

o<sub>1</sub>properties

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# SUSTAINABILITY REPORT

# '19





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# DIRECTOR'S STATEMENT

## To our tenants, employees and other stakeholders,

We are glad to present O1 Properties Limited 2019 Sustainability Report prepared in accordance with EU Directive 2014/95/EU. With our second **non-financial report**, we provide information about O1 Properties approach to sustainability and show the progress we have achieved in our corporate responsibility journey throughout the year. Our annual sustainability reporting became an integral part of an open stakeholder dialogue.

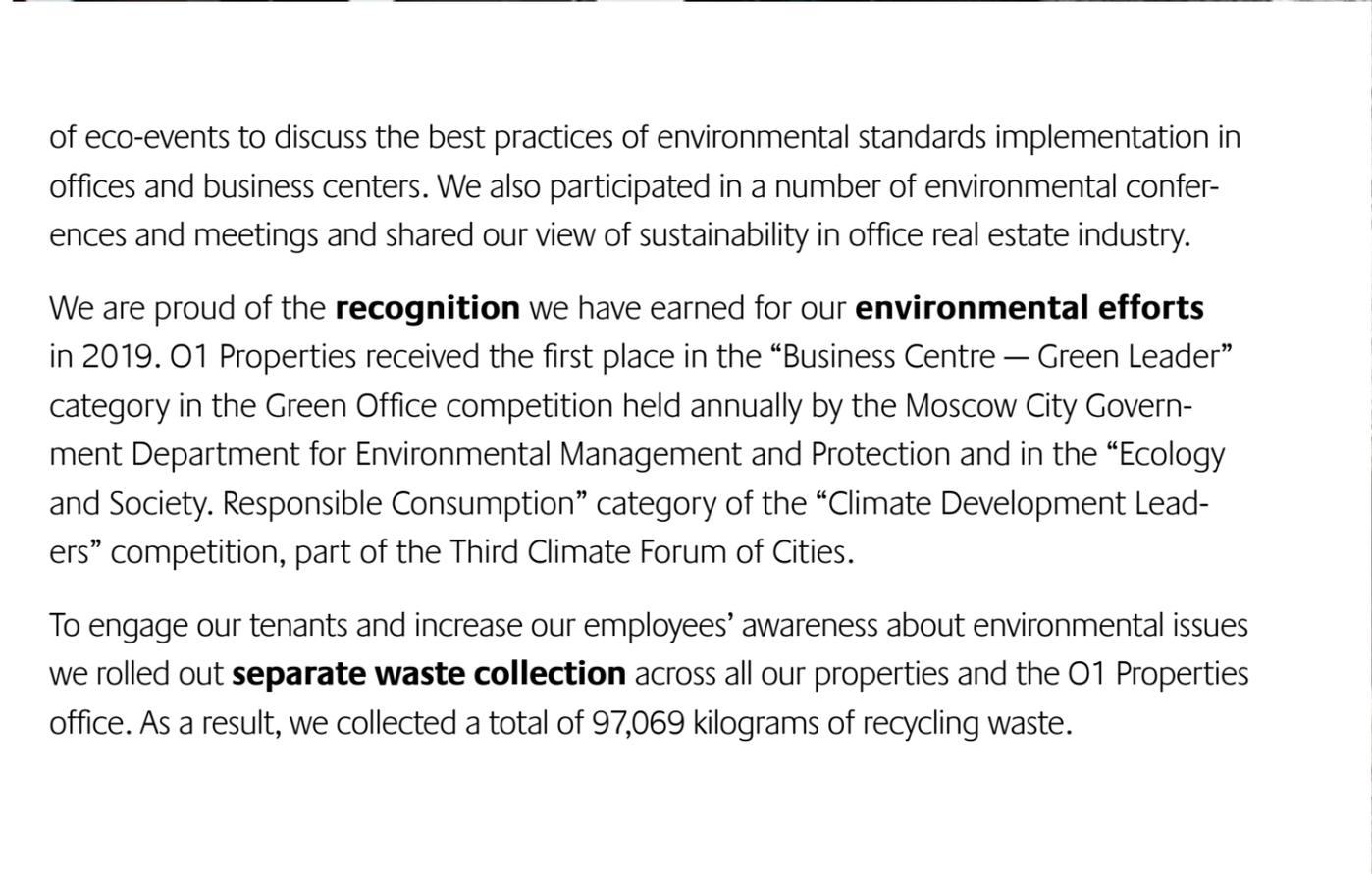
Following the adoption of a corporate **Sustainability policy**, we focused on promoting environmental awareness among our tenants and employees and enhancing the talent management system.

In 2019, our **environmental program** revolved around two main areas — setting an environmental agenda in the media and among the professional community and engaging and educating our tenants and employees on environmental issues. We held a series

of eco-events to discuss the best practices of environmental standards implementation in offices and business centers. We also participated in a number of environmental conferences and meetings and shared our view of sustainability in office real estate industry.

We are proud of the **recognition** we have earned for our **environmental efforts** in 2019. O1 Properties received the first place in the “Business Centre — Green Leader” category in the Green Office competition held annually by the Moscow City Government Department for Environmental Management and Protection and in the “Ecology and Society. Responsible Consumption” category of the “Climate Development Leaders” competition, part of the Third Climate Forum of Cities.

To engage our tenants and increase our employees’ awareness about environmental issues we rolled out **separate waste collection** across all our properties and the O1 Properties office. As a result, we collected a total of 97,069 kilograms of recycling waste.





Across our Company, we continued to make progress on the environmental efficiency of our business centers. We are pleased to have 6 more business centers **BREEAM-certified** in 2019 - iCUBE, LeFORT, Vivaldi Plaza, Silver City, Stanislavsky Factory, White Stone and Krugozor. BREEAM is an internationally recognized and the most widely used method for assessing the environmental efficiency of buildings. As part of the BREEAM project, we developed a number of object-specific policies, procedures and strategies for each business center.

At O1 Properties, we have always believed that **employees** are our key asset. Some key achievements in talent management in 2019 include an updated onboarding process for new hires, development of an employee grade level system and a qualitative review of high-level KPIs to ensure their close alignment with our business goals.

We strive to be a reliable business partner and neighbor to local communities. In 2019, we allocated about 19 million rubles to **social investments** and continued to support charitable funds and organizations to make positive change in the communities that we are part of. We also signed a sponsorship agreement with the Bolshoi Theater to promote Russian performing arts on the world stage.

At the beginning of 2020, the world faced an unprecedented global health crisis due to the outbreak of **coronavirus disease 2019 (COVID-19)**. To protect our employees, tenants, contractors and suppliers from the heightened health risks, we adopted safety measures at all our business centers. Fulfilling our obligations to our employees, we assured that not a single employee was dismissed, sent on unpaid leave or asked to work shorter hours with a decrease in pay.

We would like to thank our employees for their commitment and hard work that contributes significantly to achieving our sustainability goals.

We hope you will enjoy reading this report. We are looking forward to making an even greater positive impact in 2020 and onwards.

**Eleni Ralaiarisoa**

Director

**Ioanna Savvidou**

Director



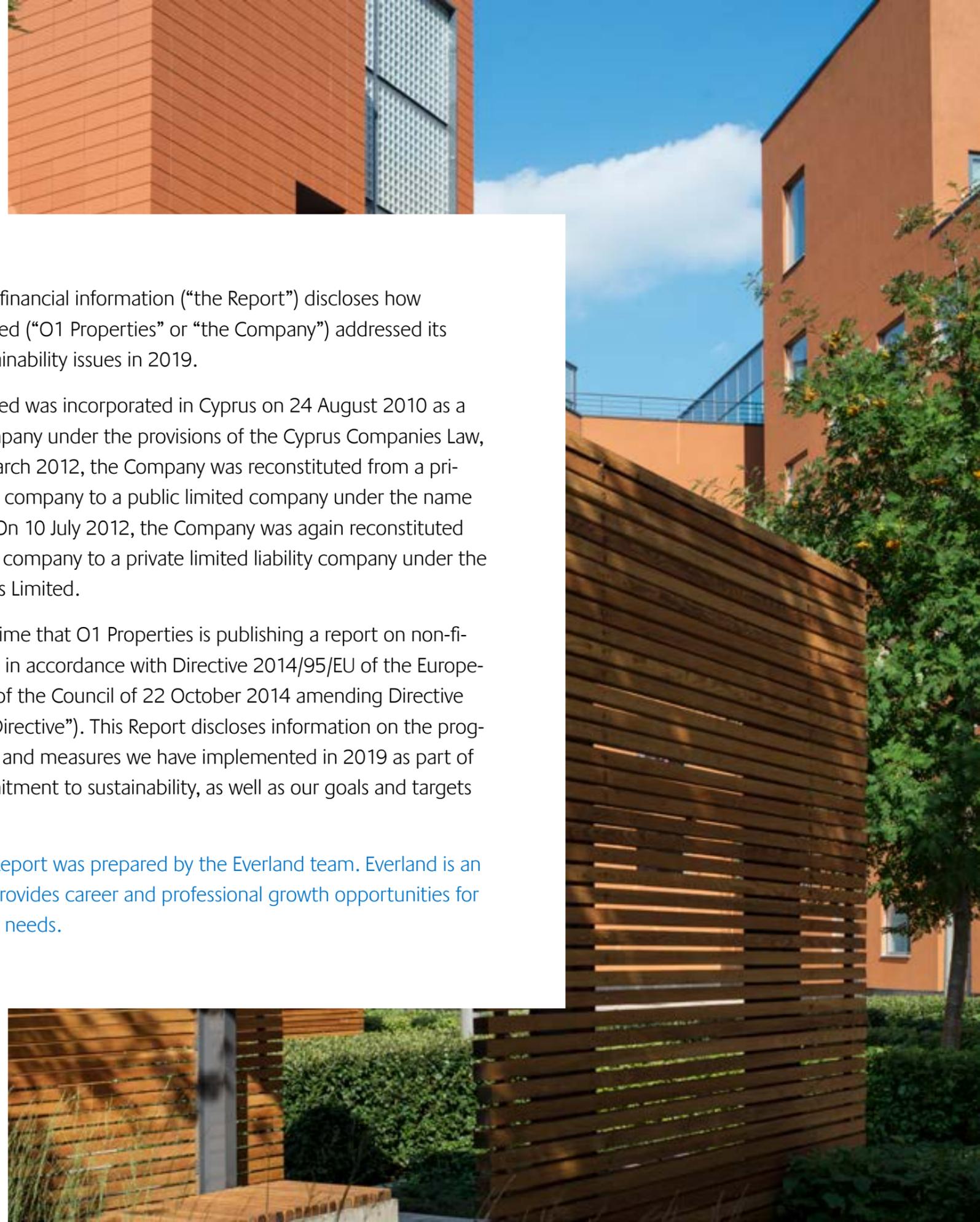
# ABOUT THE REPORT

This report on non-financial information (“the Report”) discloses how O1 Properties Limited (“O1 Properties” or “the Company”) addressed its most material sustainability issues in 2019.

O1 Properties Limited was incorporated in Cyprus on 24 August 2010 as a limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 28 March 2012, the Company was reconstituted from a private limited liability company to a public limited company under the name O1 Properties plc. On 10 July 2012, the Company was again reconstituted from public limited company to a private limited liability company under the name O1 Properties Limited.

This is the second time that O1 Properties is publishing a report on non-financial information in accordance with Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU (“the Directive”). This Report discloses information on the progress we have made and measures we have implemented in 2019 as part of our ongoing commitment to sustainability, as well as our goals and targets for the future.

The design of the Report was prepared by the Everland team. Everland is an organization that provides career and professional growth opportunities for people with special needs.





## REQUIREMENTS FOR NON-FINANCIAL REPORTING

There were no amendments to the Directive in 2019 and it remains effective at the date of publishing of the present Report.

## EU DIRECTIVE ON NON-FINANCIAL REPORTING

Directive 2014/95/EU on the disclosure of non-financial and diversity information succeeded Accounting Directive 2013/34/EU that requires certain large companies to disclose information on the way they operate and manage social and environmental challenges, protect and support human rights, handle anti-corruption and bribery matters and ensure the diversity of the Board of Directors. This helps investors, customers, policy makers and other stakeholders evaluate the non-financial performance of large companies and encourages these companies to develop a sustainable approach to business.

## LAW OF CYPRUS

On 2 June 2017, Cyprus ratified the Directive, which prescribed reporting of non-financial matters as mentioned above. Compliance and reporting requirements were incorporated into Cypriot legislation as Art. 151A of the Companies Act (Cap. 113). As a Company incorporated in Cyprus, O1 Properties opted for partial voluntary compliance with said requirements.

## RUSSIAN REGULATIONS ON NON-FINANCIAL REPORTING

At the time this Report was published, legislation on mandatory non-financial reporting was not adopted in Russia, however, the draft legislation was publicly available. For this reason, O1 Properties goes ahead and voluntarily reports on sustainability-related information before it becomes a formal requirement.

Moreover, despite the voluntary nature of non-financial reporting in the Russian Federation, the Company is required to report on these matters in another jurisdiction, as indicated above.

## MAIN DATA FOR THE MOSCOW OFFICE MARKET

# '19

# MARKET OVERVIEW

The year 2019 was positive for the Russian office market. It still features the low new development activity thus creating the shortage of the space, especially inside the CBD. According to the data provided by Colliers International, in 2019 the takeaway increased +6% and the vacancy rate dropped by three points as compared to 2018 and reached 5.6% (A / B) and 8.7% in class A.

**18.7**  
mln sq.m

Total office stock  
(including classes A and B)

**4.4**  
mln sq.m

Total office stock in class A

**388.1**  
thsnd sq.m

New construction

**1.621**  
mln sq.m

Take up

**8.7%**  
thsnd sq.m

Vacancy rate in class A



## MARKET TRENDS

Modern world faces many urgent challenges, from global warming and climate change to global health crisis. These issues define the development path for many industries including real estate, which encounters a dynamic period of change and meets new risks and opportunities.

Today the way people use space is changing considerably. The industry shifts from the traditional office real estate approach towards creating agile places that combine work and leisure facilities and offer flexible space formats. Modern customers need sustainable offices, which are innovative, eco-friendly and energy efficient, safe and at the same time meet highest quality standards. These tendencies lead us to rethink our business strategy and develop new solutions.

In 2019 we have defined two trends that make significant influence to the market and need to be anticipated to sustain the leadership positions in the long-term.



## SUSTAINABLE AGENDA

While the new generation of Millennials and Generation Z increase the influence on the labor market, the sustainable agenda becomes the growing concern for the real estate companies. New generation shows higher involvement to the environmental issues as compared to their predecessors and it gives the pressure on the HR strategies of our tenants targeting to attract the new talent. Buildings may become the meanings of communication of the tenants' values and sustainability is one of the major features that can be communicated through special location and fit-out of the office.

But implementing of the sustainable technologies and practices to the facility and property management gives the wider bunch of benefits than simple reduce of the ecological foot print of the office and opportunity to communicate the values of sustainability to the stakeholders. The global studies show the positive impact of ecological technologies on creating the comfort environment that boost productivity and improve health of the people spending time in these buildings.

Guided by this knowledge we gave the special focus to our program of ecological efficiency of the business centers as well as managed projects to increase awareness of our stakeholders about these issues.

### GLOBAL DATA ON SUSTAINABILITY IN OFFICE REAL ESTATE

**59.9%**

of employees agree that their workplace enables them to work productively

Source: Leesman index, 2018

**77%**

of developers agree that green buildings contribute to health improvement of the people who work there

Source: Dodge Data & Analytics, 2018, WorldGBC

**29%**

of Millennials and Gen Z name environmental sustainability their top concern

Source: Deloitte Millennials survey



## FLEXIBLE OFFICES

Changing attitude of the new generations to the office routine and increasing demand for better work-life balance gave the impetus to development of the flexible leasing model in office real estate. This market is developing rapidly around the globe and may reach up to 30% of the office stock by 2030 (according to the JLL data). In Moscow this segment is growing + 30 – 40% annually (JLL).

Currently there are several sub-categories of flexible offices from co-working places for individual entrepreneurs and start-ups to private offices for large companies which want to diversify their real estate strategies and add flexible formats to locate the agile project teams. Increasing role of the IT and product development squeezed the horizons of planning for many companies. New trends are emerging rapidly and to be able to respond and adjust the team to anticipate these trends companies need more flexibility for R&D, IT and Project development departments with ability to scale the office up and down when needed. Such prominent Russian companies as Tinkoff, VTB, Yandex, MTS and others have already located part of the teams at the flexible spaces.

In 2019 we partnered the Space 1 to diversify our offering and propose our customers a long-term, but flexible approach to staff premises. A new “Office-as-a-service-product” is a turnkey solution tailored to customers’ needs and business processes with an option to change the contract period.

## FLEXIBLE OFFICES 2019 DATA

**15-20%**

annual growth of flexible office space  
in Europe

**5.1%**

share of flexible offices in  
total office stock in London

**30-40%**

annual growth of flexible office space  
in Moscow

**0.7%**

share of flexible offices in  
total office stock in Moscow

Source: JLL, 2019

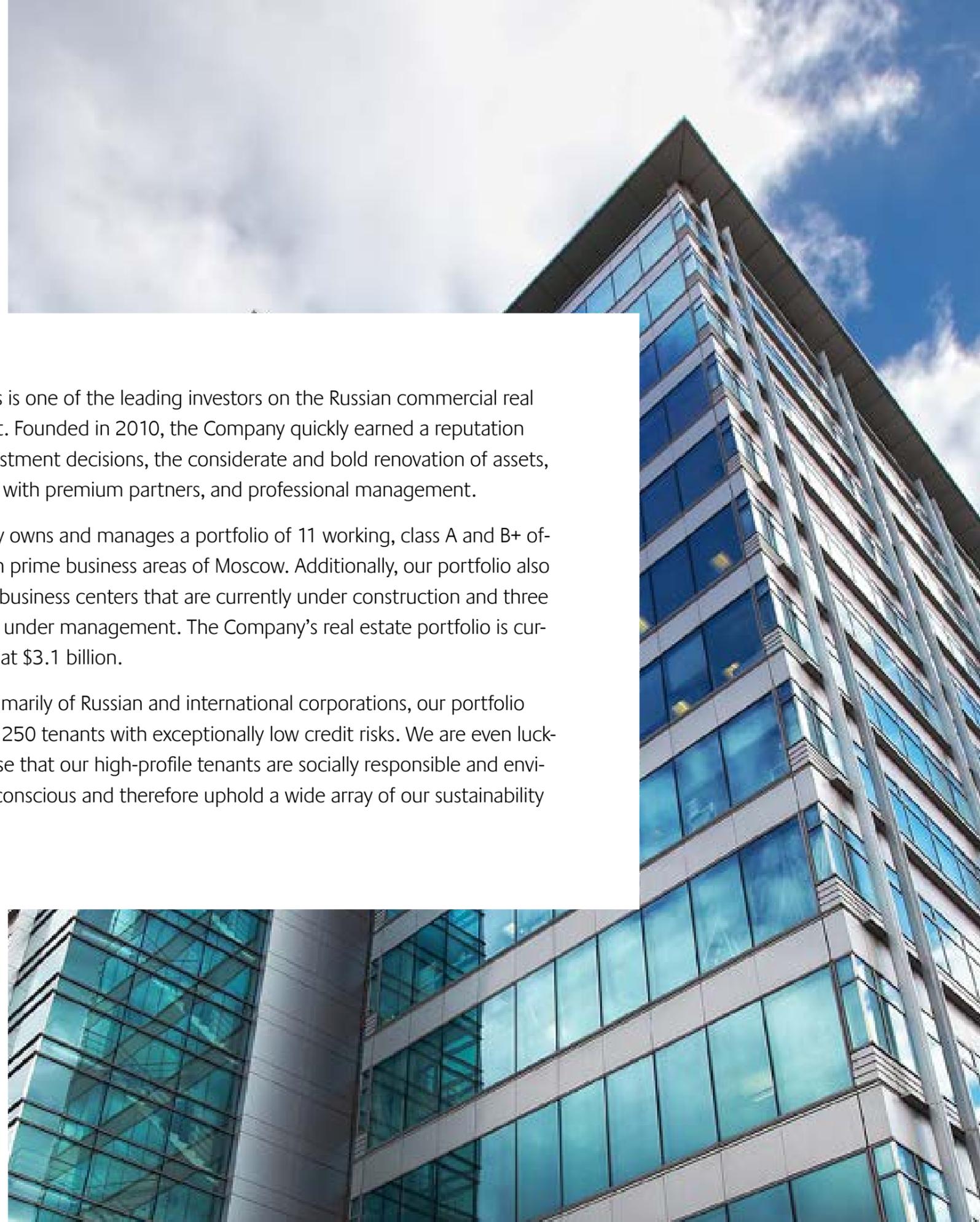


# ABOUT THE COMPANY

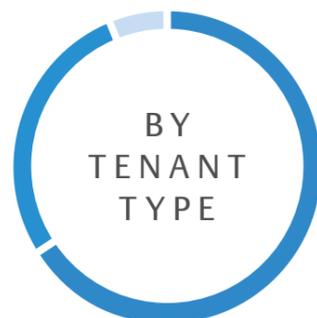
O1 Properties is one of the leading investors on the Russian commercial real estate market. Founded in 2010, the Company quickly earned a reputation for good investment decisions, the considerate and bold renovation of assets, collaboration with premium partners, and professional management.

