

Public Storage[®]

Sustainability Report 2019



1920s



Today



Ford Assembly Plant Adaptive Reuse
Seattle, WA

Flood Resilient Redevelopment
Houston, TX

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This report is prepared in accordance with:

Sustainability Accounting Standards Board (SASB)

Task Force on Climate-related Financial Disclosures (TCFD)

United Nations Sustainable Development Goals (SDGs)

LETTER FROM OUR CEO



OUR LONG-TERM FOCUS

Fellow Stakeholders,

Public Storage has served the needs of our diverse customer base for nearly 50 years. Over this time, the company's corporate strategy has centered on one core philosophy: create value by operating our properties and company for the long term. Adherence to the strategy has resulted in:

- A geographically diversified property portfolio with low environmental impact;
- A high-integrity corporate culture, fortress balance sheet, and unparalleled brand and operating platform that produce strong free cash flow with sustained growth; and
- Well-managed risk with significant value creation for our stakeholders.

Sustainability has been ingrained in Public Storage's ethos for decades, and sustainability-minded decision making has and will continue to benefit our long-term resilience. Looking forward, we will continue to keep sustainable value creation at the forefront of our strategy and communicate our efforts to mitigate environmental, social, economic, political, data security, reputational, and other risks.

We are pleased to share our sustainability strategies and commitments in this inaugural Sustainability Report.

A handwritten signature in black ink, appearing to read "J. Russell". The signature is fluid and cursive.

Joseph D. Russell, Jr.
President and
Chief Executive Officer

COMPANY

OVERVIEW

Public Storage is the largest owner and operator of self-storage properties in the world. Our brand, including the ubiquitous orange color, is one of the most recognizable in America.

COMPANY AT-A-GLANCE⁽¹⁾

48 Years in Operation

NYSE / S&P 500 Company

5,893 Employees

\$43B Total Capitalization

5% Debt to Total Capitalization

A2 / A Credit Ratings (Moody's / S&P)

PORTFOLIO AT-A-GLANCE⁽¹⁾

2,483 Properties

169M Net Rentable Square Feet

38 States

48% of U.S. Population Lives Within
Five Miles of a Property

1.5M Customers In-Place

73% Operating Margin⁽²⁾

BUSINESS

The self-storage business is simple at its core—we serve customers who need space to store their goods. Today, our nearly 5,900 employees and 2,500 properties serve approximately 1.5 million customers. Public Storage has been the trusted leader in providing value, convenience, and cleanliness to self-storage customers nationwide since 1972.

Co-Founders B. Wayne Hughes
and Ken Volk Jr.



Development property
from the 1970s



Development property
of today

(1) Capitalization and portfolio size statistics as of December 31, 2019.

(2) Same-store operating margin for 2019.

CORPORATE STRATEGY

Public Storage’s corporate strategy is uniquely focused on the long term. We manage all aspects of our business—operations, capital allocation, balance sheet, and risk management—for the decades, not just months or years, to come. The intended and achieved result is resilience in our properties and company, which, in turn, reinforces and perpetuates our ability to create long-term value for stakeholders.



The long-term focus has allowed Public Storage to create unique competitive advantages that, in 2019, helped result in our same-store operating margin being 500 to 1,000 basis points higher than the operating margins of our self-storage REIT competitors.⁽¹⁾ The advantages are primarily derived from:



TEAM AND CULTURE | Integrity, accountability, entrepreneurship, employee development, diversity, and inclusion underpin a strong corporate culture.



BRAND | Ours is the strongest brand in the self-storage industry, with attendant benefits to consumer recognition, operating costs, and other elements when combined with our unmatched scale and platform.



SCALE | Significant benefits of scale exist in the self-storage business, including revenue, operating expense, overhead expense, and capital access efficiencies. Our owned portfolio comprises more square footage than our next three largest competitors combined.



OPERATING AND DEVELOPMENT PLATFORM | Our platform, driven by our people, leads the industry in experience and innovation. We have the only nationwide self-storage development program, which allows us to build and redevelop properties at industry-leading costs.



BALANCE SHEET | We maintain one of the strongest balance sheets in corporate America and are one of only two U.S. REITs with A2 and A credit ratings from Moody’s and Standard & Poor’s, respectively. Approximately 95% of our total capitalization is permanent equity capital. Low leverage and limited, well-laddered debt maturities provide stability and the ability to invest through economic cycles.

(1) Adds back Public Storage’s supervisory payroll and allocated overhead expenses to net operating income in order to be consistent with competitor reporting methods.

SUSTAINABILITY AND INTEGRATION

OVERVIEW

Long-term resilience and sustainable value creation are core to our corporate decision making, which recognizes and acts on connections across good sustainability practices and economic returns on invested capital.

Public Storage's sustainability is reflected in our:



LOW ENVIRONMENTAL IMPACT | On average, one or two Public Storage employees operate each property at any given time, and our customers are only occasionally on-site because they do not work or reside there. As a result, our properties consume less energy, use less water, and produce less waste relative to other real estate types.

