

o₁properties

'18

FINANCIAL YEAR 2018 REPORT ON NON-FINANCIAL DISCLOSURE

Directors’ statement 3

About the Report..... 4

 Requirements of Non-Financial Reporting 4

 EU Directive on non-financial reporting 4

 Law of Cyprus 4

 Russian regulations on non-financial reporting..... 4

About the Company 5

 Business model 9

 Our assets.....12

Corporate governance and compliance 27

Society and customers..... 38

Employees 47

Environment.....51

Key sustainability performance data 59

Contacts.....61

'18 Report on non-financial disclosure



To our tenants, employees and other stakeholders,

We are glad to present the 2018 Sustainability Report of O1 Properties Limited (hereinafter “O1 Properties” or “the Company”) prepared in accordance with EU Directive 2014/95/EU. This is our first non-financial report and we have been proud to see O1 Properties progress towards becoming a more sustainable company.

There is no doubt that the real estate sector is still undergoing a challenging period of rapid change. The market is still recovering from the crisis of 2014 – 2015, while the demand for class A office properties gradually transforms. The office properties are becoming a multifunctional spaces that should help people to balance their private and business activities in most efficient way. With this in mind, we paid close attention to improving our properties in response to tenants’ requests in 2018. We strive to help our tenants respond to changes and aim to provide properties that will help them succeed.

We understand the importance of sustainable development in terms of environmental issues and we see the raising demand for eco-friendly office properties in Moscow. We are doing our best to make our buildings greener as a part of the ongoing process towards attaining BREEAM certification for 100% of our portfolio. We are also focused on reducing energy and water consumption, as well as providing healthier working environment within our buildings.

Following the raising public concerns of waste storage in Moscow Region we are challenging ourselves to recycle and reuse our waste. We set up a waste separation system in several office centers in 2018, and are planning to roll out this initiative in other buildings and the O1 Properties’ office. We promote the idea among our tenants and employers and are happy to see the huge interest and desire to change on a corporate as well as on an individual level. We have contributed to raising awareness about pressing environmental issues by taking part in several important events, including Recycle Day and Earth Hour.

We are enthusiastic about our future cooperation with the United Nations Global Compact. We joined the organization in 2019 to align our corporate policies and standards with universal human rights, labor, environmental and anti-corruption principles, and take actions that advance our societal and environmental goals.

Our employees are our most valuable assets. In the reporting period, we held a number of sporting events to promote healthy lifestyles among our staff. We have also held several corporate training sessions to support our employees’ professional and career growth. For 2019, we are planning to introduce a new performance management system, based on key performance indicators, to evaluate the individual performance of each employee fairly and comprehensively.

We would like to thank the people at O1 Properties, our business partners and everyone who contributes to the success of our Company. They have all played their part in our progress towards sustainability this year.

We are confident that our achievements form a strong foundation for our plans to build a more sustainable future.

Eleni Ralaïarisoa
Director

Ioanna Savvidou
Director

This report on non-financial information (hereinafter referred to as “the Report”) discloses the sustainable development activities and initiatives of O1 Properties Limited (hereinafter “O1 Properties” or “the Company”).

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 reconstituted from public limited company to a private limited liability company under the name O1 Properties Limited.

This report outlines the extent to which the Company complies with Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU with regards to the disclosure of non-financial and diversity information by certain large undertakings and groups (hereinafter “the Directive”) and Art. 151A of the Cyprus Companies Law (Cap. 113).

We are publishing this Report to demonstrate the extent of our compliance with the requirements of the Directive, and include information related to O1 Properties’ past activities as well as our goals and targets for the future.

O1 Properties is publishing a report on non-financial information for the first time. The Report shall be considered as the baseline report outlining the Company’s activities in sustainability development, the principal features of policies recently adopted by O1 Properties, related identified key performance indicators (KPIs) and the Company’s planned actions in this regard. The Company acknowledges that non-financial reporting will allow investors to assess the links between non-financial matters and overall corporate strategy, performance and prospects, as it provides a more comprehensive view of the factors that have an effect on the creation of long-term value.

These policies are published on the official O1 Properties website, demonstrating the Company’s commitment to integrating the policies into its corporate culture. A brief description of each policy is included in this Report.

REQUIREMENTS OF NON-FINANCIAL REPORTING

EU DIRECTIVE ON NON-FINANCIAL REPORTING

The Directive 2014/95/EU on the disclosure of non-financial and diversity information succeeded the 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 Cyprus 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 went ahead and reported on sustainability-related information before it became a formal requirement.

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

This Report aims to follow the principles of GRI Reporting Standards’ core disclosures.

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.

A black and white photograph of modern glass skyscrapers against a cloudy sky. The image is taken from a low angle, looking up at the buildings. The glass facades reflect the sky and clouds, creating a complex pattern of light and shadow. The buildings are composed of various geometric shapes and angles, emphasizing their modern architectural style.

