remuneration is aligned with KPIs that measure performance against the Company's strategy.

MAIN CHANGES TO THE POLICY

If approved at the 2022 AGM the following changes will be made to the Policy approved in 2019:

- the maximum opportunity under the LTIP will increase to 300 per cent of salary for the Chief Executive only; and
- TPR will be replaced by ESG metrics in the annual Bonus, with target ranges related to (i) reducing our operating carbon emissions, (ii) reducing embodied carbon in developments and (iii) customer, community and employee objectives. ESG metrics will account for 25 per cent of the overall Bonus, whilst existing Adjusted PBT and RRG metrics comprise 37.5 per cent each.

CHART 1: REMUNERATION POLICY TABLE: EXECUTIVE DIRECTORS

Element	Strategic purpose	Operation	Maximum potential value	Performance metrics
SALARY	To attract and motivate high-calibre leaders in a competitive market and to recognise their skills, experience and contribution to Group performance.	The Committee reviews Executive Directors' base salaries each year in the context of total remuneration, taking into account the Directors' responsibilities, experience and performance, pay across the Group and market competitiveness.	The maximum annual salary increase will not normally exceed the average increase which applies across the wider workforce. However, larger increases may be awarded in certain circumstances including, but not limited to: an increase in scope or responsibilities of the role; salary progression for a newly appointed Director; and where the Director's salary has fallen significantly below the market positioning.	Not applicable.
PENSION BENEFITS	To provide a market competitive remuneration package.	Retirement benefits are available to all UK employees and employees in certain Continental European jurisdictions dependent on local market practice and geographical differences.	Currently, the Executive Directors receive 20 per cent of salary in lieu of pension, this will reduce to the same level as the UK workforce by 31 December 2022. Future Executive Directors will receive the level received by the majority of the UK workforce (currently a contribution to their pension plan of 12 per cent of salary). The cash allowance for Directors is offered in lieu of membership of the defined contribution Group Personal Pension Plan.	None.
BONUS	To focus on the delivery of annual goals, to strive for superior performance and to achieve specific targets which support strategy, in particular for income generation, ESG ambitions and recurring profit.	Bonuses are awarded annually and paid for performance over the financial year. The Bonus is reviewed each financial year to ensure performance measures and targets are appropriate and support the business strategy. Payment is based on the achievement of performance targets. The Committee retains discretion to reduce the amount of the Bonus award in the light of underlying performance during the year. The rules of the Bonus contain clawback provisions.	The maximum Bonus opportunity for Executive Directors is 150 per cent of salary.	The Bonus Scheme is based on three elements which the Committee may review from time-to-time, to ensure that they continue to reflect the Company's strategic priorities: Adjusted PBT against budget, which supports the objective of delivering a sustainable, progressive dividend; rent roll growth which focuses on driving the future rental income of the business; and ESG metrics comprising target ranges related to (i) reducing our operating carbon emissions, (ii) reducing our embodied carbon in developments and (iii) customer, community and employee objectives. The performance measures will initially be weighted as follows: Adjusted PBT 37.5 per cent; RRG 37.5 per cent; and ESG 25 per cent. Threshold performance will result in vesting of no more than 25 per cent of the relevant portion of the Bonus (where the nature of the performance metric allows such an approach).
DEFERRED SHARE BONUS PLAN ('DSBP')	To encourage retention of senior managers and provide a long-term link between the Bonus and share price growth so as to encourage long-term decision making.	50 per cent of any Bonus awarded in the year is deferred into shares in the DSBP for three years before vesting. The award does not carry any entitlement to dividends, however the Committee may, at the time of the release of the shares, deliver shares or a cash sum equivalent to the value of the dividends that would have been paid over the three-year holding period. The rules of the DSBP contain malus provisions.	For Executive Directors, 50 per cent of the Bonus earned in respect of the previous year's performance.	Vesting of shares is dependent on continued employment or good leaver status.