The Company owns and manages a portfolio of 11 working, class A and B+ office centers in prime business areas of Moscow. Additionally, our portfolio also includes two business centers that are currently under construction and three more objects under management. The Company's real estate portfolio is currently valued at \$3.1 billion.

Consisting primarily of Russian and international corporations, our portfolio features over 250 tenants with exceptionally low credit risks. We are even luckier in the sense that our high-profile tenants are socially responsible and environmentally conscious and therefore uphold a wide array of our sustainability initiatives.



## TENANT PORTFOLIO



- **66%** Multinational
- **28%** Russian
- **6%** Government



- **29%** Top 1-10
- **14%** Top 10-20
- **43%** Others
- **4%** Vacant



- **20%** Consumer retail
- **18%** Finance
- **16%** Industrial
- **17%** Consulting / legal
- **14%** TMT
- **2%** Natural resources
- **13%** Others





We have always recognized the value of strong corporate governance and are renowned for our open and transparent business practices. Our **mission** can be summarized as follows:

## IMPROVING THE DAY-TO-DAY BUSINESS OF OUR CUSTOMERS

We improve the day-to-day business of our tenants by offering them innovative, efficient, functional and environmentally friendly office space at competitive prices.

## GENERATING SAFE AND RISING RETURNS

We generate safe and rising returns to our shareholders by efficiently managing and growing our assets and by motivating and retaining the best talent.

We place out tenants' wellbeing at the forefront of our business activities. In 2019, we strived to further improve our user-friendly management system to ensure that our tenants receive a seamless, high-quality service. To achieve this, we continue to strictly adhere to the following **values** that guide everything we do:

- **Cutting-edge approach**
- **Stability**
- **Transparency**
- **Partnership**

For a more detailed description of our values, please refer to the [2018 Report](#).

We go the extra mile to provide the very best service to all our stakeholders. We support our clients every step of the way by providing key industry knowledge and a full range of services to meet all their business needs.



Our values translate into our strategic objectives, which continue to guide our path to becoming a leading player on the Russian real estate market:

## INVEST IN PREMIUM OFFICE REAL ESTATE ONLY

Our modern, high-quality portfolio of class A and B+ office properties means that we can provide leading companies with the premises and facilities that they need. We will continue to offer innovative, efficient and functional office spaces with cutting-edge design at cost-effective levels.

## FOCUS ON THE MOSCOW MARKET

Our portfolio is 100% focused on the Moscow market, which offers one of the highest rental yields in Europe. By offering premium office space to leading Russian and international companies, we can take advantage of the sector's high growth rates and leverage the advantage of being based in Russia's capital city.

## KEEP A BALANCE BETWEEN YIELD GENERATING ASSETS AND DEVELOPMENT

Assets that generate steady cash flow are a strong foundation for the business, while development projects can bring extra margin as well as opportunities to create unique and efficient new office buildings. To ensure sustainable growth, we aim to limit development projects to 10% of total portfolio value.

WE MADE SEVERAL CHANGES TO OUR BUSINESS MODEL IN 2019:

## BUSINESS MODEL

We have become internationally renowned for our sustainable long-term development strategy, highly qualified talent and prominent global financial partners. We are proactive members of the commercial real estate establishment and our strategy is primed to quickly adapt to market changes. Being first and foremost an investment company, we specialize in the acquisition, development and management of premium class commercial office space on the Russian real estate market. Thanks to our distinct business model and prudent acquisition program, we have managed to expand our assets portfolio to a total net rentable area (NRA) of more than 467,000 square meters of class A and B+ prime properties.

O1 Standard was created in place of the PJSC Nash Standart and was subsequently sold to an independent shareholder. O1 Standard has become the strategic partner for O1 Properties in property and facility management. We believe this to be a step forward in terms of service provision, as well as from a sustainability perspective as it is conducive to implementation of uniform environmental standards at our properties. Lease management processes were transferred to O1 Properties Management.

O1 Properties Management took over the management of the Aurora, Avrasis and Bolshevik facilities in September 2019. From a business point of view, this led to the establishment of a new development unit. These facilities will be held to the same high standards as our own buildings.

In October 2019, together with Space 1 we started offering a new “Office-as-a-service-product” to major office customers, who are increasingly seeking lease contracts with flexible terms (for duration and space), reflecting a transition to agile management systems and the greater use of scalable project teams. Our solution is a turnkey tailored to the customer’s needs and business processes: in addition to its own secluded office space, the customer can use additional meeting and conference rooms, recreation areas and other general infrastructure.



## KEY STATISTICS 2019<sup>1</sup>

### NRA

TOTAL	YIELDING	DEVELOPMENT
517,219 m <sup>2</sup>	467,641 m <sup>2</sup>	49,578 m <sup>2</sup>

### Market value

TOTAL	YIELDING	DEVELOPMENT
\$3,075,390,000	\$2,697,800,000	\$25,590,000

### Occupancy Rate<sup>2</sup>

95%

### Average Net Rental Rate

\$489 m<sup>2</sup> / year

### Vault to expiry

2.8 years

### Corporate Credit Rating

S&P CCC, Moody's B3

### Tenant Portfolio

250 — leading Russian and international corporations with exceptionally low credit risks

### Market Share

9%

### Net Rental

Revenue \$ 289,312,000    Income \$ 238,925,000

### Ratings and Awards 2019

Forbes: #8 amongst largest owners of commercial real estate owners (2019 results).<sup>3</sup>

For 2018 data, please, refer to the [2018 Report](#).

<sup>1</sup> Dollar exchange rate on 31.12.2019 — 61,9 RUB.

<sup>2</sup> All the year-end.

<sup>3</sup> The rating is based on estimates of the rental income of owners of office, retail, hotel and warehousing real estate. Forbes estimated the gross rental income of O1 Properties at \$305 million in 2019. We are the only company in the top 10 with a major focus on office real estate.



## KEY CONCERNS

We are currently facing a number of challenges to our financial stability that are creating an elevated level of uncertainty with regards to the Group's ongoing operations. We incurred a loss of USD 272 million for the year ending 31st December 2019. We have also been negatively affected by the current economic environment and the consequences of the COVID-19 pandemic, which have made it more difficult for our tenants to comply with their rent obligations as they fall due. As a result, Management expects a decrease in the Group's ability to meet its own future obligations. Moreover, the current economic conditions may result in us violating our loan covenants. We are working to minimize the potential negative impact of these factors and to enhance our stability; however, it is not currently possible to give a precise estimate of the potential consequences.

In March 2020, the Group was in breach of a USD 14.5 million six-month coupon payment on Eurobonds issued by a subsidiary of the Group and guaranteed by the Company. This breach constituted an event of default and, as a result, bondholders have the right to request immediate repayment of the principal amount of USD 350 million, together with accrued interest. Management submitted a restructuring proposal and held discussions with bondholders; however, these discussions have yet to deliver any clear results.

Nevertheless, we are confident about the future of the Group and believe that these risks and uncertainties can be successfully managed by invoking several mitigating measures and reaching agreements.

For more information on our financial data, details on key concerns and mitigating measures please refer to the Management Report and Consolidated Financial Statements 31 December 2019.



## SUSTAINABILITY AGENDA

We have continued to develop our sustainability agenda by persistently improving our practices and implementing new initiatives. Our focus in 2019 was on cultivating awareness about the importance of environmental issues among our employees and improving the talent management system. This fed into another core objective – environmental responsibility - by reducing the impact our business activities have on the planet. For more information on our BREEAM certification process, separate waste collection and other environmental initiatives, please refer to the [Environment](#) section of the Report. We adopted a corporate [Sustainability policy](#) in 2019 to support our efforts to boost the Company's sustainability performance. The policy highlights our commitment to sustainability and corporate social responsibility. It sets forth our sustainability principles and obligations and specifies our approach to governing ESG-matters. The policy complements a range of other relevant policies (namely, Environmental, Human Rights, Occupational Health and Safety, Anti-Corruption and Bribery policies). As a result of policy adoption, we are able to provide more efficient responses to the sustainability challenges. The CFO is responsible for the policy implementation and application.

### Our sustainability agenda is guided by the following principles:

- Information transparency, application of best corporate management practices and international accounting standards.
- Treating employees as the most valuable asset, supporting their professional and career growth and development.
- Caring for and reducing negative impact on the environment through green standards in the design, construction and management of office buildings.
- Promoting healthy lifestyles and team spirit by organizing sports competitions for the staff of O1 Properties and its tenants.
- Helping NGOs, charities and public institutions in their work with disadvantaged social groups, improving the quality of life of those most in need.
- Preservation of historical heritage, patronage of culture and the arts.



## SUSTAINABLE DEVELOPMENT GOALS

In 2019, we joined the UN Global Compact (UNGC) to confirm our commitment to its ten principles of responsible and sustainable business in human rights, labor, non-discrimination, environmental responsibility and combatting corruption.

The Global Compact is an international strategic initiative of the United Nations founded in 2000 to encourage businesses to adopt corporate social responsibility and sustainability principles. The initiative unites more than 10,400 companies in 173 countries and promotes activities that contribute to the UN sustainable development goals (SDGs) to create a better world. The UN SDGs comprise 17 goals agreed and established by the global community in 2015 to address and overcome global challenges by 2030.

In support of the UN Global Compact, we analyzed the SDGs and identified two goals that are most relevant to our operations: Goal 11 “Sustainable Cities and Communities” and Goal 12 “Responsible Consumption and Production”. We aspired to make our contribution towards these goals as meaningful as possible in 2019.



## 11 SUSTAINABLE CITIES AND COMMUNITIES



### Target

**11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage**

**11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management**

**11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities**

### Our contribution

- About 25 million rubles allocated to social investments.
  - An agreement with the Bolshoi Theatre to support its work to nurture Russia's cultural heritage.
  - Support of the Meyerhold Center.
- 
- Investment in environment-friendly technologies to reduce consumption of natural resources and harmful atmospheric emissions as part of our efforts to obtain BREEAM certification.
  - Stimulating our employees to use more sustainable means of transport.
  - Support of the bicycle parking racks at all our business centers to encourage tenants and visitors to use sustainable transport.
  - Launch of the project to install charging stations for electric cars at two business centers in 2020.
  - Implementation of the separate waste storage practice in all business centers and office of O1 Properties. Support of the initiative with relevant communication actions to encourage people to change corporate as well as personal habits in waste storage routine. As result, **97,069 tonnes** of recycling waste was collected in O1 Properties buildings in 2019.
- 
- Support of green recreation areas to increase biodiversity of the area.
  - Support of infrastructure facilities at our business centers, all of which are open to the public.



## Target

**12.2 By 2030, achieve the sustainable management and efficient use of natural resources**

**12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse**

## Our contribution

- Development and implementation of property-specific environmental policies and procedures as part of the BREEAM certification process. Obtaining the Part II BREEAM certification for all properties (assessment of management process).
- Commitment to fully certify our real estate portfolio to BREEAM environmental standards.
- Implementation of separate waste collection in our office and at all our properties.
- Analysis of the CO2 emissions of our suppliers and the decarbonization of our supply chain.
- Cooperation with the “Vtoroe Dyhanie” Foundation and the installation of containers for collecting used clothes to be processed or transferred to social projects at our business centers. A total of **10,383 kg** of clothes was collected in 2019.
- Support of the RazDel’niy Sbor eco-movement initiative and the collection of **375 kg** of used office appliances at the Vivaldi Plaza business center.

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**





# OUR ASSETS

Being one of the biggest players on the Russian commercial real estate market, we are committed to reducing the environmental footprint of our buildings. We have observed growing demand for sustainable office spaces from a new generation of office workers, seeking workplaces with plenty of natural light, decent air quality, relaxation zones, green areas, eco-friendly building materials and access to various amenities.

This is why in 2019 our portfolio management efforts were focused on enhancing the eco-friendliness of our assets and obtaining BREEAM certification. For more information on BREEAM certification, please refer to the [BREEAM](#) section of the Report.



**A**  
CLASS

# WHITE SQUARE



White Square office center is a prime office property comprising three independent buildings. It is located in the central business district of Moscow within a five-minute walk from Belorusskaya metro and train stations.

As with all our properties, White Square is open to the public. The outdoor space of the White Square complex includes an outdoor sculptural installation entitled White City by renowned sculptor Georgy Frangulyan. This ensures that White Square organically fits in its surroundings, improves the aesthetic environment of the district and has made the office center an established destination for Muscovites.

The center is fitted out with technologies that reduce resource consumption and harmful emissions, maintain optimal temperature and humidity levels and make maximum use of natural light to combat light pollution.

Building	Breeam Part 1	Breeam Part 2
A	<b>58.3%</b> VERY GOOD	<b>55.6%</b> VERY GOOD
B <sup>1</sup>	<b>56.1%</b> VERY GOOD	<b>54.5%</b> GOOD
C <sup>1</sup>	<b>60.3%</b> VERY GOOD	<b>56.1%</b> VERY GOOD

<sup>1</sup> CBRE confirmation is pending at the time of the Report publication.



**Main tenants:** Deloitte & Touche, PwC, McKinsey & Company.



**Size:** NRA 76,440 m<sup>2</sup>



**Awards:** The Moscow Times “Best Business Center 2013” Award, CRE Awards 2010.



**Parking:** 805 parking spaces.

A  
CLASS

# DUCAT PLACE III



Ducat Place III is one of the best-known and highest quality office centers in Moscow. The building is located in Moscow's historical business district, within walking distance of Mayakovskaya metro station, the Garden Ring and Tverskaya Street and only a few minutes from the Kremlin by car.

The building was the first in Russia to obtain BREEAM environmental certification back in 2010.

Its environmental management system includes:

- separate waste collection;
- systems to maximize visual, acoustic and thermal comfort;
- energy-saving regime.

Additionally, the grounds of the business center have been landscaped and covered in greenery.

We launched the project to conduct the energy audit of Ducal Place III to find out the possibilities for further improvement of building's energy performance.

VERY GOOD

# 56.48%

**BREEAM overall score**



**Main tenants:** Citibank, Clifford Chance, Goldman Sachs, BCG, Cushman & Wakefield, Sovcomflot, Hines, EBRD.



**Green Awards:** High Performance Building 2019.



**Size:** NRA 33,558 m<sup>2</sup>



**Parking:** 481 parking spaces.

A  
CLASS

# LEGEND

The Legend office center is conveniently located at the intersection of Tsvetnoy and Rozhdestvensky boulevards in central Moscow. The office building features the panoramic glazing and effective floor planning for maximum light utilization. The complex also provides the district with abundant bars, restaurants, cafes and shops.



**Main tenants:** Group M, Phillip Morris, Morgan Lewis, MasterCard, Badoo.



**Size:** NRA 40,111 m<sup>2</sup>



**Parking:** 401 parking spaces.

**A**  
CLASS

# VIVALDI PLAZA

Vivaldi Plaza is located in one of Moscow main business districts, close to Paveletskaya metro station. The complex is a cluster of four buildings featuring a pleasant public courtyard in the center.

It is the perfect setting for productive work, specifically designed for tenants who value quality and comfort. Panoramic glazing and functional floor plans ensure that offices are lit with plenty of natural light. Vivaldi Plaza features the following environmental efficiency technologies:

- heat-recovery ventilation unit helping minimize the heat loss and air humidity;
- indoor and outdoor energy-saving lighting systems;
- energy consumption monitoring system to record each tenant's consumption and that of the building in general;
- water-saving plumbing fixtures to help reduce potable water consumption.

The business center also has bicycle parking facilities to encourage alternative ways of commuting.

Building	Breem Part 1	Breem Part 2
<b>B</b>	<b>59.3%</b> VERY GOOD	<b>65.6%</b> GOOD
<b>C</b>	<b>55.6%</b> VERY GOOD	<b>63.9%</b> VERY GOOD



**Main tenants:** Eurasian Economic Commission, Roche Diagnostics, Jones Lang LaSalle, Mitsubishi Electric.



**Size:** NRA 48,202 m<sup>2</sup>



**Parking:** 771 parking spaces.

A  
CLASS

# LIGHTHOUSE

The Lighthouse business center is located on the inner side of the Garden Ring within a few minutes' walk of Dobryninskaya and Paveletskaya metro stations.

Lighthouse's environmental credentials include:

- utilization of safe building materials;
- installation of energy-efficient lighting;
- water consumption meters;
- bicycle parking racks;
- monitoring of energy consumption by each tenant;
- planting of trees;
- maximum utilization of natural light.

VERY GOOD<sup>1</sup>

part 1 **56.4%**

part 2 **Pending**

**BREEAM score**

<sup>1</sup> CBRE confirmation is pending at the time of the Report publication.



**Main tenants:** McDonalds, Fitch Ratings, KIA Motors, HUGO BOSS, Continental.



**Size:** NRA 27,407 m<sup>2</sup>



**Parking:** 367 parking spaces.

A  
CLASS

# STANISLAVSKY FACTORY



Stanislavsky Factory is situated in close proximity to Taganskaya and Marksistskaya metro stations. It is located on the territory of the former gold wire braid mill established in 1814. In 2005, the complex was redeveloped following the design of John McAslan + Partners and is now one of our most precious assets.

Stanislavsky Factory is our latest BREEAM certified object. The business center features excellent infrastructure as well as landscaped recreation zones that enhance the biodiversity of the surrounding district. In line with the biodiversity management plan, we planted several dozens plant species and installed birdhouses in 2019. We are planning to plant the areas by the building entrance in the next growing season.

Building	Breem Part 1	Breem Part 2
1	48.7% <small>GOOD</small>	61.9% <small>VERY GOOD</small>
2	52.8% <small>GOOD</small>	61.9% <small>VERY GOOD</small>
3	52.8% <small>GOOD</small>	62.4% <small>VERY GOOD</small>



**Main tenants:** NOKIA, Walt Disney, European Media Group, Red Bull, SAS Institute, Danaher Corporation, Media Alliance.