ABOUT THE COMPANY

o₁properties

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

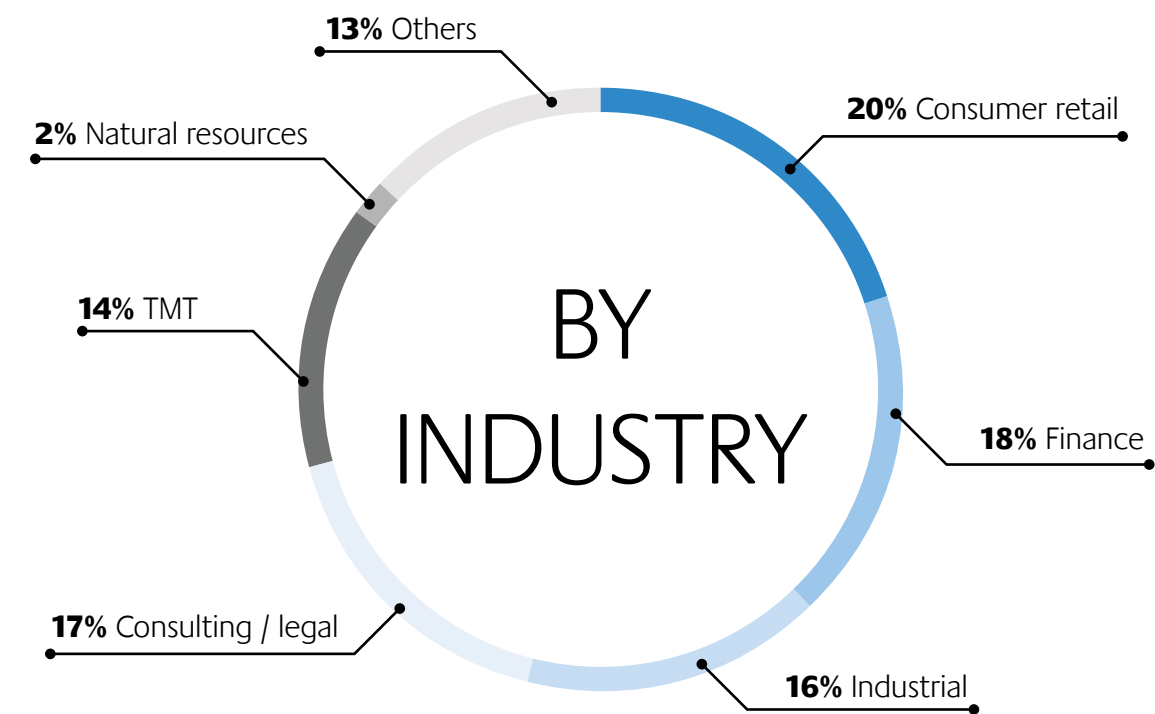
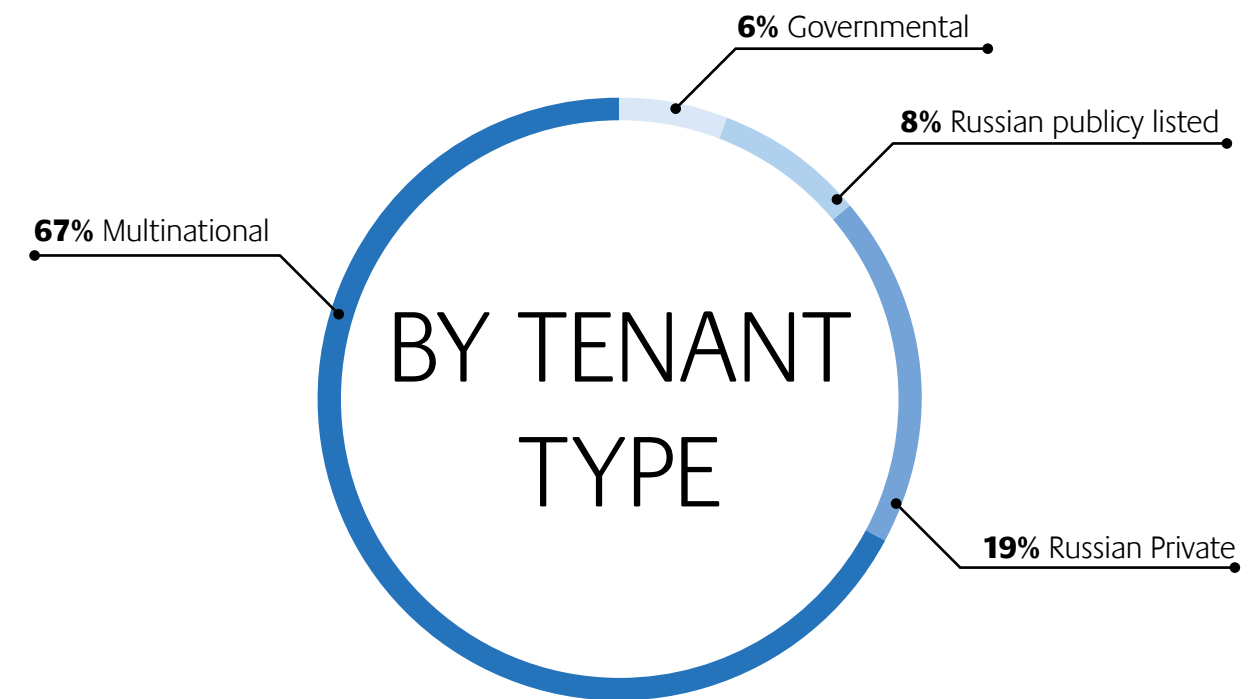
Our Company owns and manages a portfolio of Class A office centers in prime business areas of Moscow. We create office centers with vibrant and professional atmosphere that spark productivity and creativity. Our properties are landmark business destinations with outstanding design, convenient location, top-notch public areas, landscaped outdoor areas and a variety of amenities.