Directors' Remuneration Policy
continued

CHART 1: REMUNERATION POLICY TABLE: EXECUTIVE DIRECTORS CONTINUED

Element	Strategic purpose	Operation	Maximum potential value	Performance metrics
LONG TERM INCENTIVE PLAN ('LTIP')	To reward the execution of strategy and drive long-term returns for shareholders. The performance measures are selected to align with business strategy. The awards are designed to align the most senior managers' goals with the creation of sustainable growth in shareholder value. The awards will also increase retention of these senior managers.	For LTIP awards, dividends will accrue on the LTIP shares which are released on vesting and will be paid in shares or cash. The Committee has discretion to adjust awards downwards at vesting if it is not satisfied that the outcome is a fair reflection of underlying performance, or in the event of excessive risk taking or misstatement. The rules of the LTIP contain malus and clawback provisions.	Maximum 300 per cent of salary in performance shares. The Committee's intention is to increase the LTIP opportunity to 300 per cent of salary for the Chief Executive only, other Executive Directors will continue to receive 250 per cent of salary and the Committee would not increase this without prior consultation with shareholders.	LTIP awards are subject to stretching performance conditions, which are measured over a three-year performance period. A two-year compulsory holding period applies to these LTIP shares after vesting and subject to payment of tax and statutory deductions. Awards to be granted in 2022 will be subject to equally weighted Total Shareholder Return, Total Property Return and Total Accounting Return performance conditions. Subsequent grants may be subject to different performance conditions following consultation with shareholders. Threshold performance will result in vesting of no more than 20 per cent of the relevant portion of the LTIP (where the nature of the performance metric allows such an approach).
SHARESAVE	To provide a market competitive remuneration package and to encourage employee share ownership across the Group.	Sharesave is a HMRC approved scheme open to all UK employees. Savings can be made over a three-year period to purchase shares in the Company at a price which is set at the beginning of the savings period. This price is usually set at a 20 per cent discount to the market price.	Employees may save up to the HMRC limit across all Sharesave grants.	None.
SHARE INCENTIVE PLAN ('SIP') AND GLOBAL SHARE INCENTIVE PLAN ('GSIP')	To provide a market competitive remuneration package and to encourage employee share ownership across the Group.	SIP is a HMRC approved scheme open to all UK employees, subject to service. Eligible employees are awarded shares annually up to the HMRC limits. GSIP is designed on a similar basis to SIP, but is not HMRC approved and is operated for non-UK employees.	The maximum award is subject to the HMRC limit.	Award may be based on achievement of a target and is subject to a three-year holding period.
OTHER BENEFITS	To provide a market competitive remuneration package.	Other benefits currently include: car allowance; life assurance; disability insurance; private medical insurance; and health screening. The Committee retains the discretion to offer additional benefits as appropriate, for example, assistance with relocation.	–	None.

ADDITIONAL NOTES

Remuneration Policy: the policy for the Executive Directors is designed with regard to the pay and benefits for employees across the Group. All employees are eligible for an annual Bonus on the same performance measures which are consistent with those of the Executive Directors, save that those below Board level have a fourth target based on their personal performance. The maximum Bonus opportunity is fixed according to seniority banding across the Company. The LTIP performance conditions are the same for all participants and the size of awards are determined by seniority.

The Committee retains certain discretions in respect of the operation and administration of the incentive plans under their rules, in addition to the discretions described elsewhere in the Policy.

Subject to consultation with major shareholders, the Committee retains the ability to adjust and/or to set different LTIP and Bonus performance measures if events occur (such as a change in strategy, a material acquisition and/or divestment of a Group business, or change in prevailing market conditions) which cause the Committee to determine that the measures are no longer appropriate and that amendment is required so that they achieve their original purpose.

Payments from existing awards: Executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the 2022 Policy. Any outstanding share awards made in accordance with a previous Remuneration Policy will remain in effect and will vest in accordance with the terms under which they were granted.

CHART 2: REMUNERATION POLICY TABLE: CHAIR AND NON-EXECUTIVE DIRECTORS

Element	Strategic purpose	Operation	Maximum potential value	Performance metrics
FEES	To attract high-calibre Non-Executive Directors and provide market appropriate fees.	Fees are reviewed annually taking into account relevant market data. Additional fees are payable to reflect the time commitments and additional responsibilities. The fee paid to the Chair is set by the Committee while the fees paid to the Non-Executive Directors are set by the Board. No Director is involved in setting their own remuneration. Non-Executive Directors do not participate in any performance related remuneration and they do not receive any benefits other than reimbursement of business related expenses and any tax that might be charged thereon.	Any increases in the fees of the Chair or the Non-Executive Directors will be based upon changes in roles and responsibilities and market data.	–

POLICY ON SHAREHOLDING GUIDELINES

The Company requires Executive Directors to build, hold and retain, after leaving employment, a certain level of shareholding. The way the shareholding guidelines are currently operated is set out on page 151.

POLICY ON SERVICE CONTRACTS

EXECUTIVE DIRECTORS

The Company may terminate the Executive Directors' service contract on up to 12 months' notice, with no liquidating damages provisions.

NON-EXECUTIVE DIRECTORS

The Chair and the Non-Executive Directors have letters of appointment which set out their duties and anticipated time commitment to the Company. They are required to disclose to the Board any changes to their other significant commitments. The Non-Executive Directors are appointed for an initial term of three years. The appointments may be extended for further three-year periods on the recommendation of the Nomination Committee and subject to the Board's agreement. The Non-Executive Directors' letters of appointment contain a three-month notice period and the Chair's contains a six-month notice period. Further details are set out in Chart 3.