Environmental Intensities			
Metric	Public Storage	Other Property Type Average ⁽¹⁾	Public Storage Relative Impact
Energy Consumption (kWh/SqFt)	1.7515	14.0604	-88%
Carbon Emission (MTCO ₂ e/SqFt)	0.0006	0.0055	-89%
Water Consumption (Kgal/SqFt)	0.0016	0.0262	-94%
Waste Production (MT/SqFt)	0.0001	0.0007	-86%



PROACTIVE INITIATIVES | Despite our inherently light environmental footprint, we proactively strive to reduce our impact further through initiatives such as “on demand” LED lighting, solar power generation, and low-water-use landscaping. These are environmentally friendly initiatives that also generate good returns on invested capital.



PEOPLE FOCUS | We focus on and actively engage with our stakeholders. Public Storage's corporate culture and commitment to stakeholders are well-aligned with our strategies to promote long-term decision making while managing risk.



RISK MANAGEMENT | Oversight, accountability, succession planning, and broader risk management are pervasive across the company. We utilize a comprehensive enterprise risk management (ERM) framework to identify, understand, track, and mitigate risk.

COMMITMENT

Public Storage is committed to a forward-looking and integrated approach to sustainability across our organization. We strive to reduce the company's environmental footprint further, while bolstering our resilience in the face of environmental, economic, political, data security, reputational, and other risks. We will continually strengthen our unique competitive advantages in order to manage risk, create and act upon opportunity, and generate sustained long-term value for our stakeholders.

(1) Source: Urban Land Institute, Greenprint Performance Report, Volume 10
Other property types include multifamily, office, industrial, retail and hotels.

INTEGRATION FRAMEWORK

The following framework underpins our efforts and commitment:

ENVIRONMENTAL	SOCIAL	GOVERNANCE
OPERATIONS		
<ul style="list-style-type: none"> • Low environmental impact at property and corporate levels • Initiatives with diverse and interrelated environmental, social, governance, and economic benefits • Low property obsolescence 	<ul style="list-style-type: none"> • Focus on people including employees, customers, communities, and investors • Corporate culture built on integrity, accountability, entrepreneurship, employee development, and diversity • Cultural alignment with corporate strategy 	<ul style="list-style-type: none"> • Comprehensive ERM framework • Robust risk management practices including oversight, succession planning, legal, and regulatory compliance • Pay-for-performance for all employees
CAPITAL ALLOCATION		
<ul style="list-style-type: none"> • Low capital expenditures needed to maintain properties • Efficient-system initiatives to reduce energy and water use, carbon emission, and waste production • Redevelopment and adaptive reuse of older, less-efficient properties 	<ul style="list-style-type: none"> • Address underserved consumer storage needs • Help mitigate high costs of housing • Serve essential-business customers including health professionals, charities, and tradespeople • Promote job creation and upward mobility 	<ul style="list-style-type: none"> • Risk reduction via portfolio geographic diversity, cloud-based operating systems, cyber security, and data privacy initiatives • Allocation towards sustainability education, analysis, and response
BALANCE SHEET		
<ul style="list-style-type: none"> • Low leverage, high permanent capital balance sheet that supports adaptation to the evolving risk environment, provides stability for our employees and customers, and enables execution of Public Storage's long-term corporate strategy 		

LONG-TERM PERFORMANCE

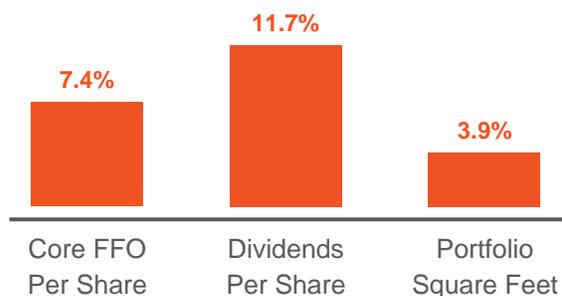
TRACK RECORD

Public Storage's strategies have created considerable value for stakeholders over the past 20 years.

Historical Performance 1999-2019 CAGR

OPERATIONS

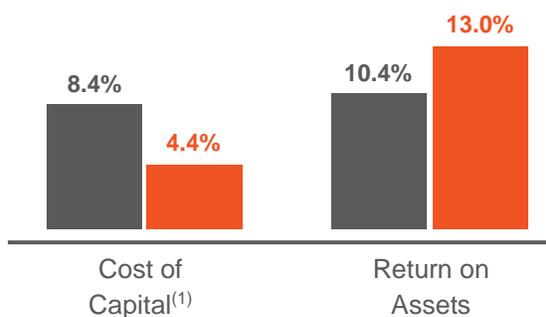
Balanced approach to dividends and growing our property portfolio



Historical Performance 1999 | 2019

COST OF CAPITAL AND RETURN ON ASSETS

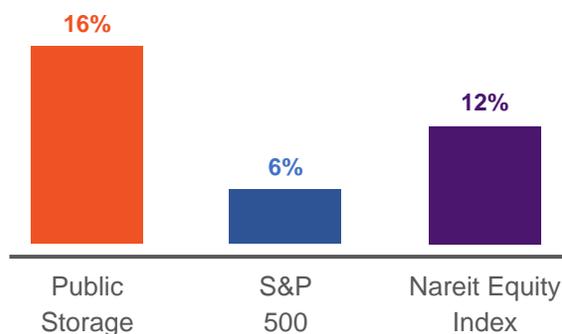
Improvement in capital costs and returns



Historical Performance 1999-2019 CAGR

TOTAL SHAREHOLDER RETURNS

Outperformance relative to the S&P 500 and REIT Indices



(1) Weighted average rate on in-place preferred equity and debt. Cost of common equity excluded because Public Storage does not typically use it as a capital source.