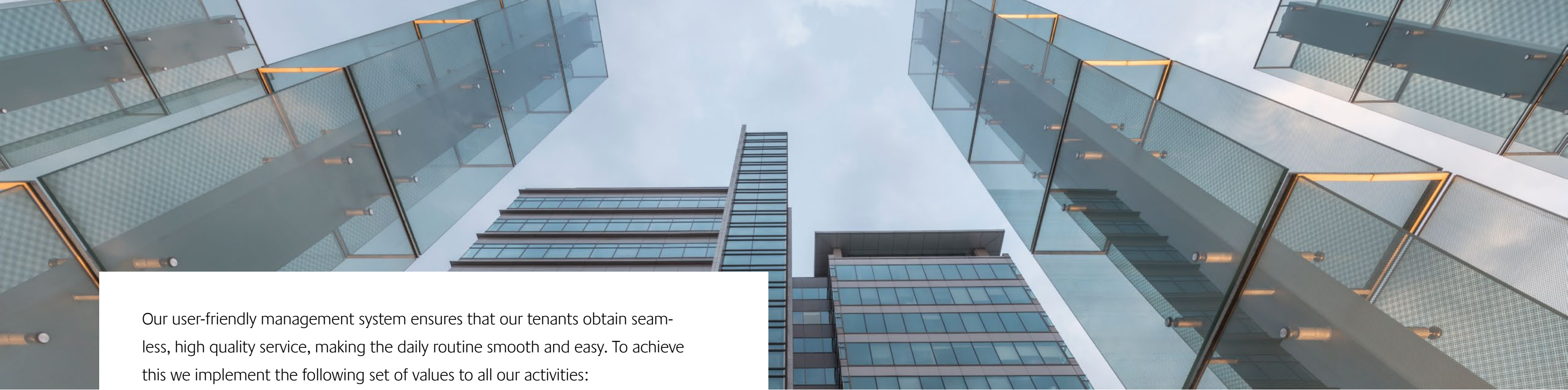
'18 Report on non-financial disclosure





The excellent quality of O1 Properties' buildings is reflected in the profile of the tenants, which are principally blue-chip multinational corporations and leading Russian companies.





Our user-friendly management system ensures that our tenants obtain seamless, high quality service, making the daily routine smooth and easy. To achieve this we implement the following set of values to all our activities:



CUTTING-EDGE APPROACH

We understand that buildings create an environment for daily life, they can inspire and bring comfort. Innovation is at the heart of every decision we make, from site selection to interior design.



STABILITY

Experience, professionalism and adaptability make O1 Properties a strong and resilient company. Prominent portfolio, long-term lease agreements, stable tenants’ base and highly qualified staff contribute to the company’s sustainable development.



TRANSPARENCY

O1 Properties is a trusted partner by its stakeholders. We are committed to following best practices in our business conduct, financial reporting and legal processes.



PARTNERSHIP

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

O1 Properties is guided by these principles in all aspects of its work, from strategic, financial and corporate management to reporting, audit, risk assessment and corporate social responsibility.

BUSINESS MODEL

Our business model for long-term value is focused on holding and financing investments. We operate in the Russian real estate market. In particular, we are focused on buying both active and developing investment properties in the Russian Federation to derive profit from their activities.

STRATEGY

WE AIM TO BE A LEADING PLAYER IN THE RUSSIAN REAL ESTATE MARKET THROUGH COMMITMENT TO THE FOLLOWING STRATEGIC OBJECTIVES:

INVEST IN PREMIUM OFFICE REAL ESTATE ONLY

Our modern, high-quality portfolio of Class A office properties means that we can provide leading companies with the premises and facilities which 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.

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.

100%

Moscow

60/40

Leverage (Target)

100%

Office

90/10*

Yielding/Development (Target)

* GAV of development projects is approximately 1% of total Investment Portfolio as of preliminary CBRE YE'2018 valuation.