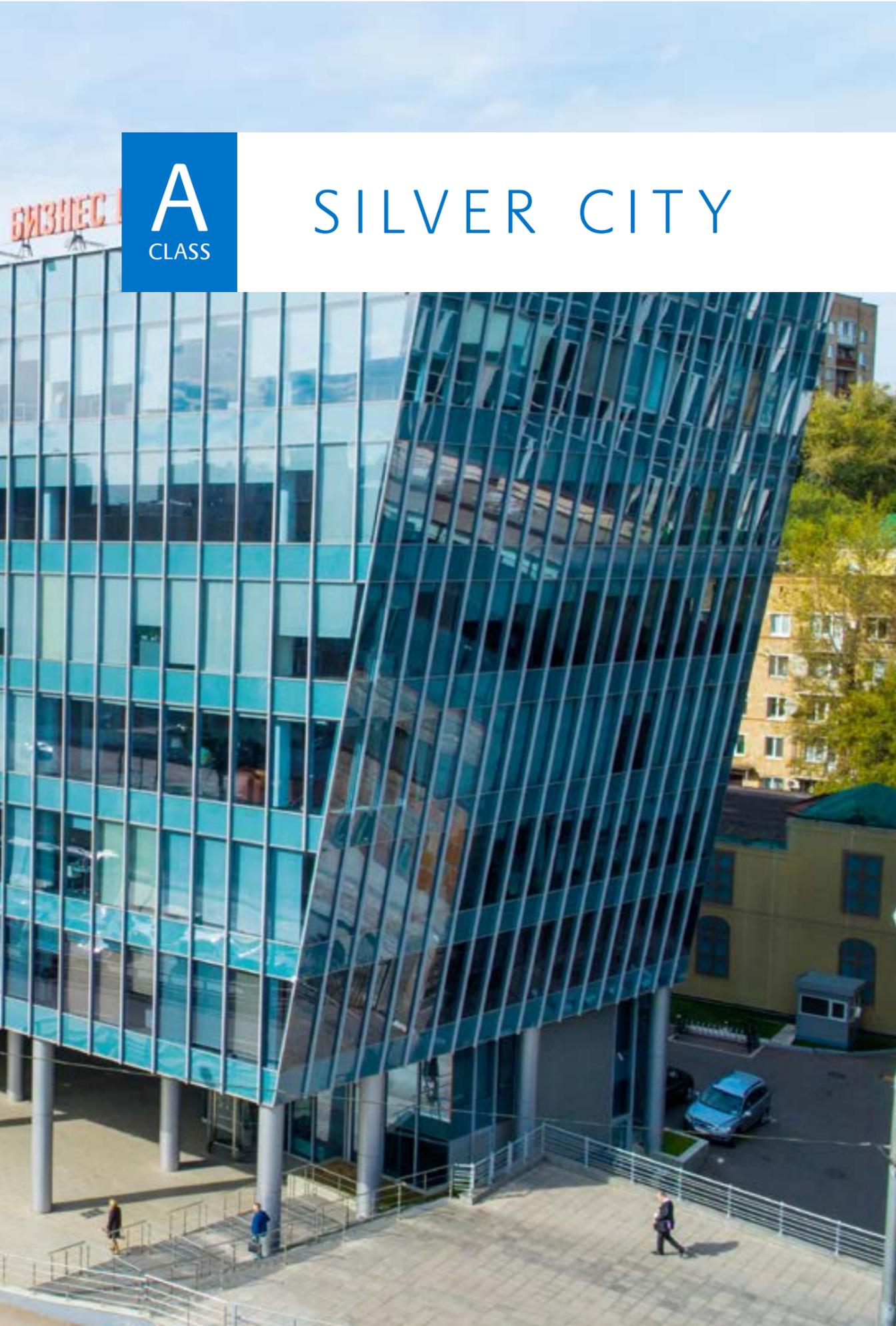
**Awards:** Royal Institute of British Architects Award 2011, Civic Trust Awards 2012, European Property Award 2013.



**Size:** NRA 34,568 m<sup>2</sup>



**Parking:** 349 parking spaces.



A  
CLASS

# SILVER CITY

Silver City is located on Serebryanicheskaya Embankment, close to the Garden Ring and just 1.5 kilometers from Kremlin. Silver City received BREEAM certification in December 2019. The office center features the following sustainable elements:

- displacement ventilation and air recovery technologies;
- high percentage of exterior glazing that allows for maximum utilization of daylight;
- a spacious public atrium with a water feature and seating areas;
- bicycle parking racks and charging stations for electric bicycles.

Unlike our other assets, Silver City is unique in that it does not have its own outdoor space. Yet, to contribute to the development of green spaces in Moscow urban area, we created and maintain planted areas around the business center. We also invited a biologist to assess the area and help us boost its biodiversity during the BREEAM certification process. We plan to implement the recommended biodiversity enhancement initiatives in 2020. We are also planning to evaluate the business center with the aim of improving its water efficiency and reducing water consumption.

VERY GOOD<sup>1</sup>

part 1  
**57%**

VERY GOOD<sup>1</sup>

part 2  
**62.4%**

**BREEAM score**

<sup>1</sup> CBRE confirmation is pending at the time of the Report publication.



**Main tenants:** ERGO, AECOM, Toyota Bank, Marsh Insurance, Renault-Nissan Bank, Canon.



**Size:** NRA 41,909 m<sup>2</sup>



**Parking:** 333 parking spaces.

A  
CLASS

# WHITE STONE



White Stone is located next to the Belorusskaya metro and train stations in Moscow's central business district.

We took over the site in 2014 and made significant improvements to the property's sustainability:

- installation of a smart lift navigation system to reduce energy consumption and improve tenants experience;
- installation of a new lighting system;
- interiors were brightened with decorative white stone detailing;
- creation of a cozy rest zone featuring soft seating spaces and plants to help workers to relax and unwind.

The management of the office building puts the wellbeing of tenants at the core of what it does.

In 2020, we plan to thoroughly work through the CBRE recommendations we received after the BREEAM certification process. The undertakings include interior landscaping with the involvement of a biologist and improving water efficiency.

GOOD

part 1 **48.8%**

VERY GOOD

part 2 **67.2%**

**BREEAM score**



**Main tenants:** Slavneft, LG Electronics, Weatherford, Regus, Bacardi, Geometry Global, Yves Rocher.



**Size:** NRA 39,739 m<sup>2</sup>



**Parking:** 352 parking spaces.



# KRUGOZOR



The Krugozor office complex is located in the South West Moscow, close to Kaluzhskaya metro station. The business center is housed in Soviet-era industrial buildings. When creating the center, the panoramic glazing was constructed, which, together with wide gaps between structural columns, contributes to the energy efficiency of the building through allowing maximum inflow of natural light.

We carried out the following initiatives during BREEAM certification in 2019:

- introduction of separate waste collection;
- installation of energy-saving LED lighting and light sensors;
- installation of water-efficient plumbing;
- installation of a lift dispatching system.

We are planning to continue working on landscaping in 2020. We will also continue the creating infrastructure for alternative modes of transport.

Building	Breem Part 1	Breem Part 2
1	50.7% <small>GOOD</small>	71.6% <small>EXCELLENT</small>
2	51.5% <small>GOOD</small>	71.6% <small>EXCELLENT</small>



**Main tenants:** Volkswagen Group, Citibank, Mitsubishi Motors, Nike, CIV Life, Scania, Bionika.



**Size:** NRA 51,004 m<sup>2</sup>



**Parking:** 733 parking spaces.

A  
CLASS

# ICUBE



iCube is located within a few minutes' walk of Profsoyuznaya metro station in a residential area. This is why we paid special attention to the acoustic and visual wishes of local residents.

A key feature of the center is a unique green roof that enhances sound insulation and reduces the thermal island effect. Shared-use areas are decorated with natural materials.

We completed the following improvements during BREEAM certification in 2019:

- launch of separate waste collection;
- installation of sound-absorbing panels around engineering systems;
- introduction of energy-saving procedures;
- installation of birdhouses.

We are planning to introduce various plant species to the ecosystem to increase the biodiversity of the local area in 2020.

VERY GOOD

part 1

58.4%

EXCELLENT<sup>1</sup>

part 2

70.9%

BREEAM score

<sup>1</sup> CBRE confirmation is pending at the time of the Report publication.



**Main tenants:** ABB, Miele, Alfa Leasing.



**Size:** NRA 19,177 m<sup>2</sup>



**Parking:** 208 parking spaces.

A  
CLASS

# LEFORT



The LeFORT business center occupies the site of a former silk factory in East Moscow. It is near Preobrazhenskaya Ploschad and Elektrozavodskaya metro stations as well as the Third Transport Ring.

The BREEAM certification of the LeFORT business center is testament to our competent management approach, demonstrating how we are able to develop an existing site to bring it in line with the very best international practices.

It now features the separate waste collection system, a glazed facade, temperature control by zones and a plentiful supply of fresh air to shared-use areas. We installed an ant house at the LeFORT business center in 2019.

VERY GOOD

part 1 **56.8%**

VERY GOOD<sup>1</sup>

part 2 **69.1%**

**BREEAM score**

<sup>1</sup> CBRE confirmation is pending at the time of the Report publication.



**Main tenants:** Otkritie Bank, Agropromcredit Bank, Olympus, DPD, Avon.



**Size:** NRA 55,280 m<sup>2</sup>



**Parking:** 746 parking spaces.

**A**  
CLASS

# GREENDALE



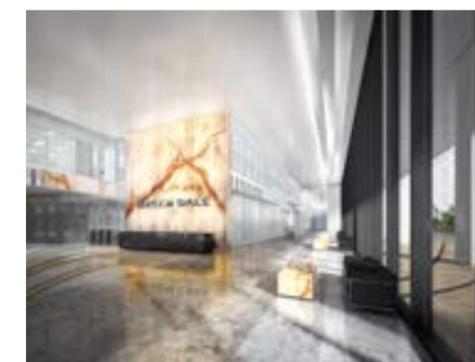
The Greendale office center is currently under construction. It is adjacent to the Maryina Roscha metro station and the Third Transport Ring.

We take great pride in the fact that the design of the Greendale business center was judged “Outstanding” by the BREEAM certification commission. Construction is going according to schedule with no major changes to the design, so for a more detailed description of this development, please refer to the [2018 Report](#).

OUTSTANDING

# 88.5%

**BREEAM overall score**



**Size:** NRA 34,000 m<sup>2</sup>



**Parking:** 500 parking spaces.

# CORPORATE GOVERNANCE



O1 Properties has always recognized the value of strong corporate governance and is renowned for its open and transparent business practices. We remain strongly committed to strict compliance with all applicable legal requirements. Our Board of Directors and management fully support the process of strengthening responsible and sustainable business practices throughout the Company.



## O1 Properties Limited



Chairman of the Board of Directors



The Board of Directors



Audit Committee



Nomination and Remuneration  
Committee



Strategy and Development  
Committee



O1 Properties Management



LLC City Developer



O1 Advisory (Cyprus)

## ORGANIZATIONAL STRUCTURE

In 2019, as already mentioned, the organizational structure of the O1 Properties Group underwent some changes. CJSC Nash Standart was transformed into O1 Standard, an independent facility management company that subsequently became our strategic partner.

Both companies have a General Director responsible for managing and overseeing the Company's business activities.

In 2019, there were also some changes to sustainability governance within the Company. The present sustainability governance is as follows:

The responsible institution	Functionality
Strategy and Development Committee	Discusses the sustainability-related issues, manages ESG risks and adopts sustainability strategy
Chief Financial Officer	Holds responsibility for the <a href="#">Sustainability policy</a> implementation
Marketing and Communications Director	Manages the corporate social responsibility issues
Head of Asset Management	Manages the environmental initiatives
Tender Committee	Supervises the compliance matters
Chief Human Resources Officer	Holds responsibility for the employee issues

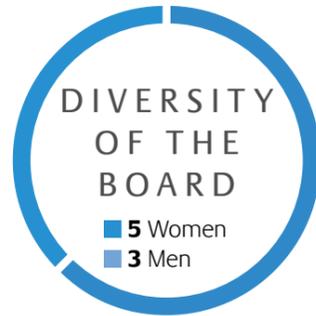
Before 2019, the Head of Personnel governed employee, human rights and occupational health and safety matters. In 2019, a Chief Human Resources Officer was appointed and now governs employee issues. We also recruited a Health and Safety specialist in 2019 who will take up their new role in 2020 to manage the occupational health and safety matters.



The **Board of Directors** is the highest corporate body responsible for leading the Company, enhancing its long-term value and ensuring the success of its strategy. The Company places great importance on the participation of Independent Non-Executive directors in its decision-making, because they make independent judgements and thereby increase the transparency of the decision-making process.

In 2019, the Company appointed an additional Independent Non-Executive director, Oleg Myshkin, the representative of Eurobond holders. As a result, we were able to increase the external transparency of all our processes. In addition, a new Executive Director, Theonitsa Andriana Constantinou, was appointed in 2019. The total number of the Board members increased to eight:

Member of the Board	Date of appointment	Directorship	Gender
Oleg Myshkin	Appointed on 25.04.2019	Independent Non-executive Director	Male
Evipidis Pavlou	Appointed on 11.05.2018	Independent Non-executive Director	Male
Sophia Demosthenous	Appointed on 11.05.2018	Independent Non-executive Director	Female
Savvas Polyviou	Appointed on 11.05.2018	Independent Non-executive Director	Male
Ioanna Savidou	Appointed on 11.05.2018 Resigned on 07.08.2019	Executive Director	Female
Eleni Ralaiarisoa	Appointed on 11.05.2018	Executive Director	Female
Adina Viviana Szemethy	Appointed on 11.05.2018	Executive Director	Female
Theonitsa Andriana Constantinou	Appointed on 07.08.2019	Executive Director	Female



The Board of Directors has established the following **permanent committees**, which have the power to review, consider and supervise matters delegated to it as well as to advise the Board on these matters:

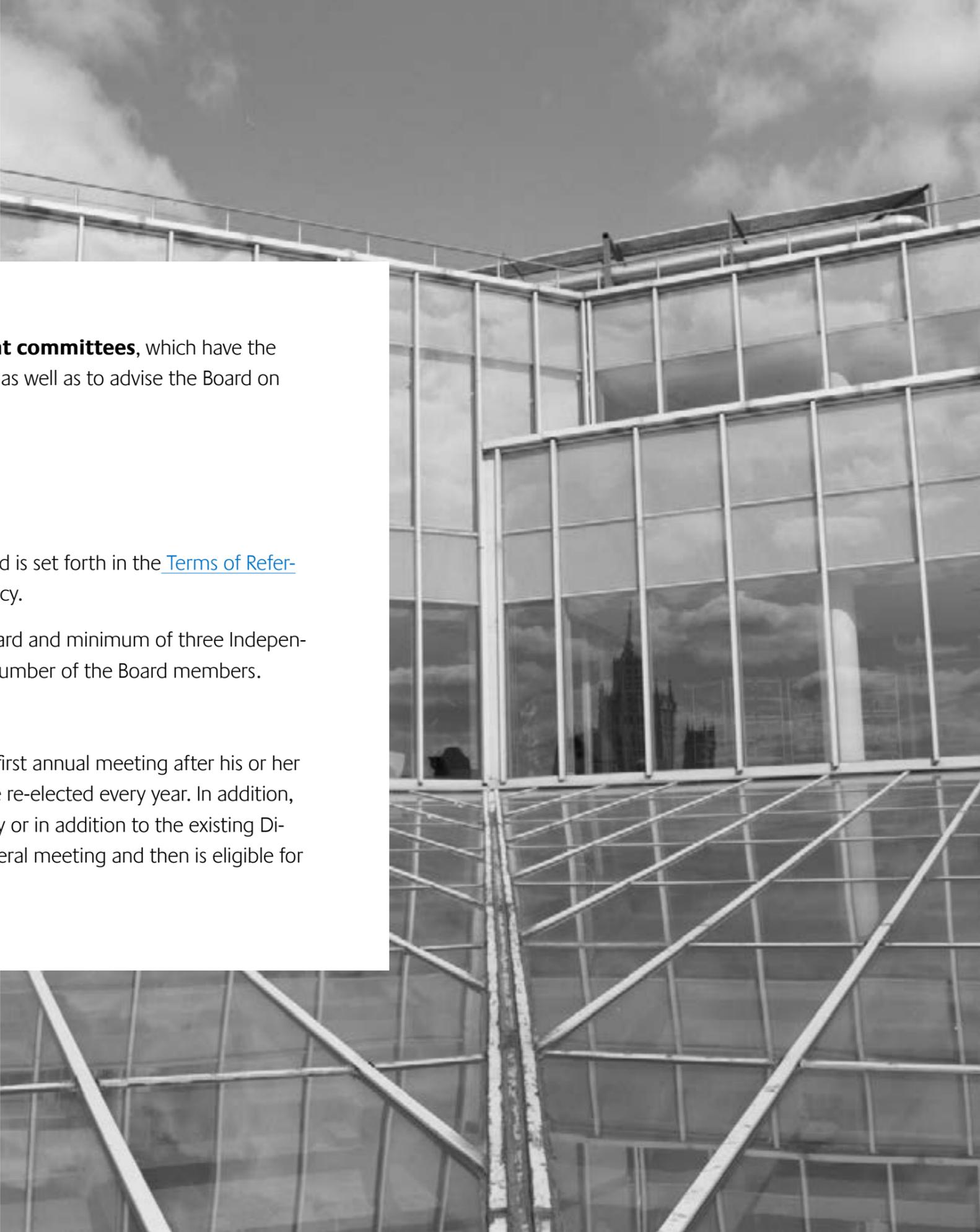
- Audit Committee.
- Nomination and Remuneration Committee.
- Strategy and Development Committee.

The process of nominating and selecting the Board of Directors did not change in 2019 and is set forth in the [Terms of Reference for the Board](#) (“the Terms”), which are strictly followed for the purposes of transparency.

The Terms stipulate that there should be an overall minimum of three members on the Board and minimum of three Independent Non-executive Directors. The Terms do not impose any limitations to the maximum number of the Board members.

The Terms set out the following **appointment procedure** for Board members:

Each Director is appointed for a period of up to three years and must be re-elected at the first annual meeting after his or her appointment. Non-executive Directors who have served for longer than nine years must be re-elected every year. In addition, the Board of Directors is entitled to appoint any person as a Director: either to fill a vacancy or in addition to the existing Directors. Any Director, such appointed, only holds his or her office until the next annual general meeting and then is eligible for re-election.