ENVIRONMENTAL

ENVIRONMENTAL FOCUS

Public Storage considers potential environmental impacts—both positive and negative—into our decision making across the business. The following features of our properties reflect the company's commitment to responsible environmental stewardship:

- **LOW ENVIRONMENTAL IMPACT** | An inherently light footprint that we further reduce through environmentally friendly capital initiatives.
- **LOW OBSOLESCENCE** | Properties have retained functional and physical usefulness over many decades. In fact, many customers favor our single-story, drive-up properties built in the 1970s and 1980s due to their central locations and accessibility. This contrasts with other real estate types that require frequent reinvestment (i.e., capital expenditures) to stay current with consumer preference, remain competitive with newer competition, offset heavier wear-and-tear by users, and maintain structural operating efficiency.
- **HIGH STRUCTURAL RESILIENCE** | We build and operate our properties to withstand the test of time, including general aging and acute and chronic risks from rising water levels, changing temperatures, and natural disasters.

We are committed to utilizing our unique competitive advantages in furthering our environmental stewardship. In analyzing the potential risk impacts, we will identify and act upon opportunities, including the increasing prevalence of initiatives that make sense from both sustainability and economic return on invested capital perspectives.

2019 HIGHLIGHTS



SELECT ENVIRONMENTAL HIGHLIGHTS

- Full operational control of our nearly 2,500 owned self-storage properties
- Proprietary operating platform that enables centralized monitoring and control of certain systems, in addition to paperless workflows across the company (delivered in 2018)
- Building envelope audits and environmental assessments (e.g., energy, water, and waste) conducted on owned and potential new acquisition properties
- Customers and suppliers encouraged to act sustainably through lease and contract clauses
- Older, less-efficient properties actively upgraded through Property of Tomorrow and redevelopment programs (see page 11)

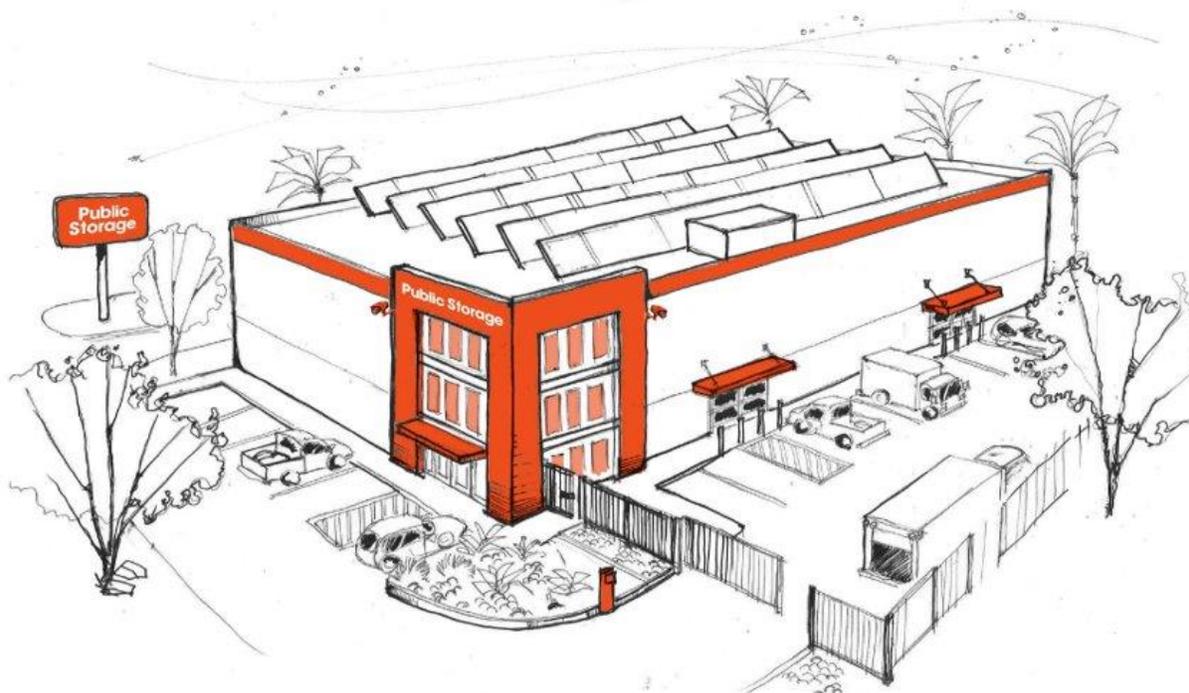
SELECT ENVIRONMENTAL INITIATIVES

ENERGY

- Efficient HVAC systems
- Internal temperature band controls
- Sensored “on-demand” lighting
- LED lighting (internal and external)
- Solar power generation and use
- High-reflexivity “cool” roofs

WATER

- Efficient plumbing systems
- Low-water irrigation systems
- Drought-tolerant and native landscaping
- One restroom per property, on average
- Water run-off controls



WASTE

- Waste recycling program
- Sale of recycled packaging materials

PROPERTY OF TOMORROW AND REDEVELOPMENT

We upgrade properties to increase efficiency and resilience while reducing environmental impact. Upgrades include HVAC, lighting, plumbing, irrigation, landscaping, solar power, and building envelope improvements.