NRA

TOTAL

527 000 m²

YIELDING

478 000 m²

DEVELOPMENT

48 000 m²



MARKET VALUE ^{1, 2}

TOTAL

\$3 283 000 000

YIELDING

\$3 259 000 000

DEVELOPMENT

\$23 000 000



OCCUPANCY RATE

89% (91% w/o Nevis)



AVERAGE NET RENTAL RATE ³

\$489 m² / year



WALUT TO EXPIRY

3.3 years



MARKET SHARE⁶

9%



CORPORATE CREDIT RATING

S&P CCC, Moody's B3



TENANTS BASE

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

O1 Properties' rental revenue for '18

\$ 273 621 000

O1 Properties' net rental income for '18

\$ 219 973 000

#8 largest owner of commercial real estate (Forbes)⁴
#1 biggest office owners (Knight Frank)⁵

In 2018 previous controlling shareholder sold its stake in O1 Properties to Riverstretch Trading and Investment Ltd (RT&I). RT&I is the new controlling shareholder of O1 Properties.

¹ O1 holds a 85% stake in Greendale, 50.5% in Legend and 50.5% in iCUBE. ² As per preliminary CBRE valuation as of YE2018. ³ Rental rate for office premises post discounts and FX caps. ⁴ By rental revenue. ⁵ By size of the portfolio. ⁶ Estimated market share.



SUSTAINABILITY AGENDA

O1 Properties have always followed the best international corporate social responsibility standards at all management levels. We have built a transparent business based on relationships of trust with employees, clients and business partners.

O1 PROPERTIES' SUSTAINABILITY AGENDA IS GUIDED BY THE FOLLOWING PRINCIPLES:

- Treating our employees as partners, encouraging their professional growth;
- Reducing negative environmental impacts by implementing green standards in the design, construction and management of office buildings;
- Promoting healthy lifestyles among tenants and employees by organizing sports events;
- Committing to providing transparent information about our business activities, applying the best corporate management practices and international accounting standards;

- Preserving historical heritage, supporting arts and cultural projects and institutions.

We have also adopted a corporate Sustainability policy to set the basis and principles of our voluntary commitment to sustainability and accountability of business. The Policy is available on the O1 Properties website.

In April 2019, we joined the UN Global Compact, the world's largest corporate sustainability initiative, to make our contribution to shaping a sustainable future. We support the Ten Principles of the United Nations Global Compact on human rights, labor, the environment and anti-corruption and commit to placing these principles at the heart of our business. We are committed to making the UN Global Compact and its princi-

ples part of our Company's strategy, culture and day-to-day operations, and to engage in collaborative projects that advance the United Nations' broader development goals , particularly the Sustainable Development Goals.

We have aligned our objectives with the UN Sustainable Development Goals and identified the two goals where we can have the most impact:





OUR ASSETS

oproperties



WHITE SQUARE OFFICE CENTRE

White Square is a prime office property that consists of three independent buildings. The unique pedestrian-only walkways between the buildings and the outdoor square with a fountain, restaurants and cafes with summer terraces have made the White Square Office Center a landmark meeting place and entertainment destination. The prestigious complex is located in the central business district of Moscow at the footsteps of Belorusskaya metro and train stations from where Aeroexpress runs to Sheremetyevo International Airport. The White Square Office Center is also certified under the BREEAM sustainable building certification scheme and each building has individual certificate (maximum score – 55.8%). The buildings received maximum scores for the quality of building materials, security system management, water efficiency, separate collection of waste and transport accessibility.



Main tenants: Deloitte, PwC, McKinsey & Company, BNP Paribas.



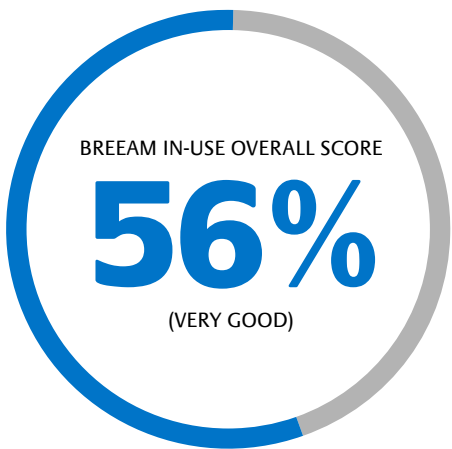
Awards: The Moscow Times Awards 2013, CRE Awards 2010.



Size: NRA 76 440 m²



Parking: 840 parking spaces.





DUCAT PLACE III

Ducat is among the best office complexes in Moscow. This modern 14-storey building offers highly efficient office space for the needs of top-level international business. Designed by architects Skidmore, Owings & Merrill, the daringly modern structure has made a striking addition to the skyline of the Russian capital. Ducat Place III is situated near the intersection of Tverskaya Street and the Garden Ring in the historic city center. The building enjoys excellent access from major highways and is a five-minute walk from Mayakovskaya metro station. Sheremetyevo Airport is directly accessible via Tverskaya Street and Leningradsky Prospect or by the Aeroexpress train from nearby Belorussky train station.

Ducat Place III hosts a number of major international corporations, financial and consulting companies. Business people regard Ducat Place III as a pre-eminent office center due to its convenient central location, very high quality and excellent amenities. Ducat Place III is certified under the BREEAM sustainable building scheme. The building received the certification for energy-efficient lighting, water efficiency, solutions for bringing in natural light and separate collection of waste.