CHART 3: DATES OF APPOINTMENT AND CONTRACTUAL NOTICE PERIOD

Name	Date of appointment	Notice period
GERALD CORBETT[1]	1 March 2016	6 months
DAVID SLEATH[2]	1 January 2006	12 months by Company, 6 months by Director
SOUMEN DAS	16 January 2017	12 months by Company, 6 months by Director
ANDY GULLIFORD	1 May 2013	12 months by Company, 6 months by Director
MARY BARNARD	1 May 2019	3 months
SUE CLAYTON	1 June 2018	3 months
CAROL FAIRWEATHER	1 January 2018	3 months
SIMON FRASER	1 May 2021	3 months
MARTIN MOORE	1 July 2014	3 months
LINDA YUEH	1 May 2021	3 months

1 Appointed as Chair on 22 April 2016.
2 Appointed as Chief Executive on 28 April 2011.
3 Andy Harrison will join the Board on 1 April 2022, after year end, and therefore is not included in this table. He will succeed Gerald Corbett as Chair on 30 June 2022 and has a 6 month notice period.

Directors' Remuneration Policy
continued

POLICY ON RECRUITMENT

In determining appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of both the Company and its shareholders. The Committee may make an award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of relevant factors, including any performance conditions attached to these awards, the likelihood of those conditions being met, and the proportion of the vesting period remaining, and will seek to do no more than match the fair value of awards foregone. In limited circumstances where employees are awarded benefits for which Executive Directors are not eligible, such as share retention awards, the Committee would consider honouring existing awards should these employees be appointed to the Board.

CHART 4: RECRUITMENT POLICY

Component	Approach	Maximum opportunity
BASE SALARY	The base salaries of new appointees will be determined taking into account the experience and skills of the individual, pay across the Group, relevant market data and their previous salary.	–
BONUS	The structure set out in the Remuneration Policy table will apply to new appointees with the relevant maximum being pro-rated for their first year of employment.	150 per cent of salary.
DSBP	The structure set out in the Remuneration Policy table will apply to new appointees.	50 per cent of the Bonus awarded will be deferred.
LTIP	New appointees will be eligible for awards under the LTIP on the same terms as the other Executive Directors.	Maximum 300 per cent of salary in performance shares. The Committee's intention is to increase the LTIP opportunity to 300 per cent of salary for the Chief Executive only, other Executive Directors will continue to receive 250 per cent of salary and the Committee would not increase this without prior consultation with shareholders.
PENSION	New appointees will be offered membership of the SEGRO plc Group Personal Pension Plan or a cash alternative.	The level provided to the majority of the UK workforce.

POLICY ON TERMINATION PAYMENTS

The Company retains the right to terminate the service contract of any Executive Director subject to contractually agreed payments in lieu of notice which are limited to annual salary plus any specified benefits. Payments are normally phased over the 12-month notice period, based on the principle of a Director's duty to seek alternative employment and thereby mitigate their loss.

The Committee reserves the right to make additional exit payments where such payments are made in good faith, for example: in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. In determining compensation, the Committee will take into account the circumstances of the departure, best practice and the provisions of the Code, and will take legal advice on the Company's liability to pay compensation.

Under the rules of the LTIP and the DSBP, the Committee has discretion to declare a Director leaving the Company to be a 'good leaver' as defined under the respective rules of the schemes. In respect of LTIP, this would normally allow the Directors, who the Committee determines to be good leavers, to receive their shares at the end of the holding period, subject to the achievement of performance conditions, with any vesting pro-rated in accordance with the proportion of the vesting period served. In respect of DSBP, this would normally allow the Directors, who the Committee determines to be good leavers, to receive their shares, in full, at the end of the holding period.

Where a Director may be entitled to pursue a claim against the Company in respect of their statutory employment rights or any other claim arising from the employment or its termination, the Company will be entitled to negotiate settlement terms (financial or otherwise) with the Director that the Committee considers to be reasonable in all the circumstances and in the best interests of the Company and to enter into a Settlement Agreement with the Director to effect both the terms agreed under the Service Agreement and any additional statutory or other claims, including bonus and/or share awards, in line with the policies described above.

In the event of a change of control of the Company, the Employee Benefit Trust, in consultation with the Company, has the discretion to determine whether, and the extent to which, awards vest. Financial performance and institutional guidelines would be taken into account in exercising this discretion.

Non-Executive Directors are not entitled to any compensation on loss of office.