Property of Tomorrow

A program started in 2018 that upgrades older properties across our portfolio. The initiative will take more than five years to complete at a total cost exceeding \$500 million. We upgraded approximately 260 properties through 2019.

Redevelopment

A program whereby older properties are rebuilt to our highest efficiency standards. Since 2013, we have allocated approximately \$500 million to redevelopment that includes resilience measures such as elevating properties above 500-year flood levels following Hurricane Harvey in Houston.

SOLAR POWER

We are committed to solar power generation, storage, and use through company and community initiatives.

Company Solar Program

We are actively adding solar photovoltaic systems to properties across the United States and are committed to expanding the program in 2020 and beyond.

Florida Power & Light (FPL) - SolarTogether

The Florida Public Service Commission recently approved the largest community solar project in the United States. SolarTogether aims to install more than 30 million solar panels across Florida by 2030. Public Storage pre-subscribed to the program in support of expanding solar power generation. We are committed to utilizing energy produced by SolarTogether at nearly 170 of our properties beginning in 2021.

LIGHTING

We employ efficient lighting technologies at our properties, which reduce energy use and carbon emission while improving customer experience.

Motion-Sensored Control

Motion sensors control lighting by zone, allowing for usage only when employees and customers are navigating specific areas of the properties.

LED Lighting

We converted all exterior property lighting to LED as of 2019. We are in-process on converting interior lighting to LED across the portfolio, with nearly 500 properties completed in 2019.

CENTRALIZED ACCESS SYSTEM

We developed a property access system that allows for centralized monitoring and remote control of property systems including parking gates, doors, and elevators. We added centralized access to approximately 1,600 properties in 2019.

Environmental Controls

Our systems allow us to identify and remedy employee and customer caused inefficiencies (e.g., doors left open) that would otherwise have negative environmental impacts (e.g., greater HVAC use).

CLIMATE RISK

Public Storage is committed to managing climate-related risks and opportunities as a strategic imperative. Our disclosures are in accordance with Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Governance	Our Sustainability Committee, which is chaired by our President of Asset Management and described in greater detail on page 20, has primary responsibility for climate-related activities. The Sustainability Committee reports directly to the Board's Nominating/Corporate Governance Committee, which oversees our sustainability initiatives.
Strategy	We assess risks and opportunities at the individual property and corporate levels as part of processes across our operations. We are long-term real estate owners, and we consider short, medium, and long-term (i.e., greater than 100 years) time horizons in our assessments. We give primary consideration to physical, regulatory, legal, market, and reputational risks. Examples include natural disasters, pandemics, temperature change, rising water levels, and regulatory compliance. The most common risks related to climate change include flooding and storm damage in the southern and eastern United States and wildfires in the western United States. The opportunities associated with these risks, including LED lighting, solar power generation, flood resilient construction, and broader ERM, are described throughout this report.
Risk Management	The identification of risks and opportunities takes place at all levels of the company. Our field personnel provide front-line insights in regard to property and local conditions. Our operations team utilizes significant data in order to monitor and remedy building envelope and usage outliers. Our property development and acquisition teams assess risk in regards to new opportunities. We have a comprehensive ERM framework to provide management and the Board with an understanding of the risks associated with company strategy and business objectives and to track our risk profile and mitigation efforts over time. All operating functions are governed by formal committees with the Sustainability Committee and Board providing oversight to ensure alignment.

CLIMATE METRICS *(see pages 23 and 24 for goals and targets)*

Like-for-Like Properties	2018	2019
Properties	2,165	2,165
Square footage (thousands)	179,035	179,035
Average square foot occupancy	93.1%	93.5%
Square feet directly managed (% of total)	100%	100%
CO₂ Emissions		
Data Coverage	99%	99%
Scope 1 (MTCO ₂ e)	13,016	13,717
Scope 2 (MTCO ₂ e)	98,017	95,058
Total (MTCO ₂ e)	111,033	108,775
<i>% change in total</i>	-	-2.0%
Emissions intensity (MTCO ₂ e/SqFt)	0.00062	0.00061