## RISK MANAGEMENT

We continue to pay a particularly close attention to risk management processes to ensure the sustainable development of our business. The main risks within the risk management function are the same in 2019 as the year before. The financial risk management function establishes risk limits and thereafter ensures limited exposure to risks. The operational and legal risk management functions primarily mitigate operational and legal risks by ensuring the proper functioning of internal policies and procedures. Overall, we identify four groups of risks:

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### Strategic Risks

- Capital markets (refinancing) risk
- Property resale (divestment) risk
- Country-specific and geopolitical risk
- Cluster risk (region/property/size/type)
- Market cycle risk
- Know-how (technological) risk

### Financial Risks

- Currency (foreign exchange rates) risk
- Interest rate risk
- Breach of covenants risk
- Tax risks
- Inflation risk
- Liquidity risk
- Leverage risk

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### General Business Risks

- Risk of legal/taxation changes
- Market risk (vacancy, yields, re-lets, oversaturation)
- Tenants creditworthiness (bad debts) risk
- Information systems and compliance risks
- Corporate governance risk
- Internal controls risk
- Expertise and personnel risk

### Property-specific Risks

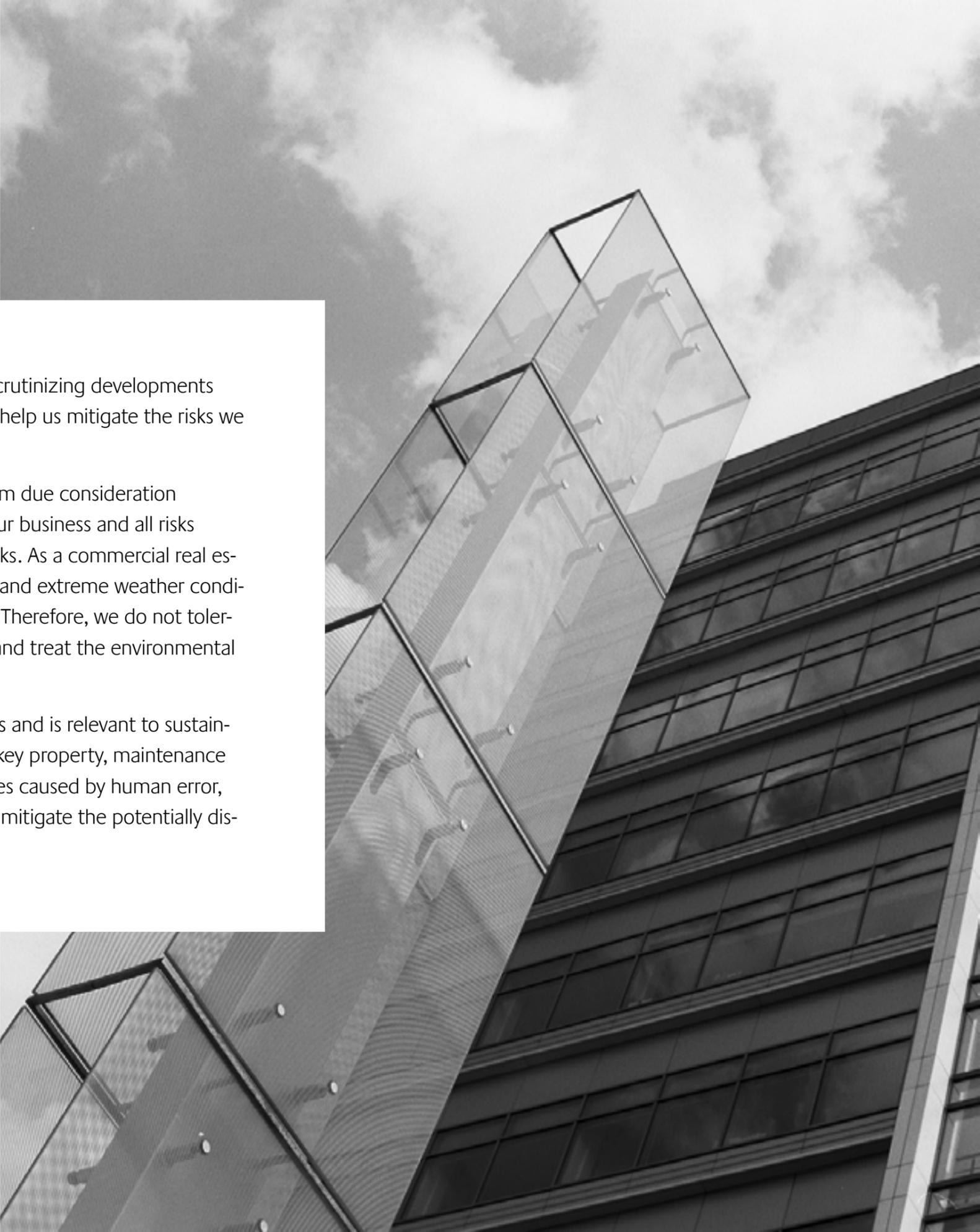
- Property management risk
  - Project development risks
  - Partner risks (JV and NCI)
  - Property loss (insufficient insurance coverage) risk
  - Contractual risk (tenants, contractors)
  - Costing/valuation risk
  - Environmental risks
-



Our risk-management activities include risk assessment procedures, reinforced by closely scrutinizing developments and responding to them in a timely fashion. We also have internal control procedures that help us mitigate the risks we face.

Even though we do not identify sustainability-related risks as a separate group, we give them due consideration throughout the risk assessment process as they are closely connected with the nature of our business and all risks groups. We separately identify environmental risks as a subcategory of property-specific risks. As a commercial real estate investment company, our business activities are at a particular risk of natural disasters and extreme weather conditions that may drastically affect our real estate assets and incur substantial financial losses. Therefore, we do not tolerate negligence to compliance with environmental laws and health and safety regulations, and treat the environmental and health and safety risk categories extremely seriously.

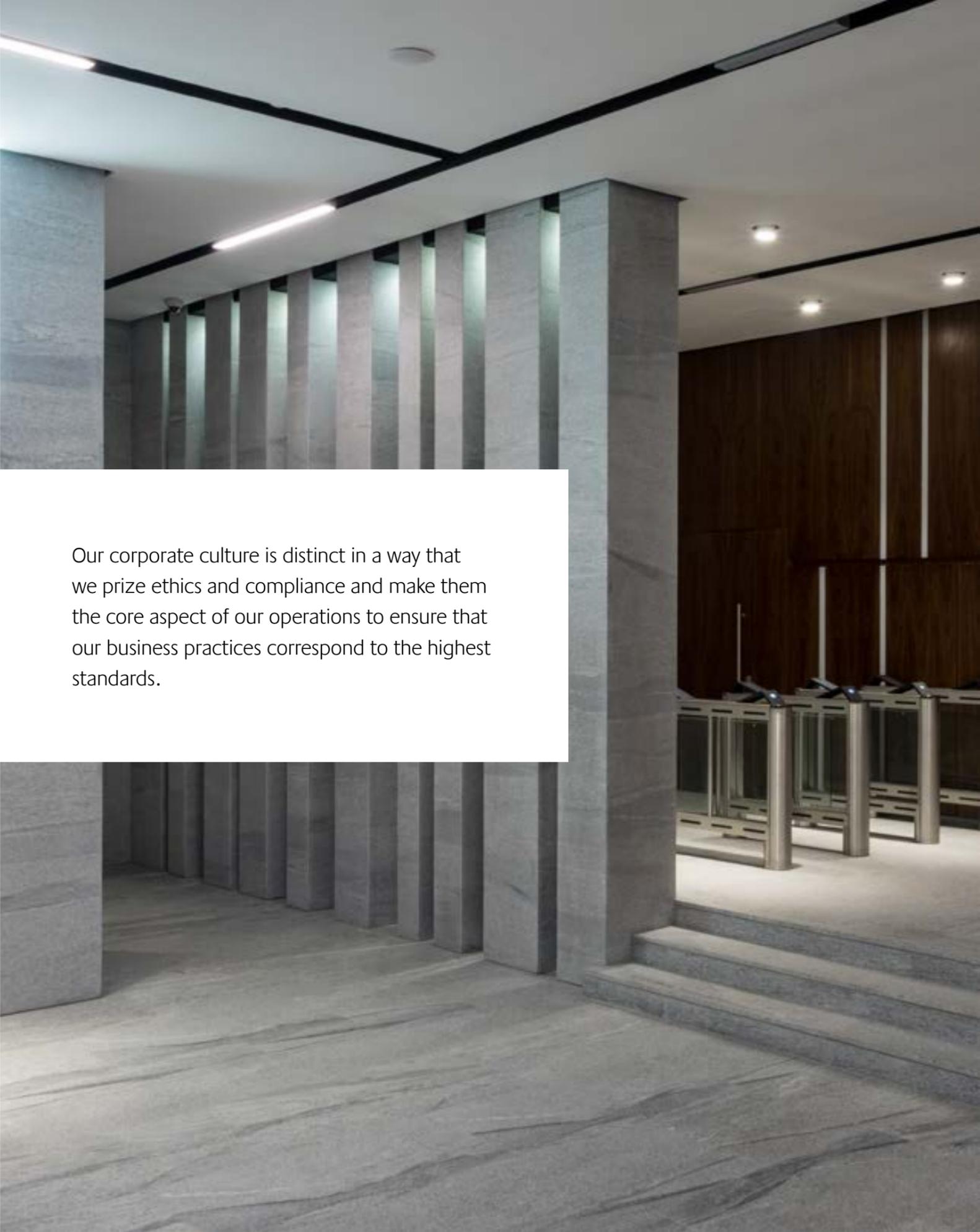
Property-management risk is a particularly important category within property-specific risks and is relevant to sustainability-related risks. The category includes the likelihood of structural failure or damage to key property, maintenance and health and safety related issues resulting from poor controls and procedures, incidences caused by human error, systems malfunction, environmental claims or any other external event. We do our best to mitigate the potentially disruptive consequences of such incidents.





# COMPLIANCE AND ETHICS

Our corporate culture is distinct in a way that we prize ethics and compliance and make them the core aspect of our operations to ensure that our business practices correspond to the highest standards.





## ETHICS

We continued to adhere to the highest ethical standards in 2019 to ensure our continued commitment to excellence on the commercial real estate market. Our corporate culture promotes strong principles of business ethics at all levels and we firmly believe that this is essential to fostering and maintaining a productive and inspiring work environment.

The [Code of Ethics and Conduct](#) (“the Code”) is our senior-most policy guiding our everyday operations. It applies to the whole Company and each and every one of our employees. Our desire to provide the highest quality service is driven by the **ethical values** that lay at the core of all our business decisions. According to the Code, these values are:

- **Integrity**
- **Equity**
- **Impartiality**
- **Loyalty**
- **Tolerance**
- **Discretion**

Please, refer to either our [2018 Report](#) or [the Code](#) for a more detailed description of our ethical values.



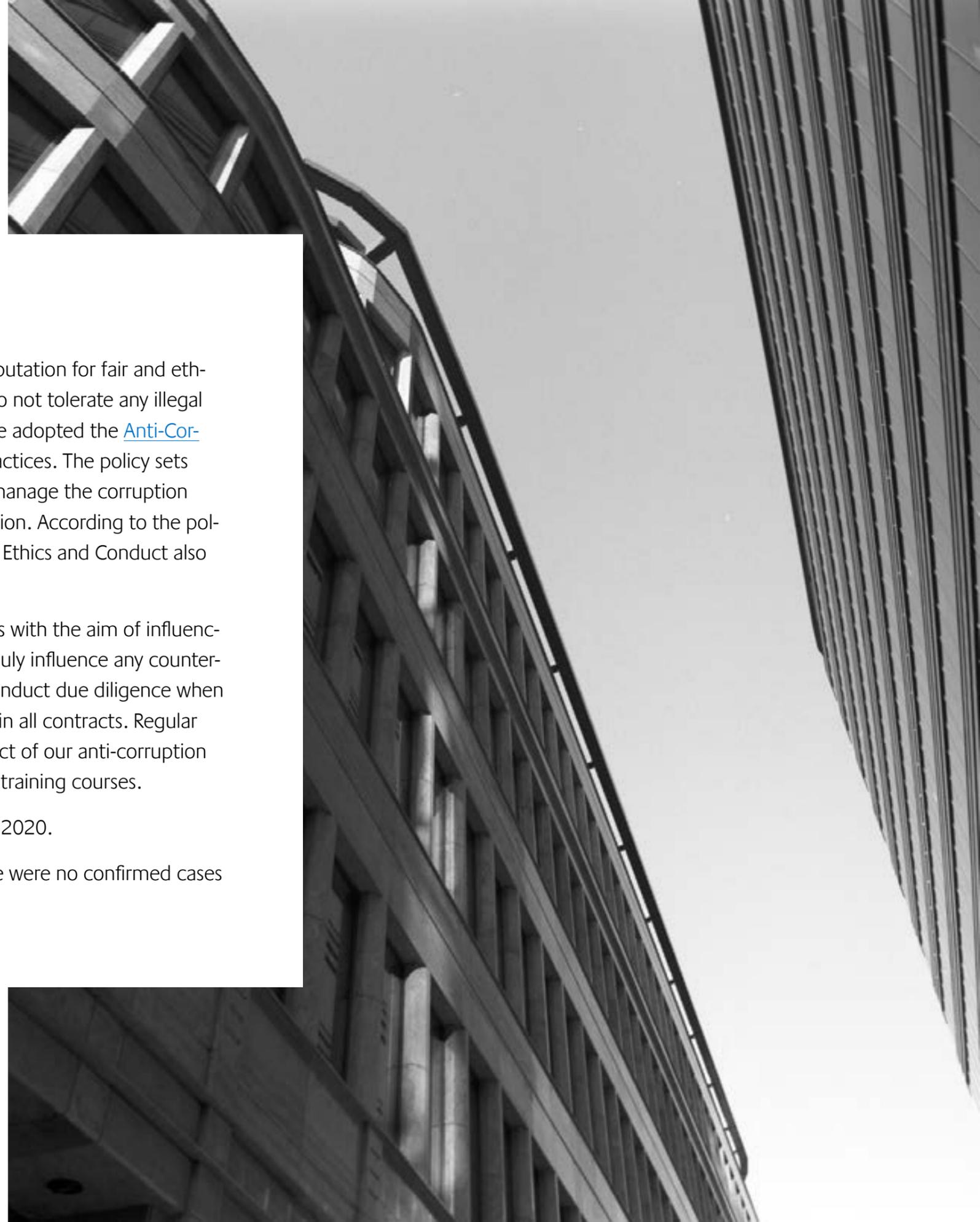
## ANTI-CORRUPTION AND BRIBERY

Combating corruption is material to O1 Properties because our business is built on our reputation for fair and ethical business dealings. We continue to prize public accountability and transparency and do not tolerate any illegal and unethical practices, particularly, corruption, bribery and fraud in any form. In 2019, we adopted the [Anti-Corruption and Bribery policy](#) to uphold our commitment to fair and transparent business practices. The policy sets forth our anti-corruption standards. As a result of its adoption, we are able to effectively manage the corruption risks and ensure we have due processes in place to respond to any incidents in timely fashion. According to the policy, the Tender Committee is responsible for its implementation. Additionally, our Code of Ethics and Conduct also contains anti-bribery provisions.

The aforementioned documents categorically state that we neither give nor receive bribes with the aim of influencing business conduct. Embezzlement of the Company's funds or property to bribe or unduly influence any counterpart from another company or any government official is strictly prohibited. We always conduct due diligence when selecting a contractor or any other business partner. Anti-corruption clauses are included in all contracts. Regular anti-corruption and anti-bribery training sessions for our employees remained a core aspect of our anti-corruption strategy in 2019. This year, 100% of employees attended anti-corruption and anti-bribery training courses.

In 2019, we started developing a whistleblower **hotline**, which we plan to fully roll out in 2020.

We had no confirmed incidents of corruption by employees in the reporting period. There were no confirmed cases of corruption in our interactions with contractors during the reporting period.





## HUMAN RIGHTS

We continue to respect and support internationally recognized human rights and freedoms. In 2019, we adopted a [Human Rights policy](#) to explicitly communicate our commitment to protecting human rights to all our stakeholders. The policy sets out our devotion to be guided by the international documents outlining core human rights. The adoption of the policy serves to increase the transparency of our human rights considerations and helps us manage the issue accordingly. Human Resources department together with the Department of security are responsible for the policy application.

As a responsible company, we are also committed to providing our employees with a working environment that is consistent with the principles of internationally recognized human rights. Respect for fundamental freedoms and human rights is a cornerstone of our business values. In 2019, 100% of employees attended our training session on the Human Rights Policy.

To promote the protection, respect for and fulfillment of human rights among our business partners, we are planning to include a human rights clause into contractual agreements.

There were no incidents of human rights violations in the reporting period.

## PERSONAL DATA PROTECTION

Being a socially responsible employer, we continue to put a premium on all our stakeholders' right to privacy and therefore process the personal data of our employees, tenants, contractors and suppliers with great care. Our internal privacy policies contain the relevant provisions on personal data protection. We also strictly abide by local personal data protection laws.



# SOCIETY AND CUSTOMERS



Throughout 2019, we remained committed to the highest social responsibility standards and continued to adhere to the social responsibility principles with regards to all our stakeholders:

- Tenants.
- Employees.
- Contractors and suppliers.
- Society and local communities.

We also continued to be a socially conscious company by:

- Monitoring the satisfaction of our tenants.
- Implementing sustainability practices in our interactions with contractors and suppliers.
- Developing charity initiatives.
- Promoting healthy lifestyles.





## TENANT SURVEY RESULTS

To ensure that our tenants remain completely satisfied, we conduct regular surveys of their experiences with our buildings. These surveys are anonymous and serve as an opportunity for tenants to provide feedback on a variety of topics. For a more detailed description of the survey, please refer to the [2018 Report](#).

In 2019, we continued to conduct the tenant surveys to be better able to adapt our properties to promote the wellbeing of our tenants, which remains our top priority.

### Score range (1-5)



Questions about our tenants' awareness of environmental initiatives would be included in the survey for the first time in 2020.



## CONTRACTORS AND SUPPLIERS

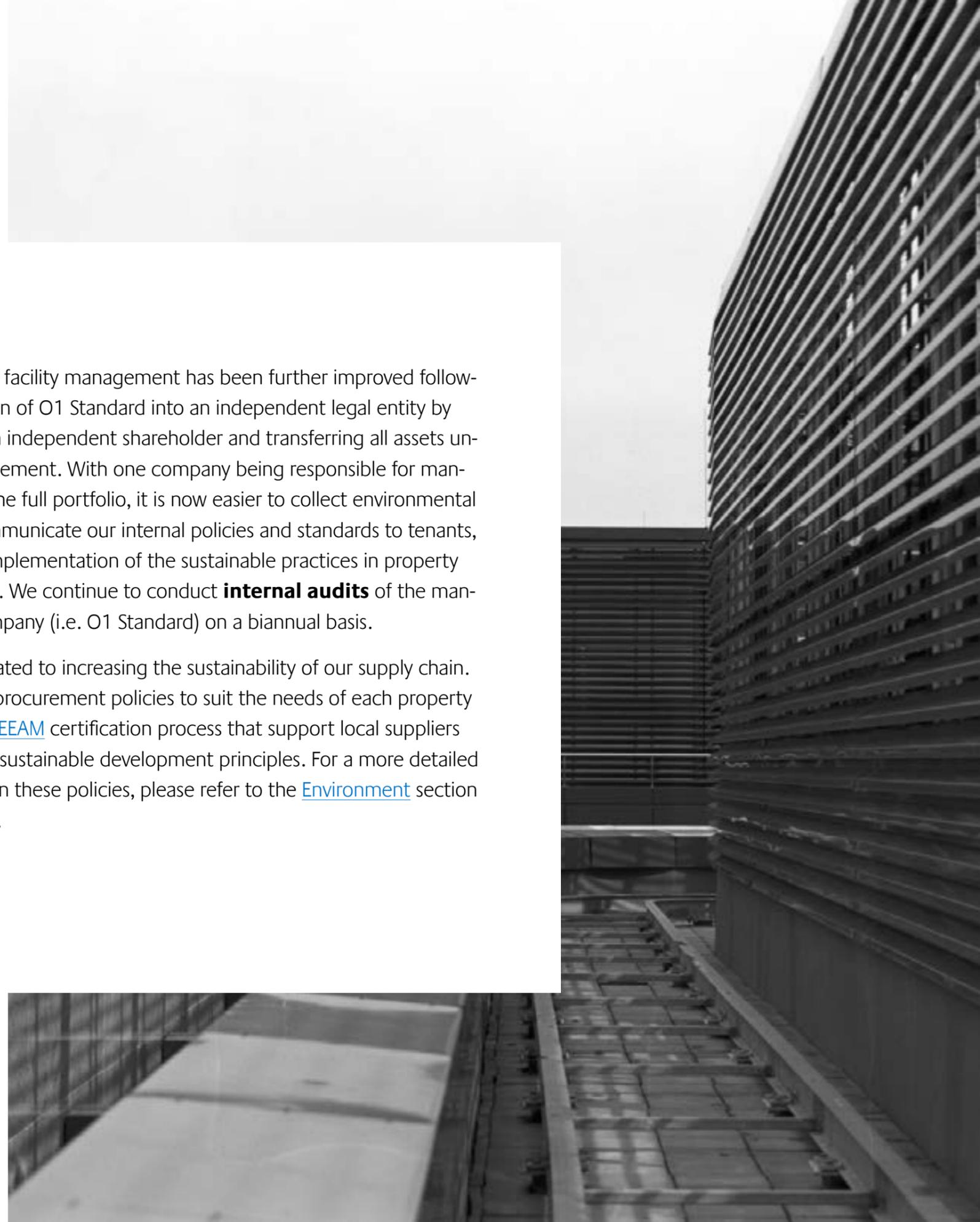
We have 3,270 contractors and engaged 455 in 2019.

We maintain a commitment to the principles of transparency and impartiality in our relationships with all contractors. In 2019, the Tender Committee was established to ensure that we uphold these values. Its primary duty is to establish a fair and competitive environment for selecting contractors transparently, efficiently and impartially. Comprehensive **due diligence** is carried out before entering into any relationships with contractors. We expect our contractors to comply with the all ethical principles and standards we have set for ourselves. We also require all potential and existing contractors to comply with our environmental principles and standards.