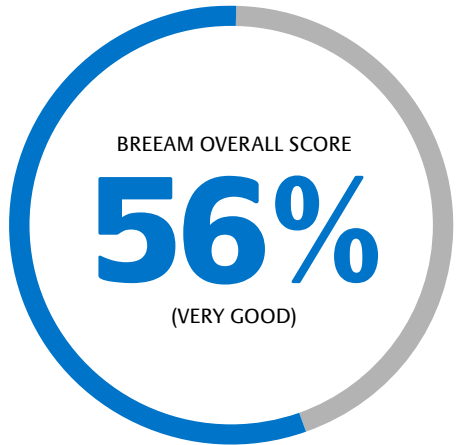
Main tenants: Citibank, Clifford Chance, Goldman Sachs, BCG, Cushman & Wakefield, Sovcomflot, Hines, EBRD.



Size: NRA 33 558 m²



Parking: 481 parking spaces.



LEGEND OFFICE CENTER

Legend is conveniently located at the intersection of Tsvetnoy and Rozhdestvensky boulevards in central Moscow. It is part of the Legend of Tsvetnoy mixed-used complex, built to a modern architectural concept by the internationally reputed architects NBBJ. The office center occupies seven floors at the complex, offering ample space and panoramic views over the historic heart of Moscow. The Legend center is close to Trubnaya and Tsvetnoy Boulevard metro stations and has excellent access from both the Garden and Boulevard Rings. The center has its own parking (separate from that of the residential section). The first floor of the building is leased or sold to popular restaurants and bars, ensuring a vibrant atmosphere.



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



Size: NRA 40 148 m²



Parking: 401 parking spaces.





WHITE STONE

White Stone is a modern office center, located next to Belorusskaya metro and train stations in Moscow’s central business district. O1 Properties has made several improvements since taking over as site manager in 2014. These include a brand-new lobby, the use of white stone and a new lighting system to create bright interiors, and a smart lift navigation system. White Stone offers a variety of conference, leisure, retail and catering facilities for tenants and visitors. It is one of a cluster of high-class assets managed by O1 Properties in this vibrant part of the Russian capital. This enables tenants at the center to interact with a broad range of partners on their doorstep.



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



Size: NRA 39 698 m²



Parking: 352 parking spaces.

SILVER CITY

Silver City’s modern, dynamic shape and bright facade can be easily spotted from the Garden Ring, Moscow’s main transport artery, and Serebryanicheskaya Embankment. Office center is located just 1.5 km from the Kremlin. Its tenants are multinational corporations and leading Russian companies. The office center offers a wide range of amenities, including shops, cafes and a canteen. The central lobby with café, panoramic roof and relaxing water wall is a perfect place for a break. In addition, Silver City features a «River Side» summer terrace where tenants can hold business meetings and organize corporate events.



Main tenants: ERIELL, ERGO, AECOM, Toyota Bank, Marsh Insurance, Renault-Nissan Bank, Canon, Cordiant, PRA Health Sciences.



Size: NRA 41 909 m²



Parking: 290 parking spaces.





VIVALDI PLAZA OFFICE CENTER

Vivaldi is located in one of Moscow’s principal business districts, at the intersection of the Garden Ring and the Moscow River embankment. It is adjacent to Paveletskaya metro and train stations, and the Aeroexpress service to Domodedovo International Airport. The four buildings at the center are named Spring, Summer, Autumn and Winter after Antonio Vivaldi’s famous Four Seasons violin concerto. Exceptional architecture combines classic and modern features, and glass façades add light and finesse. A patio with restaurants and cafés and a green landscape setting complement the architectural ensemble.

Under the requirements of BREEAM environmental standards a number of technological solutions have been applied in the business center to enhance energy efficiency, save environmental resources, improve the quality of used space and convenience of leased premises. To minimize the loss of heat and air humidity it has been equipped with a heat-recovery ventilation unit, a system of energy-saving lighting, including the automatic control for indoor and outdoor lighting. A special control system of energy resources consumption has been put into operation. For the purpose of reducing the level of potable water consumption, special water-saving sanitary ware has been installed. These features make Vivaldi Plaza a perfect setting for productive and creative work.



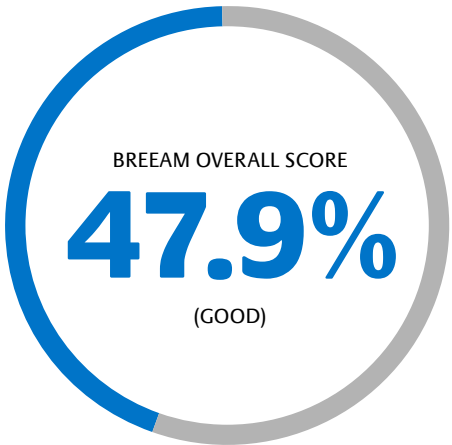
Main tenants: Eurasian Economic Commission, Roche Diagnostics, Jones Lang LaSalle, Mitsubishi Electric.