ENERGY, WATER, AND WASTE METRICS

Like-for-Like Properties	2018	2019
Properties	2,165	2,165
Square footage (thousands)	179,035	179,035
Average square foot occupancy	93.1%	93.5%
Square feet directly managed	100%	100%
Energy		
Data coverage	99%	99%
Electric consumption (kWH)	246,472,370	238,043,030
Fuel consumption (kWH)	71,678,180	75,539,000
District consumption (kWH)	0	0
Total energy consumption (kWH)	318,150,550	313,582,030
<i>% change in total</i>	-	-1.4%
Energy consumption intensity (kWH/SqFt)	1.77703	1.75151
Water		
Data coverage	96%	97%
Water consumption (Kgal)	318,305	286,591
<i>% change</i>	-	-10.0%
Water consumption intensity (Kgal/SqFt)	0.00178	0.00160
Waste		
Data coverage	93%	95%
Waste production (MT)	34,301	23,883
<i>% change</i>	-	-30.4%
Waste production intensity (MT/SqFt)	0.00019	0.00013

SOCIAL

STAKEHOLDER COMMITMENT

A commitment to stakeholders—including employees, customers, communities, investors, and suppliers—underpins our long-term successes. We actively engage with stakeholders and incorporate their views into our decision making. In a world that is increasingly interconnected with faster information dissemination, rapid innovation, quicker decisions, and rising risk, stakeholder focus is a critical strategy element for Public Storage.

ENGAGEMENT SUMMARY

We engage with our stakeholders in numerous ways:

EMPLOYEES

- Direct engagement (group and individual)
- Dedicated Learning and Development team
- Development and upward mobility focus
- New hire training programs and job aids
- Ongoing training and job aids
- Active succession planning at all levels
- Satisfaction surveys (90% of employees in 2019)
- Monthly employee newsletter
- Wellness programs
- Monthly safety training at all properties
- Annual safety training at company headquarters
- 24-hour anonymous compliance hotline

CUSTOMERS

- Direct engagement at properties
- Direct engagement in customer service functions
- Satisfaction surveys (92% of customers in 2019)
- Environmental clause in lease agreement
- Environmental best practice postings at properties

COMMUNITIES

- Employee volunteering
- Cleanliness and safety surrounding properties
- Industry trade group memberships
- Conference and event participation

INVESTORS

- Public disclosures
- Quarterly earnings calls
- Direct engagement with management team
- Direct engagement with lead independent trustee, including outreach to beneficial owners of more than 60% of outstanding common shares in 2019
- Conference and event participation
- Dedicated investor relations team

SUPPLIERS AND VENDORS

- Direct engagement
- ERM and compliance programs addressing anti-boycott, anti-bribery, export restriction, and trade sanction issues
- Supplier code of conduct agreement focused on:
 - Prohibiting corrupt or unfair business practices
 - Antitrust and fair competition agreements
 - Employment law agreements, including involuntary, anti-discriminatory, and child labor

EMPLOYEES

Public Storage employees and the culture we collectively embody are inextricably linked to company performance. We seek to earn the commitment of employees by making a strong commitment to them. While most join without experience in the self-storage industry, many find career success with us given our emphasis on development and promotion from within.

The Public Storage culture has evolved over decades in alignment with and support of our corporate strategy. Our executive management team helps define, monitor, and guide our culture, while the Board provides independent oversight to ensure alignment with strategy.

Our culture is grounded in:

- **INTEGRITY AND ACCOUNTABILITY** | We seek, hire, and retain great people and expect ethical behavior in everything they do. Two of our most prominent mottos are “do the right thing” and “tell it like it is.”
- **DEVELOPMENT AND ADVANCEMENT** | The development of employees is our priority. From active mentoring by managers to a dedicated Learning and Development team, initiatives are geared towards personal and career advancement.
- **ENTREPRENEURSHIP** | A focus on ideation, experimentation, and innovation magnifies our competitive advantages and supports our leadership position in the industry.
- **DIVERSITY AND INCLUSION** | Our long-held practice of hiring “the best” has fostered a diverse and inclusive workforce. We are proud that a majority of our employees are female (70%) and people of color (54%) and that our executive team is 25% female and 50% people of color. Inclusivity is inherent to our culture because diversity has always been a part of who we are.

Diversity and Inclusion

Public Storage hires based on personality, skills, and experience without regard to age, gender, race, ethnicity, religion, sexual orientation, or other protected characteristic. Adherence to this practice has resulted in a diverse and inclusive employee base that reflects the diversity of customers we serve. We maintain policies regarding diversity, equal opportunity, pay-for-performance, discrimination, harassment, and labor (e.g., child, forced, and compulsory). Our workforce is:



We celebrate inclusion and value the diversity each employee and customer brings. We believe everyone has the right to be treated fairly, with dignity and respect. We stand with our employees, customers, and communities in the fight against racism and injustice.

A Team in Action



Focused on our Properties and People (Webster, TX)



25 Years of Service (Gaithersburg, MD)



Property Team Training (Minneapolis, MN)



Regional Team Building (Houston, TX)

Training and Development

We promote employee advancement through ongoing formal and informal training and development programs. Public Storage employees completed more than 76,000 formal training hours in 2019. The Learning and Development team leads our efforts, including the following initiatives:

- **Public Storage Online Academy:** Provides mandatory and voluntary development programs for employees at all levels. In 2019, the team retooled these programs to expedite career advancement and upward mobility across the company.
- **Employee Recognition Program:** Allows employees formally to recognize their colleagues. In 2019, we had more than 26,000 instances of recognition (i.e., more than 70 per day).
- **The Insider:** A monthly newsletter focused on company strategy updates, employee recognition, and development.