In 2019, we continued to ensure that all our contractors abide by local legislation and our internal policies, which cover general rules for contractors as well as the more specific areas such as working at height or conducting finishing work. More detailed information on our internal policies can be found in the [2018 Report](#). At the time of Report publishing, the new Compliance policy was pending approval.

The quality of facility management has been further improved following the division of O1 Standard into an independent legal entity by selling it to an independent shareholder and transferring all assets under its management. With one company being responsible for management of the full portfolio, it is now easier to collect environmental data and communicate our internal policies and standards to tenants, control the implementation of the sustainable practices in property management. We continue to conduct **internal audits** of the management company (i.e. O1 Standard) on a biannual basis.

We are dedicated to increasing the sustainability of our supply chain. We adopted procurement policies to suit the needs of each property during the [BREEAM](#) certification process that support local suppliers and promote sustainable development principles. For a more detailed information on these policies, please refer to the [Environment](#) section of the Report.





## CHARITABLE INITIATIVES

Investing in social initiatives remains a core element of who we are and the corporate culture we aspire to. In 2019, we allocated about 19 million rubles to social investments.

### Our social initiatives in 2019:

#### **“Starost’ v radost” Foundation: Gift collection initiative as part of the Victory Day (May 9 celebration)**

Tenants and guests could donate gifts and sign greeting cards for the elderly. The initiative took place in White Square, Lighthouse, Stanislavsky Factory and Legend business centers.

On New Year’s eve similar event took place at the Legend business center.

#### **“Byuro Dobrykh Del” Foundation**

O1 Properties provided financial assistance to the foundation to support the project targeting children from orphanages to give them careers advice, vocational training and support them as they transition into adult life. This has a synergy effect with our

new talent management system. We also promote the Foundation’s work on social media.

#### **“Konstantin Khabenskiy’s Charity Fund”**

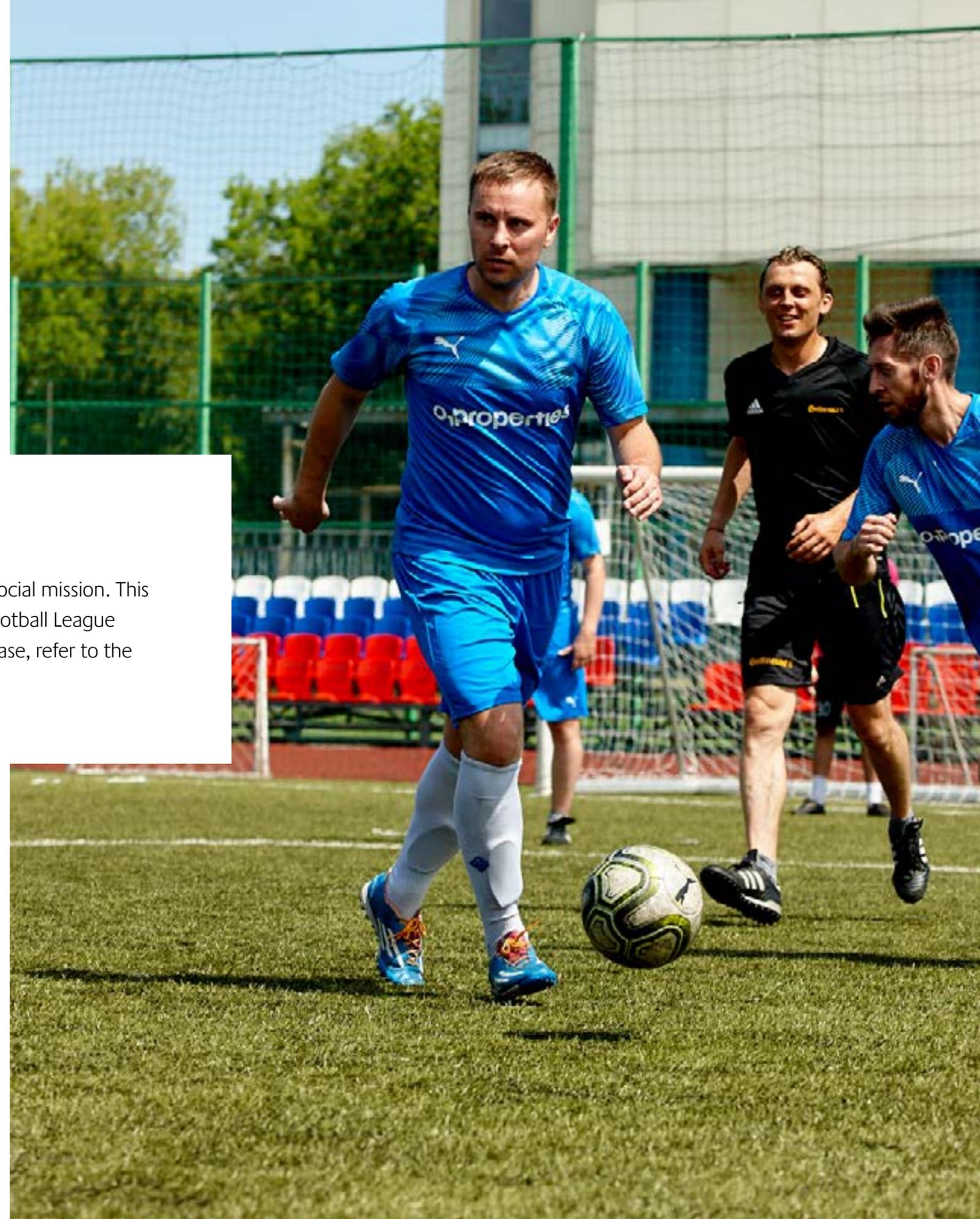
We launched a program offering free-of-charge office space for charitable organizations in 2015. For instance, we provide office space to the Konstantin Khabenskiy’s Charity Fund at our LeFORT business center.

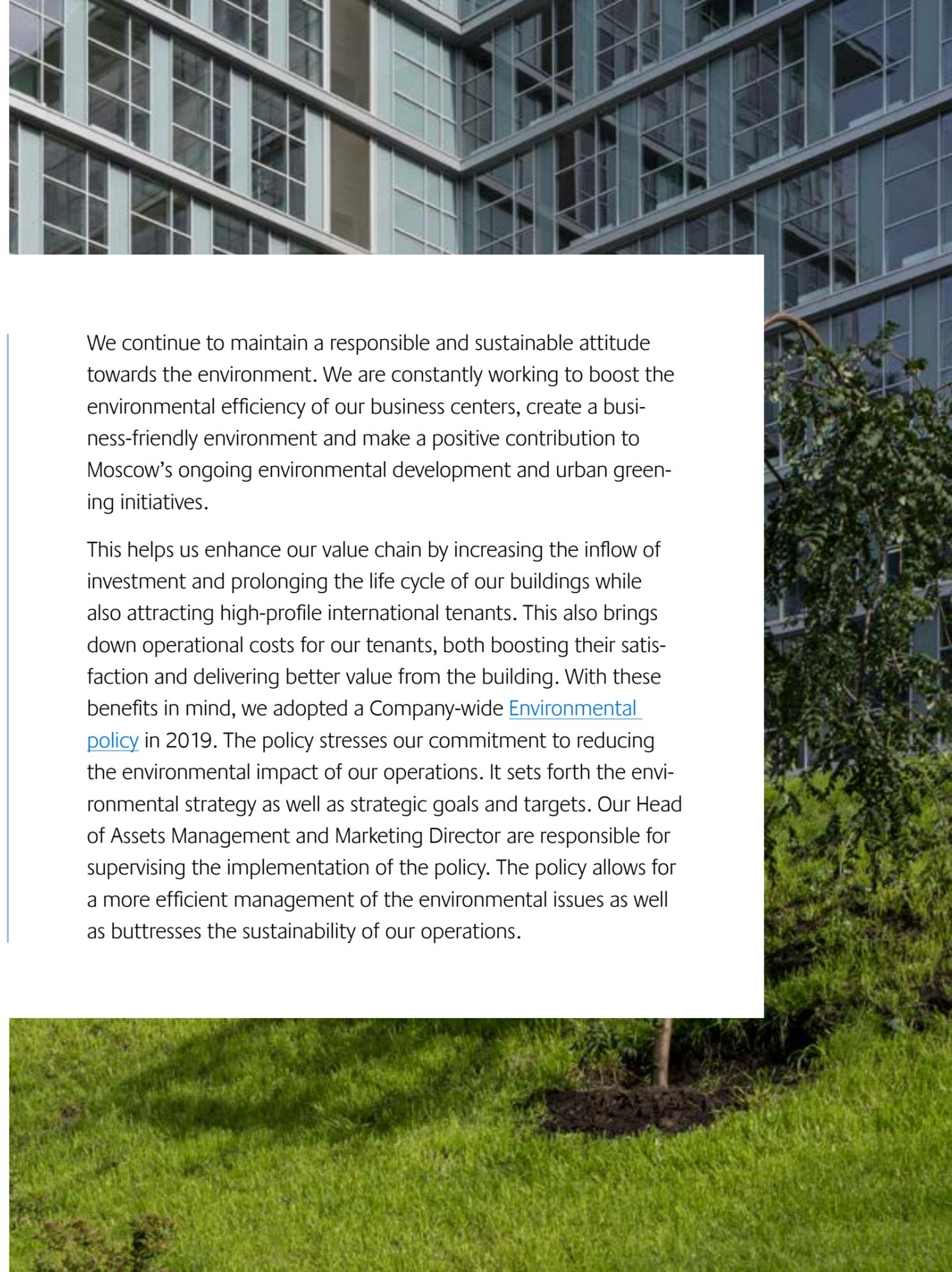
Throughout 2019, we remained committed to supporting one of our traditional causes, culture and the arts. In this regard, we signed a sponsorship agreement with the **Bolshoi Theater** to promote Russian performing arts on the world stage. Likewise, we also sponsor the **Meyerhold Center**, a state-of-the-art theater venue in Moscow.



## PROMOTION OF HEALTHY LIFESTYLES

We are committed to promoting healthy lifestyles and this is a major component of our social mission. This is why we continued to develop our corporate football team and organized our annual Football League featuring teams fielded by our tenants and partner companies. For more information, please, refer to the [Employees](#) section of the Report.





# ENVIRONMENT

We continue to maintain a responsible and sustainable attitude towards the environment. We are constantly working to boost the environmental efficiency of our business centers, create a business-friendly environment and make a positive contribution to Moscow's ongoing environmental development and urban greening initiatives.

This helps us enhance our value chain by increasing the inflow of investment and prolonging the life cycle of our buildings while also attracting high-profile international tenants. This also brings down operational costs for our tenants, both boosting their satisfaction and delivering better value from the building. With these benefits in mind, we adopted a Company-wide [Environmental policy](#) in 2019. The policy stresses our commitment to reducing the environmental impact of our operations. It sets forth the environmental strategy as well as strategic goals and targets. Our Head of Assets Management and Marketing Director are responsible for supervising the implementation of the policy. The policy allows for a more efficient management of the environmental issues as well as buttresses the sustainability of our operations.



To develop buildings that are both eco- and user-friendly, we actively embrace and promote the green building concept, which encompasses the following elements:

- Engineering and technology to reduce resource consumption and air emissions.
- Sustainable building management practices (e.g. separate waste collection, collection of batteries, containers for recycling clothes, initiatives to boost biodiversity, educational work with tenants, etc.).
- Engaging tenants in environmental initiatives, set-up of the environmental agenda to raise awareness of the stakeholders about the problem.
- Responsible procurement policies.
- Soliciting feedback from the local community.
- Provision of infrastructure to help tenants strike a better work-life balance and develop healthy leisure and transportation habits (e.g. bicycle parking racks, electronic charging stations, recreational areas, amenities, etc.).

We also make a significant contribution to the sustainable development of local communities by:

- Creating of landscaped recreational areas that are open to the local community (the biophilia effect).
- Inviting environmentalists and collecting recommendations on increasing the biodiversity of our sites.
- Creating conditions for increased biodiversity by installing birdhouses, insect houses, etc.

### **Our environmental program included several projects in 2019:**

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Formation of the real estate environmental agenda, initiating the discussions among the internal and external stakeholders as well as organizing and supporting relevant events.

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Certification of major part of the properties in accordance with BREEAM environmental standard.

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Increasing our environmental friendliness in terms of:

- carbon footprint;
  - resource consumption;
  - waste management practices.
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## ENVIRONMENTAL AGENDA

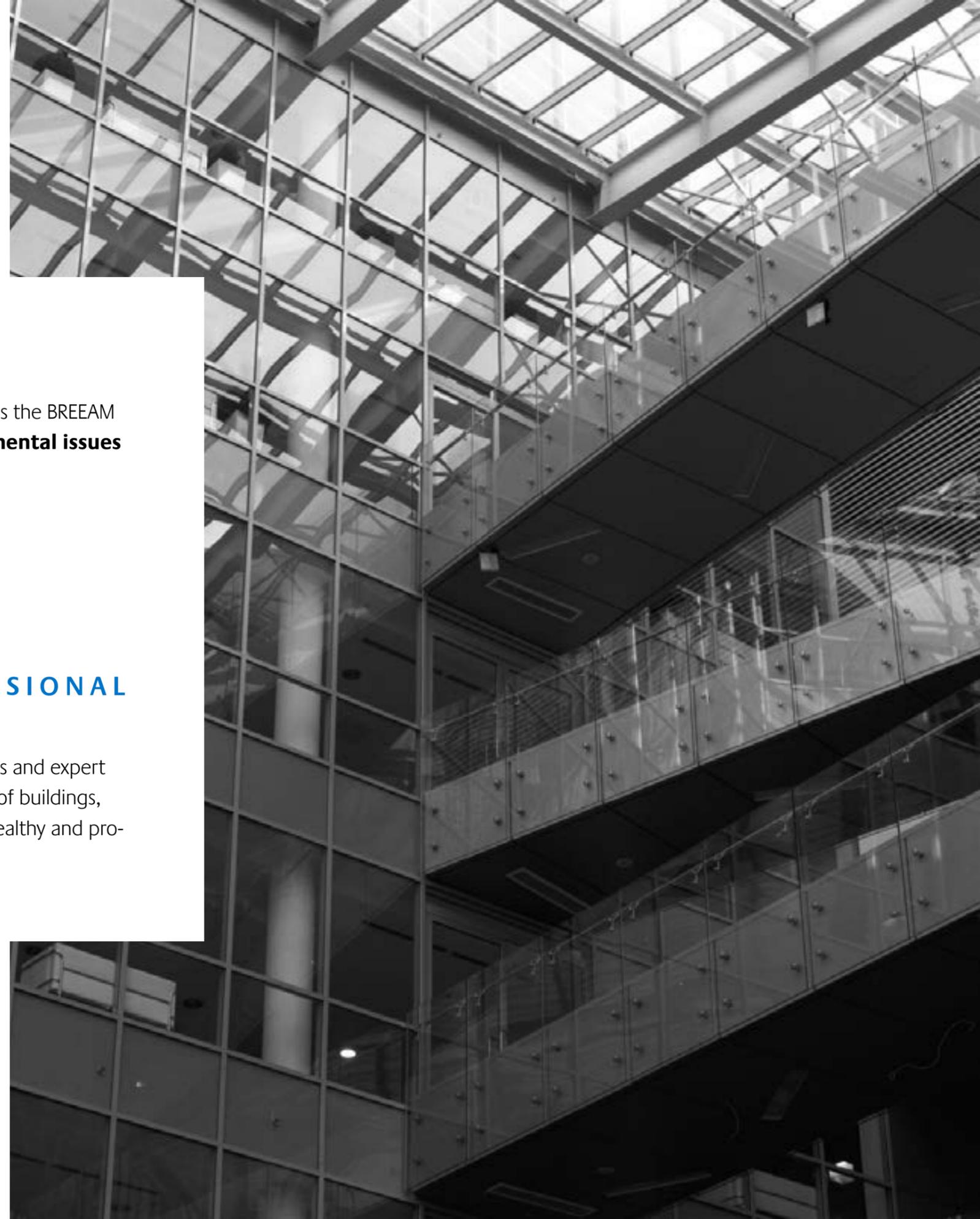
In 2019, the main goal of all our socially orientated activities was to fundamentally address the BREEAM certification process and therefore increase our stakeholders' awareness of the **environmental issues** in the real estate sector.

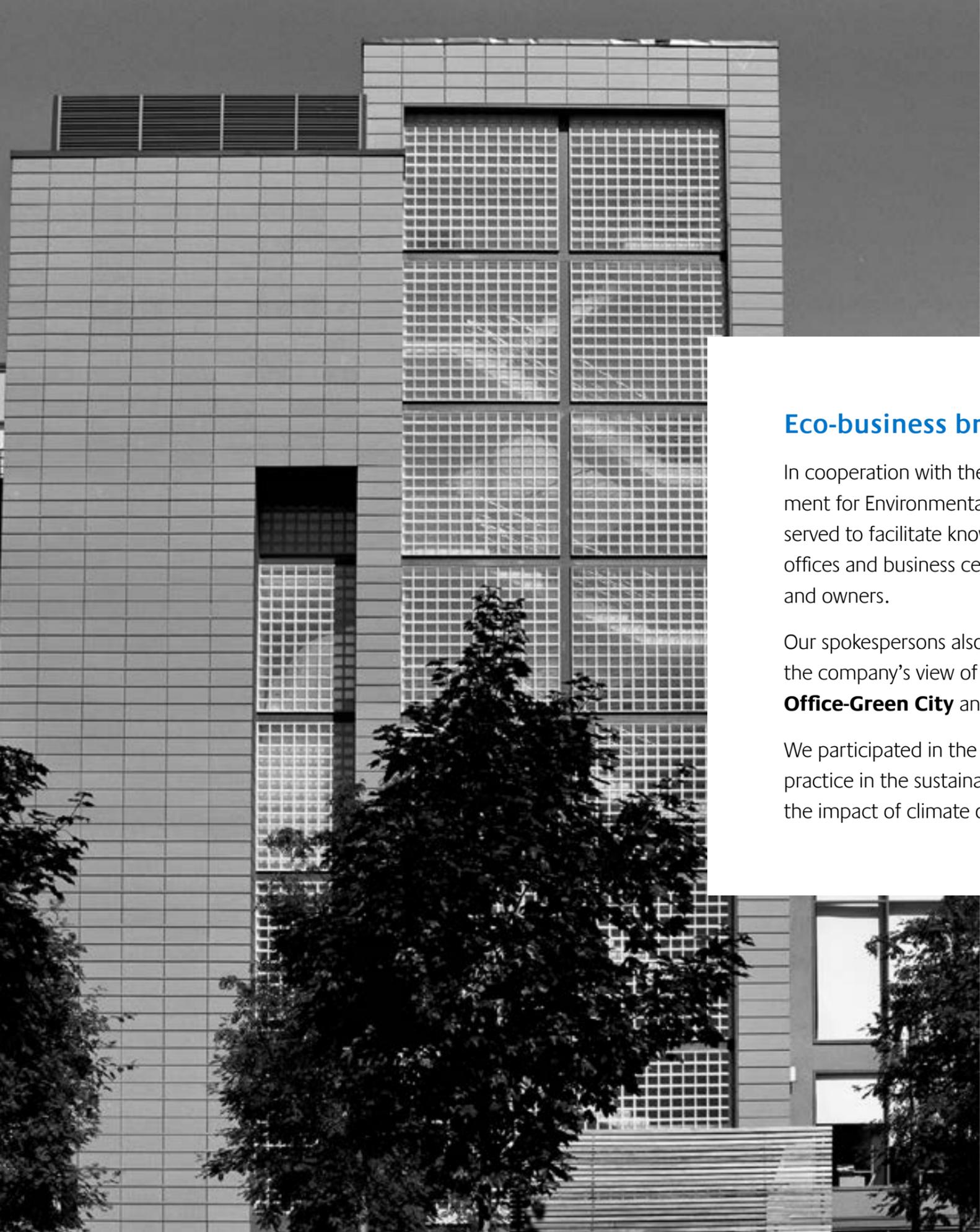
Our work was rolled out in two distinct areas:

- Setting an agenda in the media and among the professional community.
- Engaging and educating our tenants and employees.