Size: NRA 48 202 m²



Parking: 771 parking spaces.



LIGHTHOUSE

The 14-floor Lighthouse business center was completed in 2012 to the highest industry standards. It received top scores in the following categories: efficient use of the land plot, efficient management of environmental resources, comfortable working conditions, good transport accessibility and proximity to amenities. The land plot where the building is located is a former manufacturing site. Now the territory has been beautifully landscaped and has recreational areas. As part of the preparation for BREEAM In-Use certification, additional systems and technologies were introduced to help improve the rating. Specifically, a comprehensive business operation environmental policy was developed and implemented. All information required for the eco-friendly and efficient operation of the building is provided to the tenants in a special manual. The property is located in one of Moscow’s main business hubs, on the Garden Ring and close to Paveletskaya train and metro stations, offering superb transport links to the rest of the city and to Domodedovo International Airport.



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



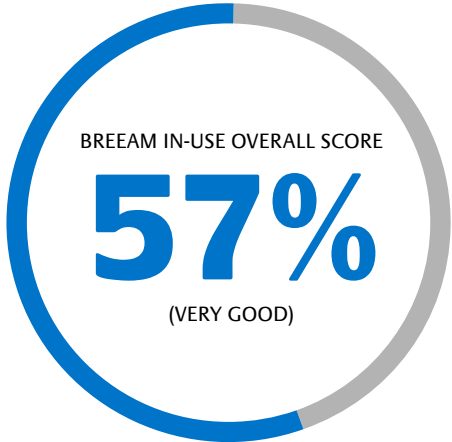
Awards: Best Office Awards 2013, CRE Awards 2013, European Property Awards 2012



Size: NRA 27 404 m²



Parking: 367 parking spaces.





STANISLAVSKY FACTORY

The Stanislavsky Factory is among the gems of the O1 Properties portfolio. Founded in 1814, the factory manufactured gold and silver thread. It was owned until the 1917 Revolution by the family of the theatre director, Konstantin Stanislavsky, who premiered Chekhov's plays and was the inventor of method acting.

In 2005, the factory was redeveloped, preserving its original appearance and creating a large-scale, mixed-used complex of unique character and style. The Stanislavsky Factory includes office buildings, an apartment complex, a theatre, a boutique hotel, a restaurant and a landscaped courtyard with parking. Modern decor, panoramic views, five-meter-high ceilings, advanced engineering and technical systems create a multifunctional space that is both impressive and user-friendly. In 2011, the Stanislavsky Factory was among a handful of developments worldwide to receive a prestigious international prize by the Royal Institute of British Architects.



Main tenants: Walt Disney, NOKIA, European Media Group, Red Bull, TBWA.



Awards: Royal Institute of British Architects Award 2011, Civic Trust Awards 2012.



Size: NRA 34 568 m²



Parking: 335 parking spaces.

LEFORT

The 10 buildings of the LeFORT business complex were renovated or rebuilt on the site of a former silk factory, dating from the 19th and 20th centuries. The name reflects the resolute appearance of the complex and its location in Moscow’s so-called “German Quarter”, on the banks of the River Yauza, which for many centuries was the preferred residence of foreign merchants and tradesmen. The attractive red brick, four-meter-high ceilings and arched windows of the older buildings are an impressive legacy of 19th century industrial style. The modern buildings feature panoramic windows and a spacious, light mezzanine.



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



Size: NRA 55 357 m²



Parking: 746 parking spaces.





KRUGOZOR OFFICE COMPLEX

Krugozor, located in the south-west of Moscow, close to Kaluzhskaya metro station, comprises two connected buildings, which were recently renovated to the highest standards. The property benefits from a bright exterior, spacious entrance hall, high ceilings and large windows with panoramic views. Shared-use spaces are decorated in high-tech style using marble, granite and wood. A public park, located directly opposite the main entrance, is ideal for relaxation, provides excellent views and contributes to the special atmosphere at Krugozor.



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



Size: NRA 51 004 m²



Parking: 733 parking spaces.

NEVIS OFFICE CENTER

Nevis, located within a five-minute walk from Prospect Mira metro station in central Moscow, is a recent addition to the O1 Properties portfolio. Its innovative, curved profile makes it a landmark, and panoramic windows create a bright indoor environment. Its position between the Garden Ring and Third Transport Ring ensure easy transport access. The modest size of the property makes it ideal for the headquarters of a single company, but it could also be leased in parts.



Size: 11 475 m²



Parking: 80 parking spaces.





ICUBE

iCUBE is an 11-storey office complex in the south-west of Moscow, a few minutes' walk from Profsoyuznaya metro station. Its daring design, colorful façade and panoramic windows make iCUBE a landmark in the mainly residential district. Office premises have high ceilings and are available either open-planned or segmented. The surrounding neighborhood has a broad range of shops, cafés, restaurants, banks and other facilities.



Main tenants: ABB, Miele, Alfa Leasing.