Health and Wellness

Public Storage is committed to our employees and their overall health and well-being. We want to help them feel happy, healthy, socially connected, and purposeful. Our goal is to provide tools and resources to help empower our employees to explore what they need and to evaluate for themselves what makes sense in achieving a healthy and balanced lifestyle. These include:

- Comprehensive health benefits available to virtually all employees (only need to work 20 hours or more per week)
- Progressive premiums focused on those earning less than \$50,000 per year
- Dedicated health and wellness website providing educational and motivational content
- Employee wellness surveys
- Individual and team contests that promote goal setting, action, and monitoring
- Access to free annual flu shots
- Employee guidance resources with access to free counseling services through various channels (web, phone, in person)
- Discount programs for fitness centers, auto/home insurance, legal services, pet insurance, and more
- Programs to encourage retirement planning including a 401(k) plan with matching employer contributions

CUSTOMERS

We serve a wide array of customers who utilize self-storage for a variety of reasons but all need additional space and desire value, convenience, cleanliness, and an overall experience that provides peace of mind. We recognize that customers typically have options. Therefore, the customer is central to everything we do.

COMMUNITIES

We seek to have a positive impact on the communities we serve. Our community-focused efforts include:

- Promoting job creation and upward mobility
- Maintaining clean and safe surroundings
- Employee volunteering
- Membership in trade industry associations
- Sustainability initiatives
- Property redevelopment and adaptive reuse
- Engagement in planning stage of development
- Property environmental assessments
- Accessibility and traffic impact assessments
- Noise and waste controls during development

SOCIAL DATA

Diversity	Number	Percent
Total Employees	5,893	100%
Gender		
Female	4,133	70%
Male	1,760	30%
Race		
White	2,732	46%
African American	1,516	26%
Hispanic or Latino	1,127	19%
Two or More Races	208	4%
Asian	200	3%
Hawaiian or Pacific Islander	51	1%
Native American or Alaskan	33	1%
Declined to Answer	26	>0%
Age		
Millennial (Generation Y)	2,411	41%
Generation X	2,044	35%
Generation Z	814	14%
Baby Boomer	607	10%
Silent	17	>0%
Geography		
West Coast	1,751	30%
Southeast	1,715	29%
Southwest	1,141	19%
Midwest	775	13%
Northeast	511	9%
Occupational Safety and Health (OSHA)		
	2018	2019
Work-Related Fatalities	0	0
Total Recordable Incident Rate ⁽¹⁾	4.7	4.3
Lost Time Incident Rate ⁽²⁾	1.4	1.2

(1) Total recordable incidents multiplied by 200,000 and divided by total number of employee hours worked for 2019.

(2) Total lost time incidents multiplied by 200,000 and divided by total number of employee hours worked for 2019.

CORONAVIRUS RESPONSE

SUSTAINABLE VALUE CREATION

The coronavirus pandemic has exemplified the need for companies to have sustainable operations and financial positions that withstand disruption from emergencies. Our long-term strategy and fortress balance sheet allow us to continue serving our customers in difficult market conditions with a focus on collaborating internally and externally, and engaging with our stakeholders.

SERVING OUR CUSTOMERS AND COMMUNITIES

Public Storage is an “essential” business critical to supporting our customers and communities. Our properties have remained open and operational throughout the pandemic with enhanced protocols focused on the health, safety, and financial well-being of those we serve.

Contactless Service

- Added eRental contactless online lease, which allows customers to rent online and move in without employee interaction, to all properties
- Maintained full online payment capabilities
- Added payment drop boxes to properties
- Limited property tours to customer requests

Temporary Financial Accommodations

- Halted rent increases for existing customers
- Halted auctions of delinquent tenant units
- Provided rent and fee relief

PROTECTING AND SUPPORTING OUR EMPLOYEES

Public Storage’s commitment to employees is particularly relevant in trying times. Additional protocols focused on employees and their families have allowed us to be there for the customers we serve.

Field Operations

- Additional safety measures including:
 - ✓ One customer at a time in sales office
 - ✓ Mandatory face coverings and gloves
 - ✓ Plexiglass shields
 - ✓ Additional cleaning protocols
- PS Cares Emergency Fund (>\$10 million) created to support employees including:
 - ✓ Additional incentive pay
 - ✓ Childcare assistance
 - ✓ Extended paid time off
 - ✓ Coronavirus testing coverage

Corporate Operations

- Work-from-home implemented utilizing new operating and call center technology platforms that were put in place during 2018 and 2019
- Corporate employees will gradually return to a rotational work-from-home and work-from-office program under strict safety protocols
- Call center employees will continue to work from home in a new virtual call center environment
- Employees will retain work-from-home capabilities that may be used in the event of future pandemics or other emergencies

LOOKING AHEAD

We are proud of the way the Public Storage team and our customers have rallied together throughout the crisis. The transformation of our day-to-day business has resulted in a safer and more efficient experience for our customers and employees. We are committed to health, safety, and continued customer service in the face of future pandemics and other emergencies.