## COOPERATION WITH THE MEDIA AND PROFESSIONAL COMMUNITY

This first area included our extensive participation in environmental conferences, meetings and expert sessions to raise public awareness about opportunities for improving the eco-friendliness of buildings, technologies and solutions as well as the contribution of green real estate to creating a healthy and productive environment inside buildings.





## Eco-business breakfasts and other conferences

In cooperation with the Green Office project, organized every year by the Moscow City Government's Department for Environmental Management and Protection, we arranged a series of **eco-business breakfasts**. They served to facilitate knowledge exchange on the best practices of environmental standards implementation in offices and business centers, as well as the advantages and challenges of the certification process for developers and owners.

Our spokespersons also took part at a number of conferences and meetings organized by third parties to share the company's view of the sustainability in office real estate. These events included **Start'up Village, Green Office-Green City** and **PROEstate forum**.

We participated in the third **Climate Forum of Cities**, a platform for exchanging experience and international practice in the sustainable development of urban ecosystems. Contributing as an industry expert, we focused on the impact of climate on comfort, health and the urban environment.



## Events targeting governmental or professional community

We participated in sessions organized by the **Moscow Chamber of Commerce and Industry** to help shape the agenda at the Government of Moscow.

Together with GreenOfficeLab.Club and the Russian Green Building Council, we hosted **The BREEM Community Meeting** between Rufus Logan, a representative of the Building Research Establishment (BRE) Institute, and members of the Russian expert community. The UK-based BRE Institute is the creator of the BREEAM environmental certification standard for buildings. The meeting brought together key stakeholders within the field, and helped unite their efforts aimed at promoting eco-friendly solutions for real estate assets. We also hosted a meeting of the **Committee on Energy Efficiency and Sustainable Development of the Russian Guild of Managers and Developers** devoted to the economics of green construction.





## Awards for realization of ecological projects

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We received the following awards in recognition of our environmental efforts in 2019:

1st

### Ecology and Society. Responsible Consumption

First place in the “Ecology and Society. Responsible Consumption” category of the “Climate Development Leaders” competition, part of the Third Climate Forum of Cities.

1st

### Business Centre — Green Leader

First place in the “Business Centre - Green Leader” category in the Green Office competition held annually by the Moscow City Government Department for Environmental Management and Protection.

1st

### Green Zoom competition

Ducat Place III won the first place at the Green Zoom competition, where the jury assess the ecological performance of a single commercial building.

Short  
List

### People Investor contest

Our initiative for environmental certification of our business centers was shortlisted by the People Investor contest held annually in Moscow by the Russian Managers Association.

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## Media projects

Finally, we executed several media projects on the benefits of green offices and the benefits of separate waste collection. In particular, we collaborated with the Vedomosti on

a large information project devoted to different aspects of environmental performance for real estate objects. We also published a series of articles on the +1 portal<sup>1</sup>.

<sup>1</sup> A Russian online platform to help businesses share resources and best practices to improve their sustainability.



## BOOSTING AWARENESS AMONG TENANTS AND EMPLOYEES

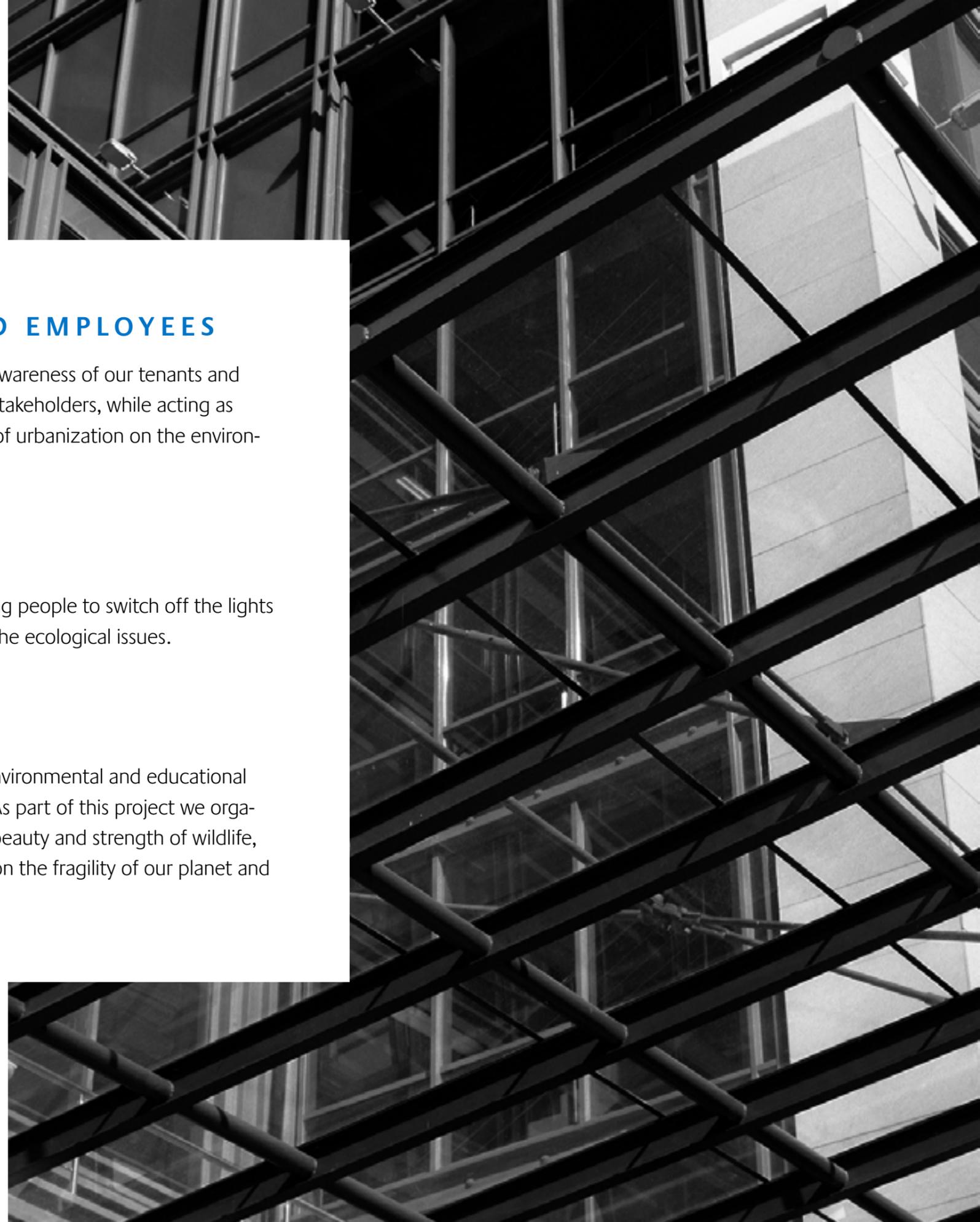
We organized a number of events that we see as a way of increasing the environmental awareness of our tenants and employees. These focused events allow us to amplify our environmental message to the stakeholders, while acting as effective tools to influence their behavior and daily habits to reduce the negative impact of urbanization on the environment.

### Earth Hour

For the eighth consecutive year, we supported the World Wildlife Fund initiative that calling people to switch off the lights and other vital electronics. The symbolic action aims to raise awareness of people about the ecological issues.

### Golden Turtle wildlife photography competition

We also collaborated with the Golden Turtle wildlife photography competition, a major environmental and educational project with a 13-year history, which aims to raise environmental awareness through art. As part of this project we organized the exhibition of the best photographs of the contest in our business centers. The beauty and strength of wildlife, shown in these unique pictures of animals, birds and rare plants, make the viewer reflect on the fragility of our planet and the importance of treating its natural wealth responsibly.





### “Vtoroe Dyhanie” Foundation

We closely cooperated with the “Vtoroe Dyhanie” Foundation, installing containers for donating used clothes at our business centers. Thanks to the efforts of our tenants, we collected **10,383 kilograms** of clothes in 2019.

### “RazDel’niy Sbor” eco-movement

Besides, we also cooperated with the “RazDel’niy Sbor” eco-movement and invited tenants of the Vivaldi Plaza business center to hand over the used office appliances for recycling. We managed to collect **375 kilograms** of used appliances in one day. Next year we plan to include more our properties to this initiative.

### Implementation of separate waste collection across all properties

A full rollout of separate waste collection across all our properties and the O1 Properties office also served as a tool to engage our tenants and increase our employees’ awareness about environmental issues. The success of this undertaking was achieved in large part due to regular communication with both tenants and employees in meetings and via mass mailing.

We plan to coordinate more closely with our tenants on environmental initiatives in the future. We also intend to continue developing our environmental initiatives as a core, differentiating aspect of our brand proposition.



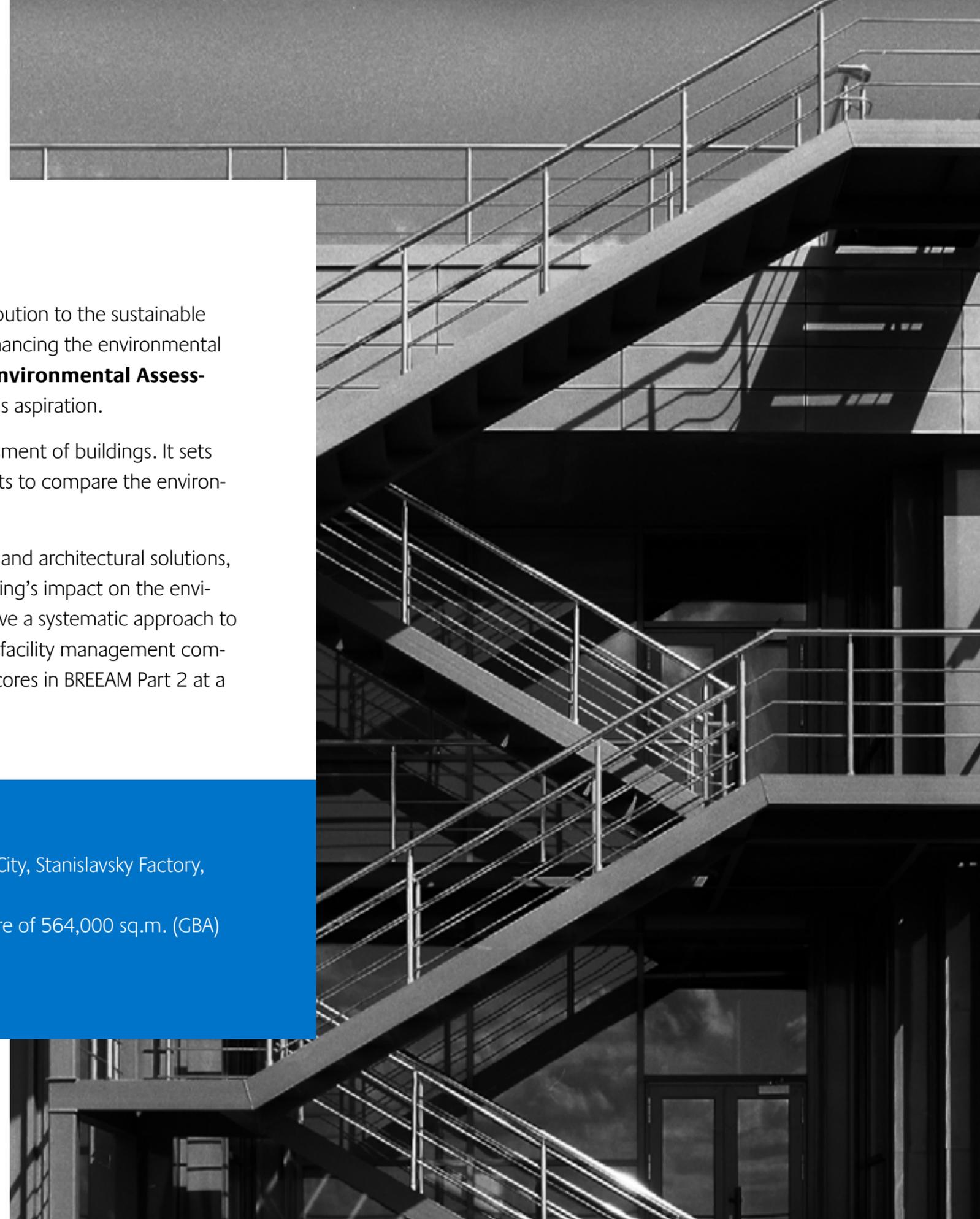
## BREEAM

We are proud of our achievements in the development of green buildings and our contribution to the sustainable development of local communities. We are continuing to focus our efforts on further enhancing the environmental efficiency of our business centers, and obtaining **Building Research Establishment Environmental Assessment Method (BREEAM)** certifications for the majority of our assets as a key part of this aspiration.

BREEAM is the most widely used method for assessing the environmental efficiency assessment of buildings. It sets advanced standards for sustainable engineering and construction, and enables participants to compare the environmental impact of various buildings.

It consists of two parts. Part 1 focuses on the environmental performance of engineering and architectural solutions, whereas Part 2 centers on the management and operation of buildings, to reduce a building's impact on the environment as much as possible. BREEAM certificates serve as proof that we, as an owner, have a systematic approach to facility management. Due in large part to our strategic partnership with the O1 Standard facility management company, which serves as the sole manager of our properties, we were able to achieve high scores in BREEAM Part 2 at a number of facilities.

- 2019: 6 newly BREEAM-certified business centers — iCUBE, LeFORT, Vivaldi Plaza, Silver City, Stanislavsky Factory, White Stone and Krugozor.
- A total of 10 business centers in operation and 1 under construction with the net square of 564,000 sq.m. (GBA) BREEAM-certified by the end of 2019.





As part of the BREEAM project, we developed a number of object-specific policies, procedures and strategies.

Policies	Procedures	Strategies
Environmental policy	General cleaning and tidying procedure	Strategy to control the risk of a Legionnaires' disease outbreak
Energy consumption and energy saving policy	Tenant satisfaction assessment procedure	Biodiversity management plan
Water consumption and water efficiency policy		
Sustainable procurement policy	Procedure for supplying building users with drinking water	Volatile organic compounds (VOC) and formaldehyde emission minimization strategy
Noise reduction policy		

The **environmental policies** set specific quantifiable targets for each business center. The targets are different for each asset as they are based on the BREEAM assessments and recommendations. Energy consumption and energy saving policies target concrete reductions in energy consumption by a certain percentage at each business center, with similar target included in water consumption and water efficiency policies. Environmental policies are the foundation of how we improve the environmental performance of our business centers. They closely ally with other policies and contain asset-specific targets on:

- Water consumption.
- Energy consumption.
- Waste generation.
- CO<sup>2</sup> emissions.
- Biodiversity.
- Analysis of the suppliers that provide materials.

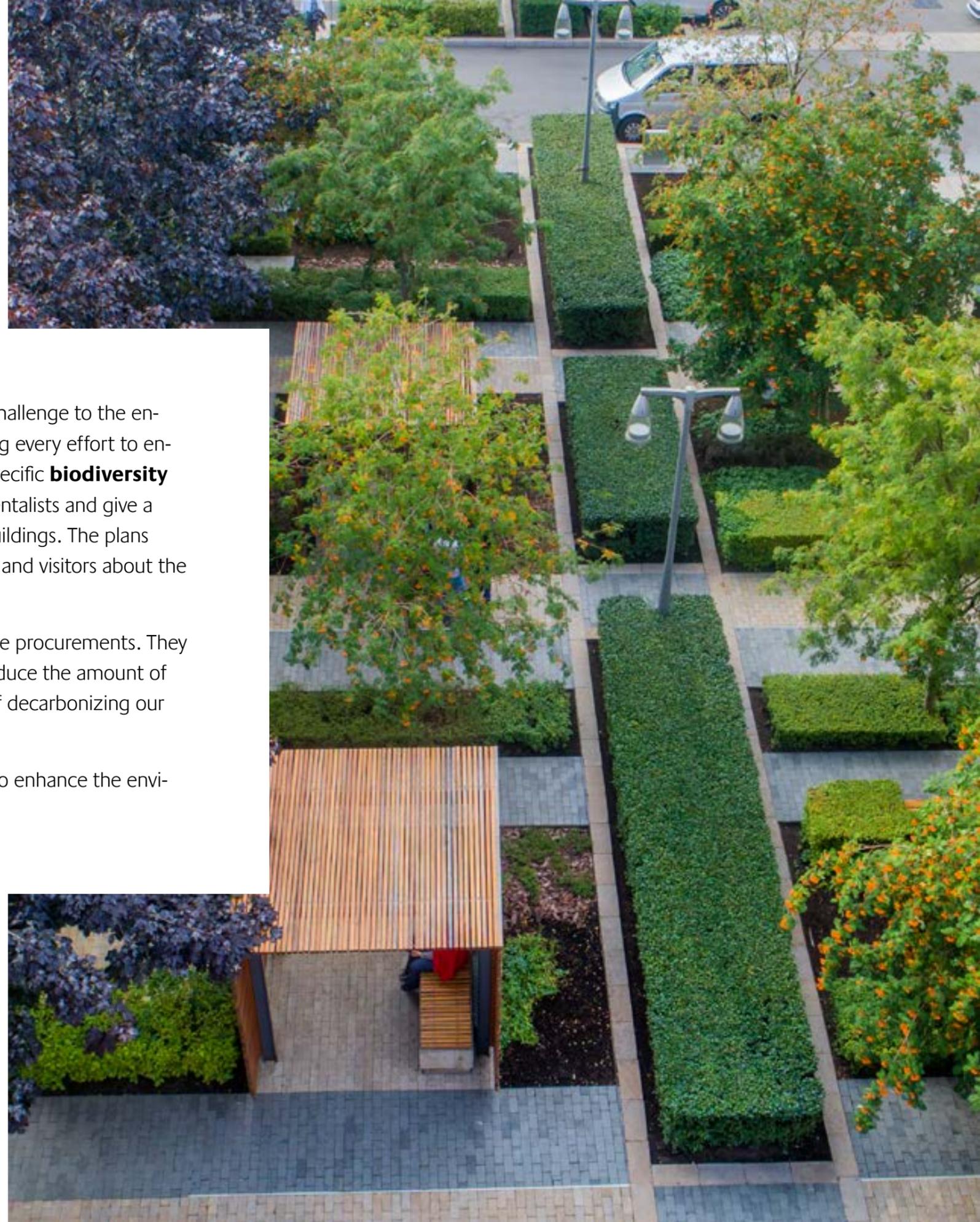
We set up information stands in offices and distributed these policies in mass mailings to engage and educate our tenants about our environmental initiatives. We also assigned employees to conduct policy-related training sessions for tenants to engage them and increase their awareness.



We recognize that global warming together with rapid urbanization represent a serious challenge to the environmental resilience of cities. With 100% of our assets located in Moscow, we are making every effort to enhance the city's biodiversity. To this end, all our BREEAM-certified business centers have specific **biodiversity management plans** in place. These plans have been devised by professional environmentalists and give a detailed overview of measures to boost the biodiversity of the open spaces around our buildings. The plans stipulate that there should be information stands at all business centers to inform tenants and visitors about the rules of conduct in the surrounding area.

Our **sustainable procurement policies** serve as a firm basis for conducting responsible procurements. They contain commitments to support local suppliers, promote sustainability principles, and reduce the amount of waste generated by our procurements. They are also key to helping us achieve our goal of decarbonizing our supply chain.

All our policies state that we must regularly update building users about measures taken to enhance the environmental performance of the buildings and progress on the targets set.





Overall, the policies and procedures developed over the BREEAM certification process have contributed to improved comfort, wellbeing and health for our tenants and visitors:

#### **Air quality**

- VOC reduction (increased use of sustainable materials in the decoration of buildings and the use of eco-friendly detergents).
- Regular sanitization of engineering systems to control the spread of harmful bacteria.

#### **Temperature comfort**

- Thermal heads.
- Heat recovery systems.