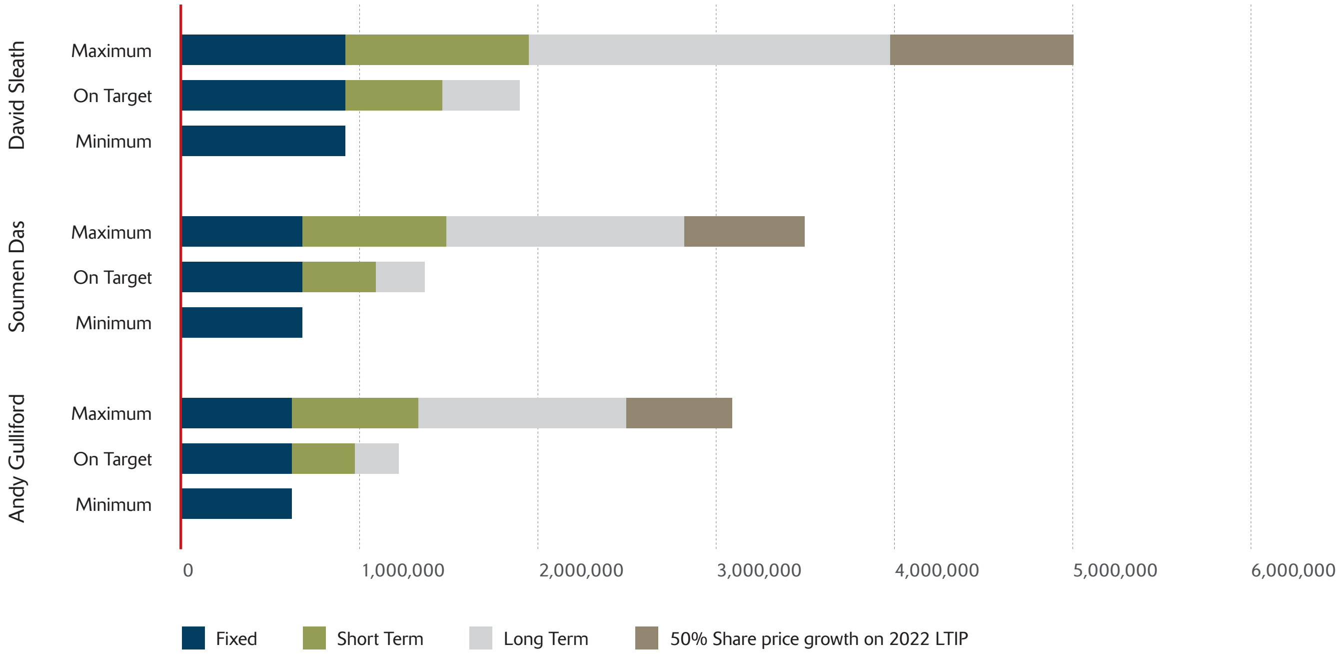
POLICY ON EXECUTIVE DIRECTORS' EXTERNAL APPOINTMENTS

With the support of the Chair and Chief Executive, the Executive Directors may normally be permitted to take one non-executive directorship outside the Group, as these roles can broaden the experience brought to the Board. Such appointments require Board approval and the time commitment the appointment will require is taken into consideration. Executive Directors may retain fees for external appointments.

PERFORMANCE SCENARIOS

Chart 5 below sets out an indication of the level of remuneration that would be received by each Executive Director in accordance with the incentive opportunities outlined in this policy on the basis of the latest salary information.

CHART 5: INDICATION OF POTENTIAL REMUNERATION IN FIRST YEAR OF POLICY APPLICATION



The minimum remuneration payable comprises salary payable during 2022, benefits and cash in lieu of pension contributions. The maximum payable assumes full payout under the Bonus and full vesting of the LTIP. On target remuneration assumes a payout of 50 per cent of the maximum Bonus and a 20 per cent vesting of the LTIP. The impact of a 50 per cent share price growth on the maximum available opportunity has been indicated for the 2022 LTIP, which will vest in 2025 and then be subject to a two-year holding period.

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE GROUP

The Remuneration Policy for the Executive Directors is designed with regard to the policy for the workforce as a whole. The Committee also approves the remuneration of the Executive Committee and the Company Secretary. The Committee is kept updated through the year on general employment conditions and it approves the budget for annual salary increases. In formulating the 2022 Policy, the Committee engaged with the workforce as detailed in the case study on page 150 of the Directors' Remuneration Report.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee remains committed to open dialogue with shareholders on remuneration. When determining remuneration, the Committee takes into account the guidance of investor bodies and shareholder views. In 2021 and 2022, it consulted extensively with shareholders on the proposed changes to the 2022 Policy as covered in the Chair's letter on pages 137 and 138.

The Chair of the Remuneration Committee is available for meetings with shareholders should they have any concerns about remuneration matters which they wish to discuss.