GOVERNANCE

OVERVIEW

Public Storage's commitment to the highest ethical standards is the foundation of a governance structure that provides oversight and accountability, promotes fairness and compliance, and proactively manages risk. Governance is critical to our operational, financial and reputational resilience.

CODE OF CONDUCT

Employees, executive management, and trustees must adhere and annually attest to our [Code of Conduct](#). Included in the Code are policies and standards around personal, professional, and marketplace integrity; anonymous reporting of concerns; and protecting company assets, records, and information. The Foreign Corrupt Practices Act, antitrust and competition laws, anti-boycott laws, export control laws, insider trading laws and equal opportunity, diversity, and anti-harassment standards are covered. Executive management and trustees must also adhere to additional [Codes of Conduct and Governance Guidelines](#). In 2019, 100% of employees, executive management, and trustees attested to the Code of Conduct.

SUSTAINABILITY GOVERNANCE

Our Sustainability Committee, which comprises senior members of various teams—executive management, real estate, operations, human resources, finance, legal, construction, architecture, and investor relations—is guided by our [Sustainability Committee Charter](#). All four of our executive officers sit on the committee.

In 2020, the Board Nominating/Corporate Governance Committee adopted changes to its charter to provide enhanced oversight of our sustainability efforts. This ensures a focused and appropriate level of oversight by the Board and reflects its commitment to sustainability.



CORPORATE GOVERNANCE

Our Board oversees senior management to ensure the long-term interests of the company and our stakeholders are best served. Our trustees take a proactive, focused approach to their oversight responsibilities. Our corporate governance is structured to foster principled actions, informed and effective decision making, and appropriate monitoring of performance, risk, and compliance. Trustee decisions are governed by the [Corporate Governance Guidelines and Trustees' Code of Ethics](#), in addition to individual committee charters.

Key aspects of our governance include:

Company-Wide

- Strong accountability and oversight
- Pay-for-performance
- Focus on legal and regulatory compliance

Shareholder Rights

- No poison pills
- Right to call special meetings
- Right to nominate directors (proxy access)
- Majority shareholder vote to amend bylaws and approve M&A transactions
- Majority vote requirements for trustee elections

Board Structure and Composition

- Declassified (annual elections)
- Majority independent trustees
- Lead independent trustee
- Separate Chairman and CEO positions
- Mandatory trustee retirement at age 75

Additional Practices

- Stock ownership guidelines
- Clawback policy covering all compensation
- Anti-hedging policy
- No employment or severance agreements
- Double-trigger vesting upon change of control
- Political and charitable contributions policy

BOARD DIVERSITY AND INDEPENDENCE

Board succession and ensuring an appropriate balance of experience and diversity are key focus areas for the Governance Committee and the Board. Our Board reflects diverse perspectives, including a complementary mix of skills, experience, and backgrounds, that we believe are paramount to our ability to represent the interests of all stakeholders. Our Board recognizes the importance of diversity and supports management's efforts to enhance all aspects of diversity throughout the company.

Our trustees have a broad range of experience in varying fields, including finance, real estate, financial reporting, banking, international affairs, governance, marketing, and technology. Our Board composition provides us valuable and diverse perspectives from our founders, former executives steeped in the Company's strategy and operations, and independent trustees (who comprise 60% of the Board). The Audit, Governance, and Compensation Committees are composed exclusively of independent trustees.

A majority of our trustees hold or have held directorships at other U.S. public companies. Five of our trustees, in addition to our Chairman and our CEO, have served as chief executive officers, and all have demonstrated superb leadership and intellectual and analytical skills gained from deep experience in management, finance, and corporate governance. Two of our current trustees are females, and half of our current trustees are age 60 or younger. Additionally, our Chairman and our CEO have provided meaningful in-person opportunities for the Board to interact with key members of management beyond our executive officers on a quarterly basis.

RISK MANAGEMENT

Our Board is responsible for overseeing our company-wide approach to the ongoing identification, assessment, and management of our key enterprise risks. An essential component of the company's approach to risk management is the implementation of a comprehensive ERM (enterprise risk management) framework to provide management and the Board with an understanding of the risks associated with the company's strategy and business objectives and to track our risk profile and mitigation efforts over time. Our ERM framework (1) explicitly considers the risks facing the company; (2) informs and communicates regarding these risks and responsive actions taken to address these risks; and (3) provides the Board with a measurable way to exercise its oversight responsibilities over the company's risk assessment and risk management efforts. In doing so, we ensure our ability to identify and implement business decisions that best optimize our strategy and deliver on our commitment to stakeholders to deliver long-term sustainable value in a responsible manner.

Oversight for certain specific risks falls under the responsibilities of our Board committees.

- **The Audit Committee** focuses on financial and other risks, including reputational, legal and cybersecurity, and other IT risks affecting the company. The Audit Committee also discusses the company's policies with respect to risk assessment and risk management.
- **The Compensation Committee** focuses on risks related to our compensation program, including evaluating appropriate compensation incentives relating to the compensation of our executives and employees.