#### **Visual comfort**

- Access to natural light, glare control (large glazing areas, internal layout and mandatory installation of jalousie windows).

#### **Acoustic comfort**

- Sound absorption in engineering systems.

Our business centers' 2020 budget plans include the following budget lines targeting the further improvement of the ecological efficiency:

- biodiversity enhancement activities;
- installation of the LED lights;
- work with tenants on separate waste collection;
- energy audits;
- installation of water equipment compliant with BREEAM in public areas;
- certification of the environmental management system (EMS) in accordance with the ISO standards;
- consideration of the possibility to start using alternative energy sources (solar panels);
- safety analysis of the buildings and its improvement;
- installation of oil separators in the parking zones;
- installation of grease traps;
- creation of sustainable drainage systems (e.g., rain gardens);
- development and implementation of a project on increasing the buildings accessibility to people with disabilities in compliance with BREEAM.



## CARBON FOOTPRINT

We understand that cities are responsible for the majority of the world's carbon emissions. With 100% of our properties concentrated in the urban area of Moscow, the world's northernmost megacity, we strive to reduce the environmental impact of goods, materials and services over their full life cycle and across the entire supply chain. To this end, we started analyzing the **CO<sub>2</sub> emissions** generated by our suppliers in 2019. Based on the analysis, we decided to replace certain suppliers with closer alternatives. The calculations were based on fuel consumption, the make and type of vehicle and the distance travelled. For our next step, we are planning to optimize the number of contractors to further reduce our carbon footprint.

We use a points-based system to assess whether the goods, materials and services supplied conform with the asset-specific sustainable procurement policies. Points are given for eco-labelling and environmental certificates and the geographic proximity of suppliers.

In 2020, we are planning to start delivering the carbon footprint reports on a regular basis.





## RESOURCE CONSUMPTION

Optimizing our resource consumption is extremely important to us and this is why we developed a range of green initiatives in 2019, including the use of special technologies to preserve natural resources and reduce water and electricity consumption. This allowed us to boost our performance compared to the previous reporting period for some indicators.

Since there are no defined industry requirements or standards, we decided to set 2018 performance results as the baseline for our energy, water and waste reduction targets. In the future we plan to measure energy and water consumption per square meter of rented area.

In 2019 we cut total electricity consumption by 1% and electricity consumption per square meter of rented area by 6% from 299 kWh/sq.m in 2018 to 281 kWh/sq.m in 2019. This was largely due to the introduction of new energy efficiency initiatives and decreased consumption at the iCube business center, where finishing maintenance work was completed in 2018.



## Total electricity consumption, kWh

Office center	2018	2019	Change %
White Square	19,711,208	21,422,364	9% <sup>1</sup>
Legend	18,912,639	18,872,729	0%
Ducat Place III	8,486,825	8,051,021	-5%
Silver City	10,274,000	10,475,148	2%
White Stone	8,139,744	7,819,691	-4%
Vivaldi Plaza	14,414,365	13,349,518	-7%
Stanislavsky Factory	11,225,123	9,868,374	-12% <sup>1</sup>
Krugozor	9,360,576	9,414,584	1%
iCUBE	2,304,051	1,555,727	-32% <sup>2</sup>
Lighthouse	7,556,507	7,158,957	-5%
LeFORT	11,659,540	12,399,908	6%
<b>Total</b>	<b>122,044,578</b>	<b>120,388,021</b>	<b>-1%</b>

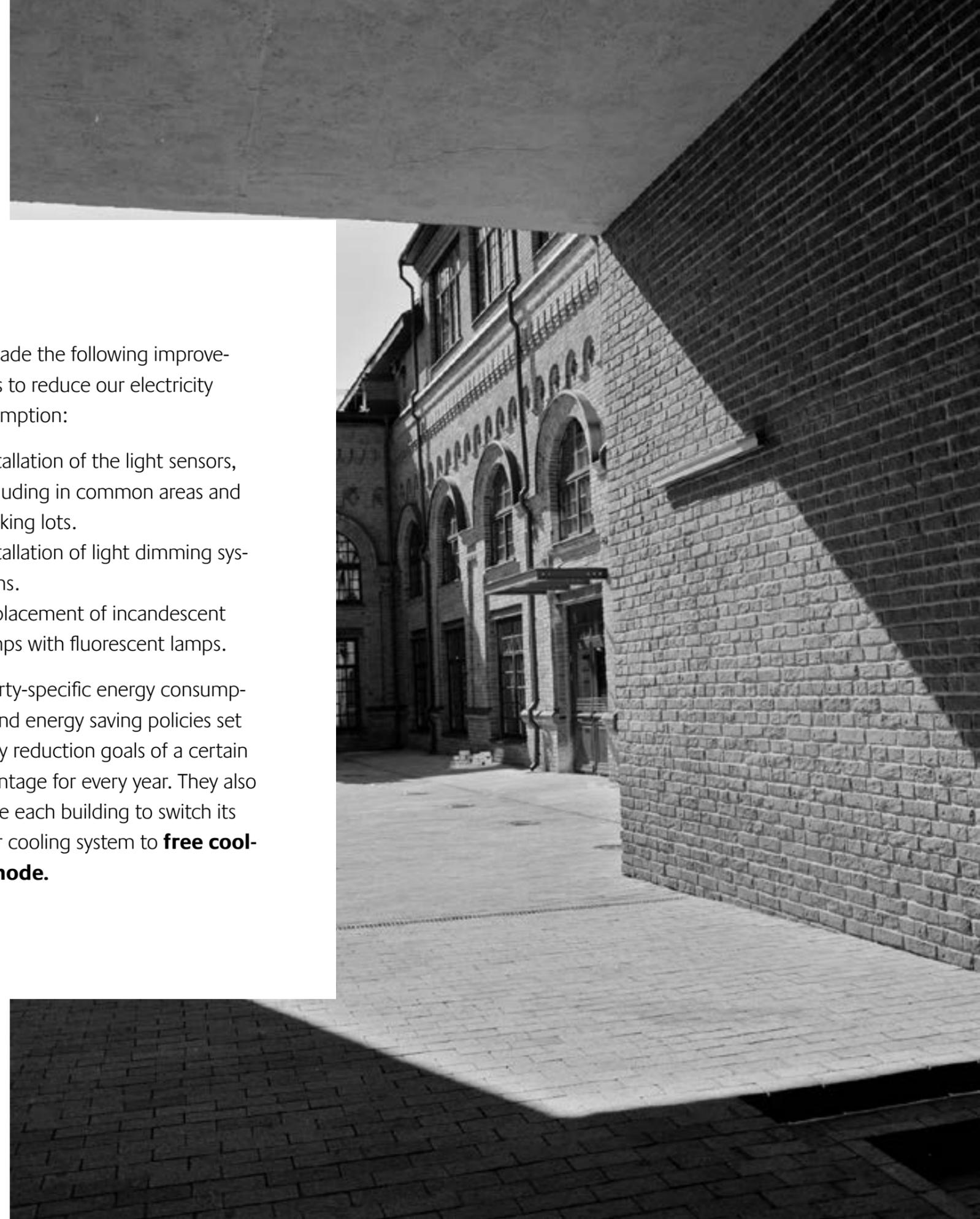
<sup>1</sup> The average vacancy rate in business center in 2019 was greater than in 2018, which is why the electricity consumption decreased.

<sup>2</sup> In 2018, the finishing maintenance work was carried out, which affected the volume of electricity consumed.

We made the following improvements to reduce our electricity consumption:

- Installation of the light sensors, including in common areas and parking lots.
- Installation of light dimming systems.
- Replacement of incandescent lamps with fluorescent lamps.

Property-specific energy consumption and energy saving policies set energy reduction goals of a certain percentage for every year. They also require each building to switch its winter cooling system to **free cooling mode**.





We cut total heating consumption by 13% and heating consumption per square meter of rented area by 17% from 0.21 kWh/sq.m in 2018 to 0.17 kWh/sq.m in 2019, primarily due to warmer weather conditions.

### Total heating consumption, Gcal

Office center	2018	2019	Change %
White Square	12,053	10,234	-15%
Legend	17,231	16,281	-6%
Ducat Place III	5,026	4,178	-17%
Silver City	12,471	10,264	-18%
White Stone	5,092	4,053	-20%
Vivaldi Plaza	16,945	15,018	-11%
Stanislavsky Factory	0	0	0%
Krugozor	6,826	6,041	-12%
iCUBE	2,602	2,101	-19%
Lighthouse	6,201	5,286	-15%
<b>Total</b>	<b>84,447</b>	<b>73,455</b>	<b>-13%<sup>1</sup></b>

<sup>1</sup> The overall decline in 2019 is attributable to a warmer winter.



## Total gas consumption, Gcal

Office center	2018	2019	Change %
White Square	0	0	0%
Legend	0	0	0%
Ducat Place III	0	0	0%
Silver City	0	0	0%
White Stone	0	0	0%
Vivaldi Plaza	0	0	0%
Stanislavsky Factory	1,539	1,339	-13% <sup>1</sup>
Krugozor	0	0	0%
iCUBE	0	0	0%
Lighthouse	0	0	0%
LeFORT	1,333	1,124	-16%
<b>Total</b>	<b>2,872</b>	<b>2,463</b>	<b>-14%</b>

<sup>1</sup> The decline in 2019 is attributable to a warmer winter.



Water is rapidly becoming an increasingly precious resource and we therefore take great care to minimize its consumption and strive to eliminate wasteful usage.

Despite our water-saving initiatives, overall water consumption went up by 3% in 2019 due to a rise in the number of tenants and service personnel in some of our business centers. However, water consumption per square meter of rented area decreased by 2% from 1.26 kWh/sq.m in 2018 to 1.24 kWh/sq.m in 2019 following the introduction of multiple water efficiency initiatives. We installed a wide range of water-efficient equipment at our properties as part of the BREEAM certification process:

- Two-button flushing.
- Faucet aerators.
- Detailed monitoring of water consumption using meters, combined into a single automated system.
- Faucets equipped with infrared sensors.
- Water-efficient mixers.

In 2019, we supplemented our Rules for Tenants with the requirement to install water equipment compliant with BREEAM.

## Total amount of water used, m<sup>3</sup>

Office center	2018	2019	Change %
White Square	96,194	102,516	7%
Legend	96,512	101,998	6%
Ducat Place III	25,427	24,110	-5%
Silver City	35,782	37,897	6%
White Stone	33,405	30,443	-9%
Vivaldi Plaza	60,585	64,545	7%
Stanislavsky Factory	35,181	32,435	-8%
Krugozor	32,538	32,627	0%
iCUBE	6,943	8,963	29% <sup>1</sup>
Lighthouse	39,240	39,265	0%
LeFORT	53,004	57,940	9%
<b>Total</b>	<b>514,811</b>	<b>532,739</b>	<b>3%</b>

<sup>1</sup> The increase in 2019 is due to the increased number of tenants.



## WASTE MANAGEMENT AND ENVIRONMENTAL COMPLIANCE

Effective waste management helps to save energy and resources and reduces the risks to ecosystems and human health. Compliance with environmental regulations is equally important because the breach of regulations incurs fines and reputational damage. To this end, we treat waste management and compliance with environmental regulations in a duly manner with a number of initiatives undertaken in 2019.

In 2019, the total amount of waste generated at our business centers equaled 1,821 tonnes, which is 4% higher than in the previous reporting period. The growth is attributed to the increased number of tenants and service personnel at some of the objects. Total amount of waste generated, tonnes.

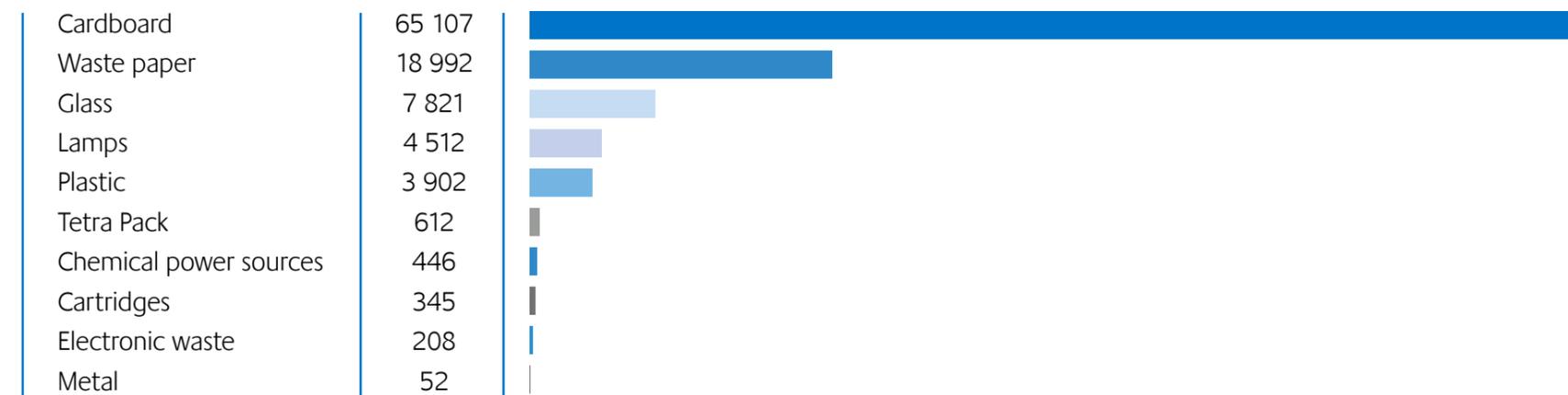
Office center	2018	2019	Change %
White Square	262	253	-3%
Legend	49	62	27%
Ducat Place III	105	131	25%
Silver City	99	100	1%
White Stone	195	230	18%
Vivaldi Plaza	178	179	0%
Stanislavsky Factory	158	123	-22%
Krugozor	183	177	-3%
iCUBE	179	237	32%
Lighthouse	139	136	-2%
LeFORT	211	193	-8%
<b>Total</b>	<b>1,758</b>	<b>1,821</b>	<b>4%</b>



In 2019, we started preparing for introduction of an **electronic document management** system within our group of companies in 2020. This undertaking will help us reduce paper consumption and become even more sustainable. We are also planning to obtain feedback from tenants on how enthusiastic they are about introducing a similar system themselves. We plan to maximize the use of electronic document management with all our external contractors by 2021.

We continue to uphold the belief that **separate waste collection** leads to greater energy and resource efficiency. In 2019, we rolled out the separate waste management systems across all our properties and in our office. To succeed in this endeavor, we strategically communicate with both our tenants and employees to promote the importance of recycling. We are lucky that the majority of our tenants are leading international firms with progressive outlooks.

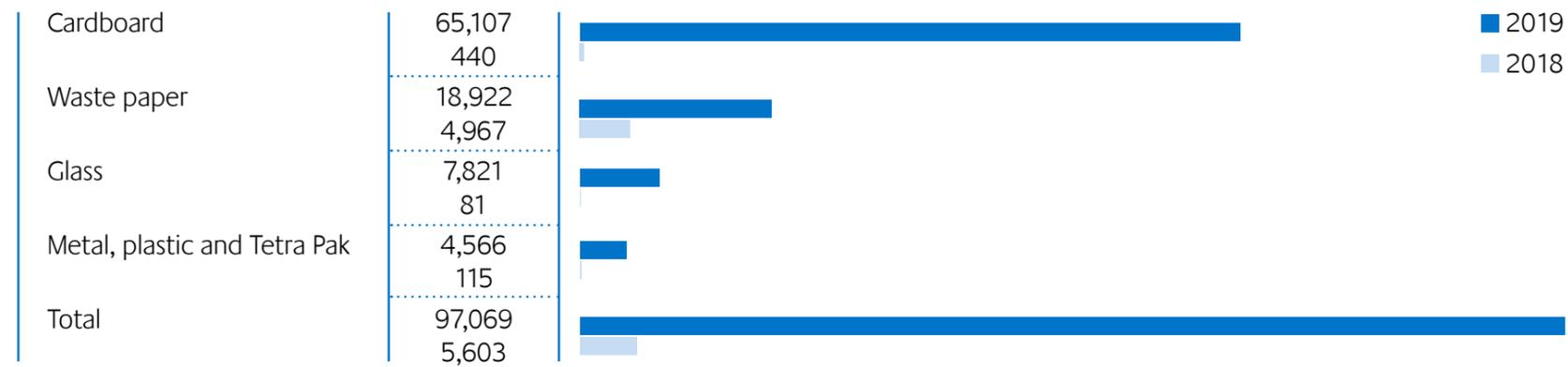
In 2019, we collected a total of **97,069 kilograms of recycling waste:**



We additionally collected **345** cartridges and **4,512** lamps.



Compared to the previous reporting period, we made a significant improvement in the amount of collected recycling waste.

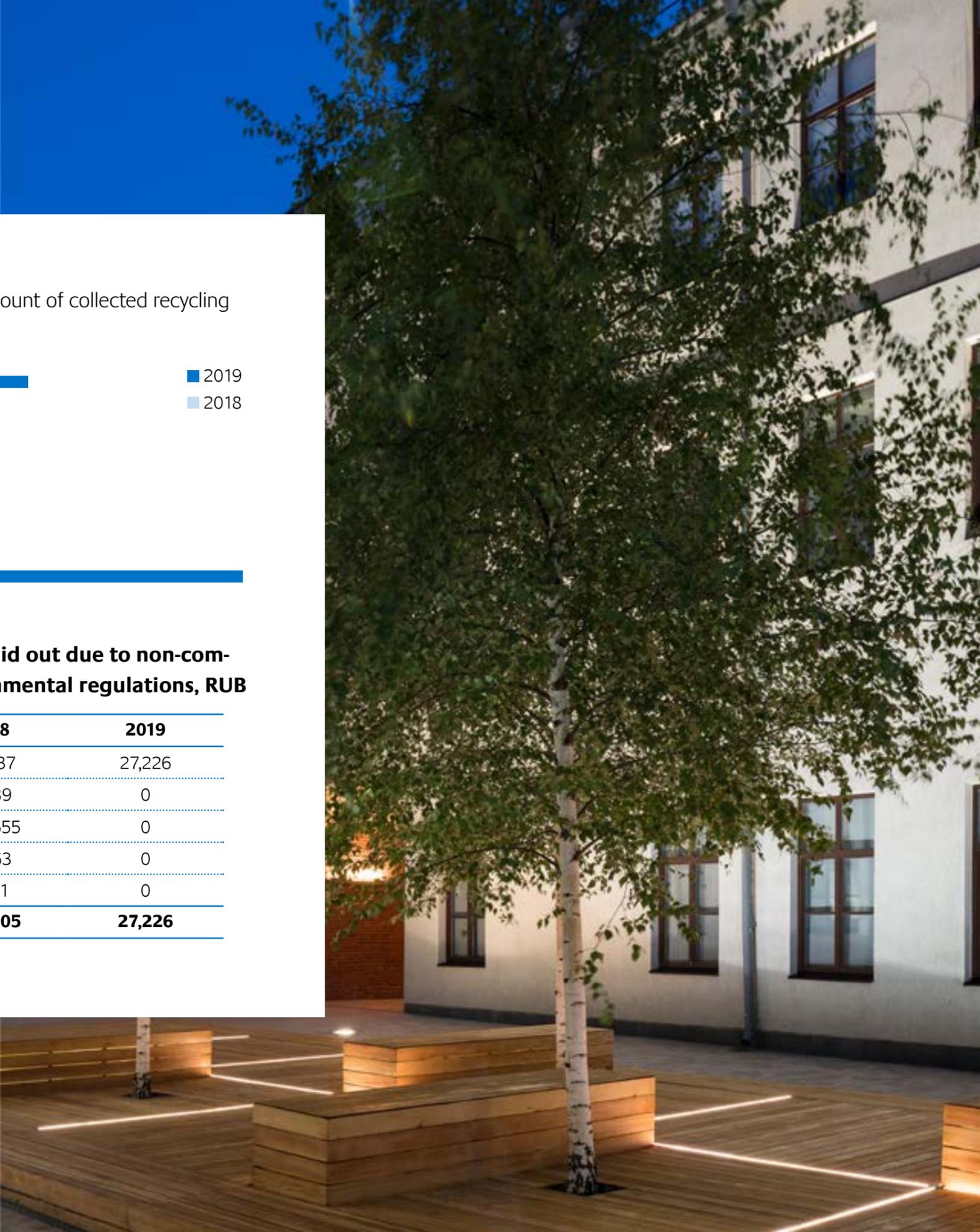


The property-specific sustainable procurement policies, adopted during the BREEAM certification process, help us optimize our waste management systems by providing a strong framework with which to assess the waste efficiency of potential and existing.