Size: NRA 19 177 m²



Parking: 208 parking spaces.

GREENDALE APARTMENTS

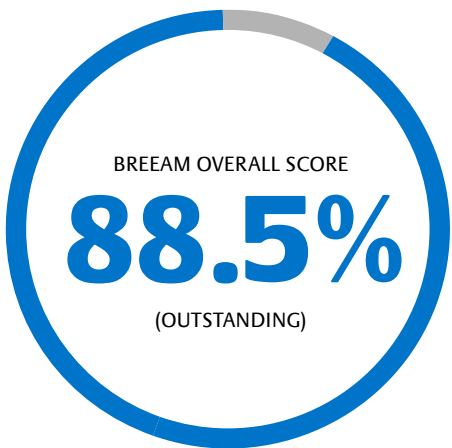
Greendale, which is currently under construction, sets new standards for the Moscow real estate market with regards to comfort and consideration for the environment. The building, located adjacent to the Maryina Roscha metro station and the Third Transport Ring, is intended for the development of an apartment complex with built-in commercial premises on ground floor and underground parking. Greendale is the only building in Russia to date, which has received an “Outstanding” BREEAM score. Greendale incorporates a great deal of advanced environmental technologies, including a “green” roof, a system for harvesting rainwater to subsequently use in irrigation, ventilation systems with repeated recovery, special high-transparency energy-efficient glass, a charging station for electric cars and automation of interior and exterior lighting. The project was particularly focused on providing the highest level of comfort to future users and therefore special attention was paid to the visual, thermal and acoustic characteristics as well as to the indoor air quality during the design stages.



Size: Net Selling Area 29 800 m² (apartments),
1 354 m² (commercial)



Parking: 241 parking spaces.





KUTUZOV BUSINESS CENTER

Kutuzov Business Center, which is currently under construction, is located in the south-west part of Moscow, at a distance of about 3 km from the Third Transport Ring and close to Pobedy Park recreation area. The building will have fifteen aboveground levels, technical level and two underground levels. Kutuzov will offer convenient transportation access by car and public transport. The nearest bus station is within a 5 minutes' walk from the Property and three metro stations, "Filyovsky Park", "Bagrationovskaya" and "Park Pobedy", are 10-15 minutes' walking distance of the Property (about 1 – 1.5 km).



Size: Gross leasable area 17 824 m² (offices), 600 m² (retail)



Parking: 296 parking spaces.



CORPORATE GOVERNANCE AND COMPLIANCE

o,properties

We are committed to building a responsible and sustainable business at all Company levels, with the support of the Board of Directors and management.

Sustainability matters are discussed at the Strategy and Development Committee.

The **Chief Financial Officer** is responsible for sustainable development policy.

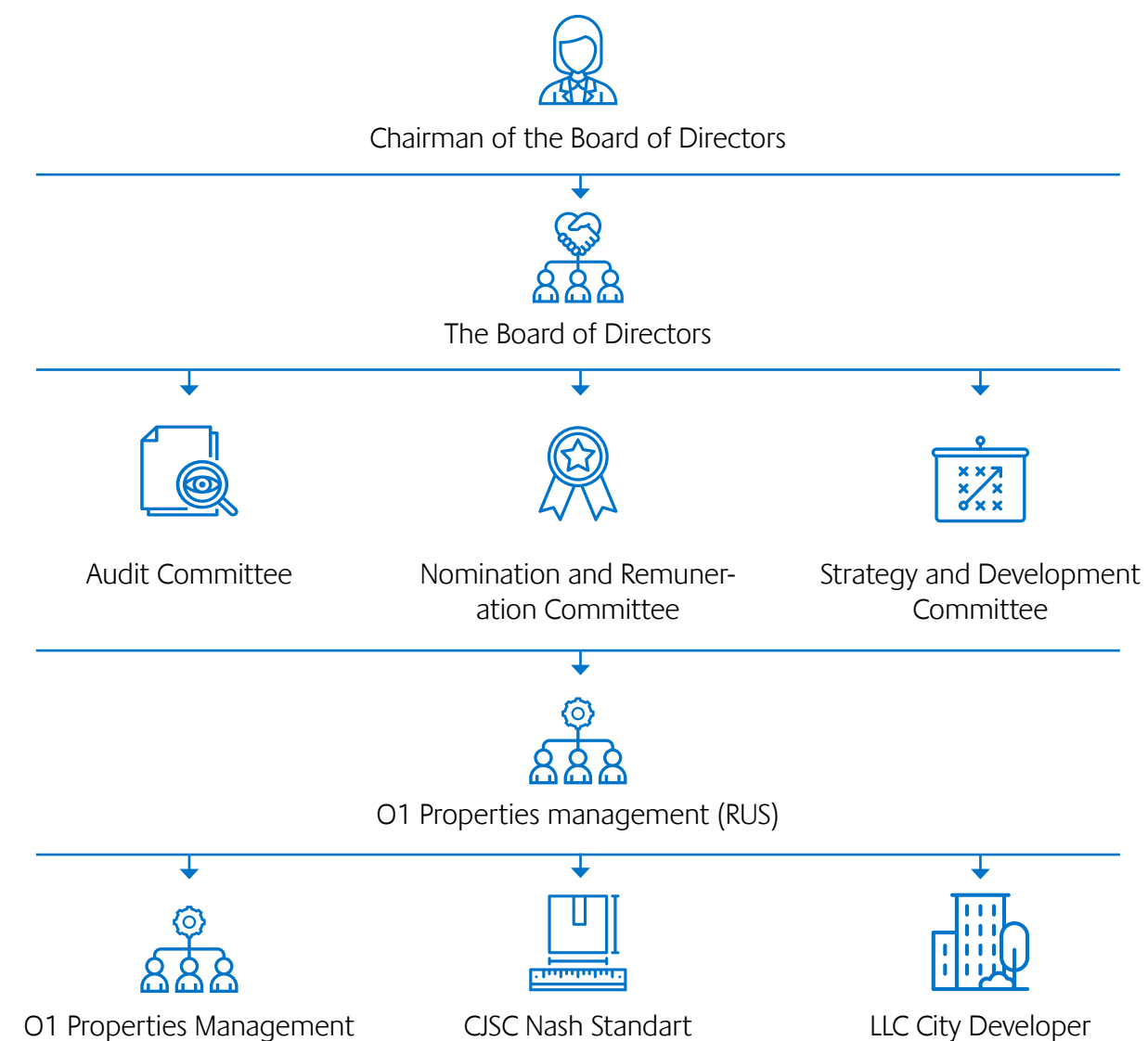
The **Public Relations Director** is responsible for implementation and supervision of corporate social responsibility.