The Compensation Committee annually considers a report from management on its review of potential risks related to compensation policies and practices applicable to all employees. Most recently, in February 2020, the Compensation Committee considered the company's Annual Report on Form 10-K and also considered and discussed with management its conclusion that the company's compensation policies and practices are not reasonably likely to have a material adverse effect on our company.

In connection with preparing the report for the Compensation Committee's consideration, members of our senior management team, including our CEO and Chief Human Resources Officer, reviewed the target metrics for all of our employee incentive compensation plans. At the completion of the review, management and the Compensation Committee concluded that our incentive compensation plans did not create undue risks for the company.

- **The Governance Committee** focuses on risks associated with succession planning, corporate governance, public policy (including corporate political and charitable activities), and sustainability matters.

The committees regularly advise the full Board of their oversight activities.

Critical components of our ERM framework include ongoing assessments by risk owners of key enterprise risks and mitigation controls, discussions among the executive team regarding these key enterprise risks, and regular reporting to the Board and Audit Committee.

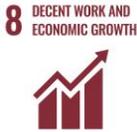
Our Board and Board committees regularly receive presentations from management on potential and perceived risks to the business. Additionally, all trustees have access to members of management if a trustee wishes to follow up on items discussed outside of the Board or committee meeting.

GOALS AND TARGETS

A FOCUSED EFFORT

Our goals are in accordance with the UN Sustainable Development Goals framework.

UN Sustainable Development Goal	Initiative	Goal	Comments and Progress
13 CLIMATE ACTION 	Energy Consumption	Like-for-like reduction of 2% in 2020 relative to 2019	Achieved a 1.4% reduction in 2019.
6 CLEAN WATER AND SANITATION 	Water Consumption	Like-for-like reduction of 2% in 2020 relative to 2019	Achieved a 10.0% reduction in 2019.
13 CLIMATE ACTION 	CO₂ Emission	Like-for-like reduction of 2% in 2020 relative to 2019	Achieved a 2.0% reduction in 2019.
13 CLIMATE ACTION 	Energy Efficient Lighting	Exterior LED lighting at all properties	Completed in 2019.
13 CLIMATE ACTION 	Energy Efficient Lighting	Interior LED lighting expansion	495 properties upgraded in 2019. Goal is ongoing in 2020.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Centralized Access Control	Remote-controlled access system (parking gate, doors, elevators, etc.) at all properties	1,600 properties upgraded in 2019. Goal is ongoing in 2020.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Building Efficiency Upgrades	All redevelopment properties will include efficiency upgrades	In Progress. Upgrades were included at all redevelopment properties from 2013 through 2019.

UN Sustainable Development Goal	Initiative	Goal	Progress
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Solar Power Generation	Expand generation and storage capacity	Achieved for 2019 with doubling of capacity. Goal is ongoing.
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Supply Chain Sustainability	Encourage sustainable behavior by suppliers and vendors	Completed in 2019. Added sustainable behavior clause to supplier and vendor contracts.
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Data Privacy	Compliance with California Consumer Privacy Act (CCPA) and other data privacy laws	Compliance with CCPA completed prior to the act's 1/1/20 effective date. Company is in compliance with other laws. Goal is ongoing.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Employee Training and Development Programs	Enhance programs to expedite career advancement and upward mobility	Completed in 2019.
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Employee Satisfaction	Improvement of employee programs based on feedback and other engagement	Completed in 2019 with enhanced initiatives. Goal is ongoing.
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Employee Wellness	Improvement of employee wellness	Completed in 2019 with enhanced initiatives. Goal is ongoing.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Board Diversity	Add diverse trustees	Added Tariq M. Shaukat in 2019. Search for an additional diverse trustee is underway.

Appendix

SASB Index

Metric ⁽¹⁾	Code	Page(s)
Activity Metrics		
Number of assets, by property subsector	IF-RE-000.A	4,12-13
Leasable floor area, by property subsector	IF-RE-000.B	4,12-13
Percentage of indirectly managed assets, by property subsector	IF-RE-000.C	12-13
Average occupancy rate, by property subsector	IF-RE-000.D	12-13
Energy Management		
Energy consumption data coverage as a percentage of total floor area, by property subsector	F-RE-130a.1	13
Total energy consumed by portfolio area with data coverage, percentage grid electricity, and percentage renewable, by property subsector	IF-RE-130a.2	13
Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	IF-RE-130a.3	13
Description of how building energy management considerations are integrated into property investment analysis and operational strategy	IF-RE-130a.5	9-12
Water Management		
Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	IF-RE-140a.3	13
Description of water management risks and discussion of strategies and practices to mitigate those risks	IF-RE-140a.4	9-12
Management of Tenant Sustainability Impacts		
Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	IF-RE-410a.3	10,14
Climate Change Adaptation		
Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	IF-RE-450a.2	12

1. Certain SASB metrics that are not applicable or for which data is unavailable have been excluded. Public Storage will consider additional SASB-aligned disclosures in future reports.

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