In 2019, the total amount of fines paid out due to non-compliance with the environmental regulations amounted 27,226 rubles, which is a substantial improvement compared to the previous reporting period.

#### Total amount of fines paid out due to non-compliance with the environmental regulations, RUB

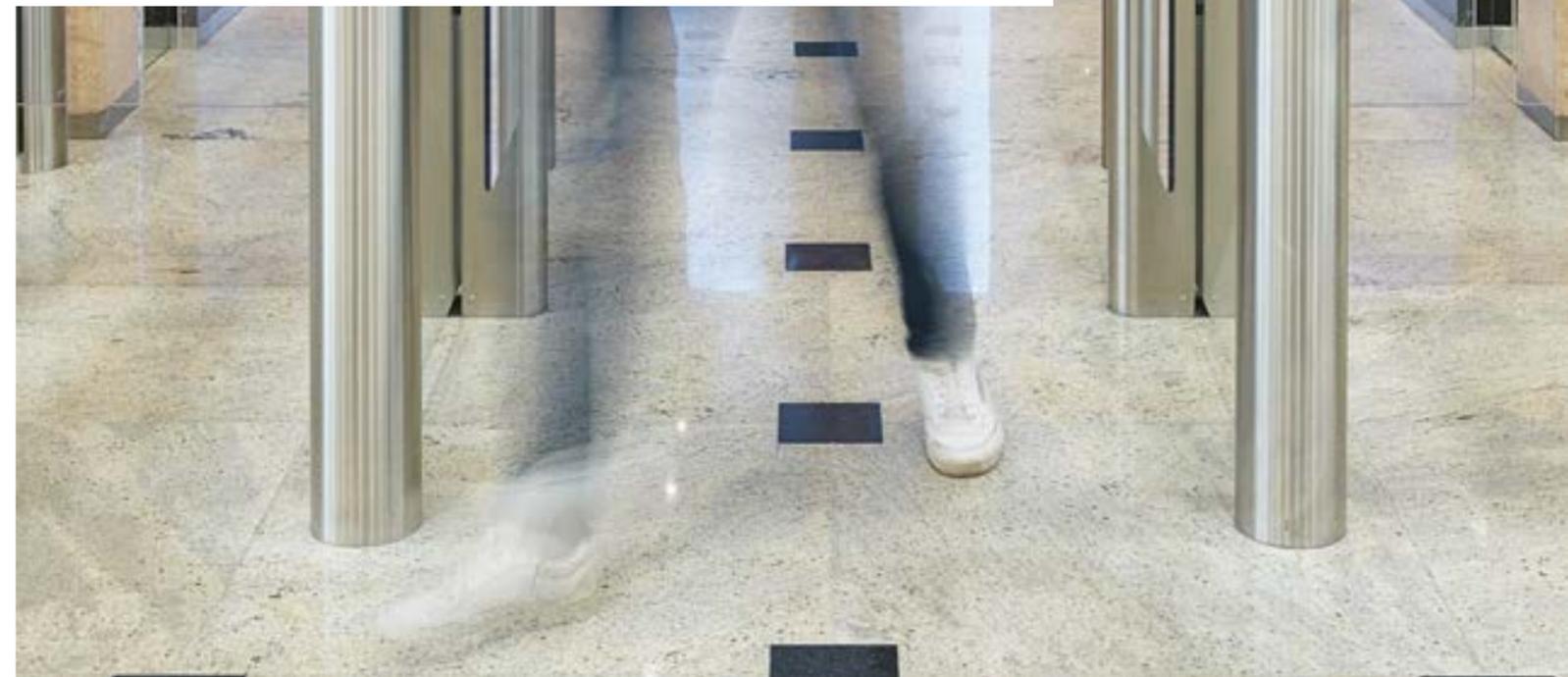
Office center	2018	2019
Lighthouse	13,337	27,226
iCUBE	6,739	0
Krugozor	108,655	0
Vivaldi Plaza	6,563	0
White Square	1,811	0
<b>Total</b>	<b>137,105</b>	<b>27,226</b>





# EMPLOYEES

Employees are our key asset and strategic partners in achieving sustainability goals. Our team consists of incredibly talented and engaged professionals who share our values. Taking care of their wellbeing, maximizing opportunities for professional development, and attracting and retaining the best talent are our top priorities. We strive to remain the industry leader, and 2019 saw the Company's management shift greater focus on further developing our outstanding human capital.





# 197 EMPLOYEES AS OF YEAR-END 2019

## MANAGEMENT DIVERSITY

Years	O1 Properties Management		City Developer LLC		Total	
	2018	2019	2018	2019	2018	2019
Employees	136	170	24	27	160	197
Men	48	63	20	20	68	83
Women	88	107	4	7	92	114



Years	O1 Properties Management		City Developer LLC		Total	
	2018	2019	2018	2019	2018	2019
Under 30	34	33	7	7	41	40
From 30 to 50	87	119	16	17	103	136
Over 50	15	18	1	3	16	21



■ Women ■ Men



	O1 Properties Management		City Developer LLC		Total	
	2018 <sup>1</sup>	2019	2018	2019	2018	2019
Number of new hires	45	64	6	6	51	78
Number of employees that left the Company	71	30	17	3	88	33
Turnover Rate <sup>2</sup>	53.08%	21.69%	56.31%	11.84%	54.63%	20.38%

We are an equal opportunity employer and give all our employees fair chances when considering their applications. We have a zero tolerance policy towards any form of discrimination. We believe that having a diverse workforce brings in unique insights and experience, significantly increasing what we can achieve together as a team.

	O1 Properties Management		City Developer LLC		Total	
	2018 <sup>1</sup>	2019	2018	2019	2018	2019
Number of employees of preretirement age <sup>3</sup>	6	8	0	1	6	9
Number of employees retirement age	5	6	1	0	6	6

We began monitoring active employee turnover in 2019. The active turnover rate is the number of people that left the Company despite us wanting them to remain. In 2019, the active turnover rate equaled **14.8%**.

2019	O1 Properties Management	City Developer LLC
Active turnover (number of people):	23	1
Men	7	1
Women	16	0

<sup>1</sup> 2018 data was restated due to the alignment of accounting policies of different legal entities to ensure data comparability by year. The number of employees of O1 Standard is not included in this report as O1 Standard is now an independent entity.

<sup>2</sup> The high employee turnover rate in 2018 and partially 2019 was due to the change of controlling shareholder and subsequent departure of a certain number of employees.

<sup>3</sup> The preretirement age is defined as the five-years period before the statutory retirement age (60 for women and 65 for men).



## NEW HIRES ADAPTATION

We formalized the onboarding process for new hires in 2019. The new Regulation on Onboarding was developed in 2019 and will be adopted in 2020. The goal of the onboarding is to help the new hires to adapt as quickly as possible in new roles, to maximize their productiveness and to make them feel warmly welcomed.

On their first working day, new hires receive a folder with corporate policies (e.g. Code of Ethics and Conduct, Regulation on Trade Secrets, etc.) and a welcome letter containing all the necessary information to help them settle in and integrate into the Company. New hires are also taken on a tour of the office.

In 2019, we started working on developing welcome trainings, which we plan to roll out in 2020.

To help new hires feel welcomed and settled in, we plan to add a new section to the corporate portal devoted to onboarding by February 2020. We are also considering the introduction of three automated questionnaires that the new hires will be required to complete at certain points during their probation period.



## DIVERSITY AND INCLUSION

We believe in providing a level playing field where everyone can unleash their full potential — one in which every person is treated with respect and equality, and where diversity is celebrated. We continue our commitment to making sure all areas of employment at O1 Properties are free from discrimination on the basis of sex, race, color, age, religious creed, national origin, physical or mental disability, sexual orientation, marital, veteran or any other status protected by law. The commitment to protecting and supporting fundamental human rights and freedoms is set out in our corporate Human Rights Policy adopted in 2019. We have a responsibility to respect human rights and to conduct business ethically and sustainably.

We had no confirmed cases of discrimination reported in 2019.

## TALENT MANAGEMENT SYSTEM

The HR department has shifted its focus from employee management to talent management to improve how it delivers employee and recruitment services. The corresponding revisions are being made to the relevant internal regulatory documents.

We are creating a multifaceted approach to investing in our diverse talent. This includes efforts to evolve our current developing offerings and create new programs that accelerate the growth of emerging leaders, highlighting our commitment to engaging the talent of the future. We will be investing in targeted training courses that are specifically designed to help boost the career growth and development of our top performing workforce.

Following our decision to create an external talent reserve in 2019, the HR department upgraded the selection process to the status of a quality service to ensure that the Company benefits from the best performing individuals.



## LEARNING AND DEVELOPMENT

Employee learning and development is an integral part of the new talent management system.

We support our staff's professional growth and firmly believe that training programs are essential for the continual improvement of their skills and results.

We conduct two main types of training courses:

- Training courses aimed at developing hard skills.
- Training courses aimed at developing soft skills (with particular emphasis on the internal and external client-oriented approach).

There are no training courses that are compulsory for all our employees. Every year, each department develops its own training schedule based on the department's particular needs. We carefully analyze which competencies are lacking. Additional attention is paid to employees' needs as well as their KPIs (see the following section). A total of 16 staff members completed an average of 1–2 working days of training in 2019.

We are planning to use Days of Knowledge as a new way of educating our employees in 2020. They can be devoted to various issues such as, for example, taking the form of a training session on the Code of Ethics or increasing health awareness.

In 2019, we started taking our new hires and their more experienced colleagues on excursions to our business centers. During these site visits, employees are given information about the history and key tenants of the business centers. Particular emphasis is placed on the green standards in the real estate. The visits help increase employees' involvement in the real estate industry and the Company.



## PERFORMANCE

We continued working on a new performance management system in 2019 to foster better employment practices and promote our best talent. The system is based on seven high-level key performance indicators for managers, coupled with a set of specific KPIs for each department. High-level KPIs include, for example, EBITDA, revenues, operational costs and lease plan.

Importantly, high-level KPIs define the departmental KPIs, which increases the Company's efficiency. They were qualitatively reviewed in 2019 to ensure that they align closely with our business goals. Department heads review and measure their employees' performance in accordance with KPIs. In 2020, we plan to implement the KPI system in our subsidiary companies.

Additionally, we developed an employee grade level system in 2019 to ensure that equivalent duties and responsibilities were compensated fairly. This approach not only allows employees to better understand their performance expectations but also enables us to comprehensively evaluate the individual performance of each team member. Annual bonuses are paid in accordance with the grade system; each grade has a coefficient by which the wage is multiplied. This made the transparency of the bonus payment system more transparent. If an employee outperforms their KPIs, the coefficient can be increased to higher than that set for their grade. Importantly, 50% of the coefficient is determined by departmental KPIs and the other 50% is determined by the supervisor.

We are developing a talent pool system for our current employees. In 2020, we plan to select candidates for the talent pool based on an annual personnel performance and potential assessment. Tailor-made leadership development programs will be developed for the talent pool.

The new talent-management approach has reinvigorated our employees and boosted performance as we strive to maximize our workflow efficiency. Our team has a strong reputation on the market and we therefore decided to redouble our efforts to develop our competencies in 2020.

The KPI system has undoubtedly increased employee loyalty. We plan to conduct a staff satisfaction survey in 2020.



## BENEFITS

We remain committed to ensuring that our employees are able to lead healthy and fulfilling lives. We offer all our employees a comprehensive benefits package, including paid vacation, voluntary health insurance (available after the probation period), parental leave, temporary disability allowance, retirement savings plan (available from the first day of employment) and wellness programs. We take pride in our voluntary health insurance because it covers the best clinics and includes rehabilitation, vaccination, dental care and emergency planned care.

## INTERNAL COMMUNICATIONS

We strive to uphold a culture of openness and transparency in our internal communications.

We are continuing to develop our internal web portal to ensure that our employees are promptly updated about the goings-on within the Company and the potential consequences these might have for their everyday lives at the workplace. More specifically, we added information on the “green office” in 2019 to increase our staff’s awareness of the issue. There also are all the internal HR policies available on the portal.

We also send out mass mailing for these purposes. For instance, when implementing the separate waste collection in our office, mass mailings helped us inform employees about the changes and explain why they are important.

Whenever our employees come across ethical dilemmas, they are strongly encouraged to communicate these at any time, either to their direct supervisor or to one or all of the following functions:

- Compliance manager.
- HR department.
- Legal department.
- Security department.

The hotline, which we plan to implement in 2020, will also be available for employees that want to raise ethical concerns.



## HEALTH AND WELLBEING

Encouraging our employees to live healthy, active lifestyles is a core part of who we are. To that end, we continue to develop our own corporate football team, as physical activity is extremely important for office workers who spend a great deal of time sat at their desks. The Company sponsors the kit, professional trainer and regular training sessions.

### O1 Properties Football League

We continue to support the O1 Properties Football League — the annual championship for the corporate teams of our tenants and partners. We see the aim of the project in promoting of sport and healthy lifestyle among our employees as well as external stakeholders.

Forty teams participated in the championship in 2019. We set up a special a special children's zone with educational and entertaining outdoor games to give families a space to spend time together. After the end of the season we conducted the satisfaction survey among the participants and received the score of 4.4 out of 5. We also collected the feedback and plan to implement few changes in the rules of the championship in response to the demand of our participants.



## Annual Summer Event

In 2019, we held the annual summer sports event for our employees, giving them the opportunity to relax and take part in a variety of outdoor sporting activities. O1 Properties set up and ran a Football League for our tenants and partners, which proved incredibly popular, attracting 40 teams in 2019.

We slightly modified the format of the event in 2019, adding alternative activities for those who cannot play sports. In 2019, we conducted our first satisfaction survey of the event and were delighted to receive a high score of 4.6 out of 5. The next event is planned for 2020.

## New initiative: O1 Properties Yachting Team

We also formed a corporate yachting team in 2019, and expect to see our employees to participate in competitions in 2020.

We continue to offer healthy fresh juice drinks twice a week. There is a doctor on duty in the office once a week.





## OCCUPATIONAL HEALTH AND SAFETY

We adhere to the highest standards in managing our occupational health and safety system. Our fundamental principles are set forth in O1 Properties' [Occupational Health and Safety policy](#). It stipulates that the Human Resources department is responsible for implementation of the policy. The policy serves to facilitate our compliance with local occupational health and safety standards and leads to ensuring our employees can realize their right for safe and comfortable working environment.

Our Occupational Health and Safety policy and internal regulations also apply to our contractors. We make sure that all contractors working at our properties meet the most rigorous health and safety standards. In 2019, we continued working to improve the management of occupational health and safety issues and hired a new employee who will be responsible for managing health and safety risks on a part-time basis starting in 2020.

We had no accidents, including fatalities, in the reporting period.

The majority of workers and contractors received training on occupational health and safety in the reporting period. In addition, we will be dedicating some Knowledge Days to occupational health and safety issues in 2020.

## OUR RESPONSE TO COVID-19

At the beginning of 2020, a significant event has occurred, the coronavirus pandemic which has led to widespread turmoil across the world. Despite the fact that it occurred after the reporting period we are confident, that it is necessary to disclose measures taken by the company in connection with the pandemic in this report.

First discovered in Wuhan, China, in December 2019, the virus rapidly spread around the globe and was declared a pandemic by the World Health Organization (WHO) on 11 March 2020.

We are fully aware of the challenges that the virus poses to the world and are doing our best to help combat the disease and protect our employees, tenants, contractors and suppliers from the heightened risks to their health and well-being. We adopted **preventive measures** well in advance of official government guidelines.

We introduced a **high alert regime** on 6 March, which also extended to our property management company, O1 Standard. All our employees returning from high-risk countries were required to self-isolate. We established additional requirements to ensure regular temperature checks of employees working in the O1 Properties office by trained medical personnel. Employees displaying higher body temperatures were asked to work from home. Commencing from 16 March, we rolled out daily temperature checks at all our business centers.

The high alert regime also required us to rapidly expand our remote working capabilities, ensure the intensive disinfection of all door handles and working surfaces and cancel all business trips.

As a further response, we temporarily cancelled all mass gatherings of employees and reduced the number of visitors to our office. Finally, we prepared our IT infrastructure to enable our employees to work from home.

Safety and wellbeing of our employees always remains our top priority. We transferred to working remotely long before the official government guidelines came into effect, which helped us to avoid coronavirus infections among employees. Despite our transition to remote work, we assured all employees of our ongoing commitment to all our **social obligations**. Not a single employee has been dismissed, sent on unpaid leave or asked to work shorter hours with a decrease in pay.

As a Company with the important social function of providing office space for more than 50,000 people, we feel the same level of responsibility for our tenants' employees as for our own. In this light, O1 Standard ensured that the following measures were enacted at all our business centers:

- Distribution of medical masks to visitors, management and reception staff.
- Regular temperature checks of visitors to our business centers.
- Intensive disinfection of all surfaces that can harbor the virus (door handles, elevator buttons, turnstiles) every 30 minutes.
- Installation of hand sanitizers at all entrances to business centers.
- Regular disinfection of engineering systems (especially air exchange systems).
- Placement of support services on standby while continuing to provide all building management services.

We hope that the pandemic will come to an end soon so that we can return to the business as usual. In the meantime, we are confident that the measures we have taken will enable us to maintain the same high level of service that our tenants are accustomed to.



# KEY SUSTAINABILITY PERFORMANCE DATA





<b>Environmental</b>	<b>2018</b>	<b>2019</b>
Number of sustainably certified assets (BREEAM)	5	11
Heating consumption, Gcal	84,447	73,455
Gas consumption, m <sup>3</sup>	2,872	2,463
Electricity consumption, kWh	122,044,578	120,388,021
Water consumption, m <sup>3</sup>	514,811	532,739
Total amount of waste generated, tonnes	1,758	1,821
Fines, RUB	137,105	27,226
Total amount of recycling waste collected, kilograms	5,603	97,069



<b>Social</b>	<b>2018</b>	<b>2019</b>
Number of employees at year-end	160 <sup>1</sup>	197
Men	68	83
Women	92	114
Men%	43	42
Women %	57	58
Under 30	41	40
From 30 to 50	103	136
Over 50	16	21
Management diversity, Men : Women	16:8	31:18
Number of new hires	51	78
Number of employees that left the Company	88	33
Turnover %	54.63%	20.38%
Active turnover	NA	14.8%
Number of employees at preretirement age	6	9
Number of employees of retirement age	6	6
Total number of employees who received additional training	9	16
Total number of employees who have received training on the Human Rights Policy	160 <sup>2</sup>	197
Number of incidents that violated human rights	0	0
Number of accidents, including fatalities	0	0

<sup>1</sup> Following the separation of O1 Standard as an independent legal entity, we have revised the statistical data so it differs from the 2018 Report.

<sup>2</sup> In 2018, including the CISC Nash Standart, there were 202 employees.





<b>Governance</b>	<b>2018</b>	<b>2019</b>
Non-executive directors	3	4
Men	2	3
Women	1	1
Executive directors	3	4
Men	0	0
Women	3	4
Number of confirmed incidents of corruption by employees	0	0
Total number of employees who have received training on the Anti-bribery Policy	160 <sup>1</sup>	197

<sup>1</sup> In 2018, including the CJSC Nash Standart, there were 202 employees.



# CONTACTS

Your opinion is very important to us. We appreciate your feedback and will use it to make improvements in our sustainability reporting. Should you have any inquiries regarding the Report, please contact Elena Belevtseva, Marketing and Communications Director:

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