The **Head of Asset Management** is in charge of the Company's environmental activities.

The **Head of Personnel** is responsible for employee and occupational health and safety matters as well as for issues relating to human rights.

The **Tender Committee** supervises anti-corruption and anti-bribery matters.

For more detailed information, please see relevant section of the Report.



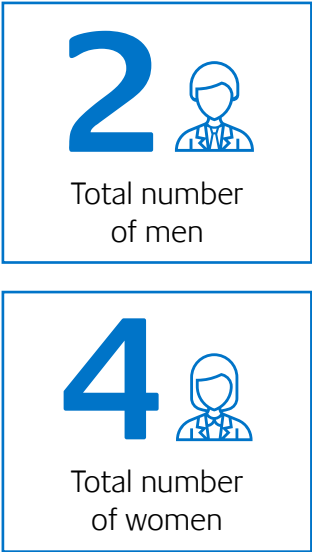
The role of **the Board of Directors** is to lead and control the Company, including the Company’s strategy, with the intention of enhancing long-term value and regularly evaluating the Company’s performance and success in achieving its strategy.

The Company places importance on the participation of **independent non-executive directors** in its decision-making. As of 31 December 2018, the Board comprised of a total of six directors: three independent non-executive directors and three executive directors.

DIVERSITY OF THE BOARD OF DIRECTORS: TOTAL NUMBER OF MEN AND WOMEN

MEMBER OF THE BOARD	DATE OF APPOINTMENT	DIRECTORSHIP	GENDER
Evipidis Pavlou	Appointed 11/05/2018	Independent Non-executive director	Male
Sophia Demosthenous	Appointed 11/05/2018	Independent Non-executive director	Female
Savvas Polyviou	Appointed 11/05/2018	Independent Non-executive director	Male
Ioanna Sawidou	Appointed 11/05/2018	Executive director	Female
Eleni Ralaiarisoa	Appointed 11/05/2018	Executive director	Female
Adina Viviana Szemethy	Appointed 11/05/2018	Executive director	Female

There have been changes to the Board of the Directors in 2019. Oleg Myshkin has been appointed as an independent non-executive director of the Board.



The Board forms the following **permanent committees** with the power to review, consider and supervise over matters delegated to the relevant committee and to provide advice to the Board in relation to such matters:

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

As of year-end 2018, O1 Properties Group consisted of three main legal entities:

1. **O1 Properties Management** is a management company and a central executive entity, responsible for the overall management of the Group’s business activities in Russia. Particularly, O1 Properties Management develops and adopts internal policies and procedures that apply to other O1 Properties’ legal entities. O1 Properties Management is 100% owned by O1 Properties;

2. **CJSC Nash Standart** is a management company responsible for the management of the Company’s properties. CJSC Nash Standart is 100% owned by O1 Properties;
3. **LLC City Developer** is a management company responsible for providing construction services. LLC City Developer is 100% owned by O1 Properties.

Each of the above-mentioned companies has a general director responsible for managing and overseeing a company’s business activities.

PROCESS FOR NOMINATING AND SELECTING THE BOARD OF THE DIRECTORS

There is a clear process of nominating and selecting the Board of Directors which is strictly followed and set forth in the Company's Articles of Association.

As of June 2019, the Board of Directors of the Company comprises seven directors and four of them are considered independent non-executive directors. An independent non-executive director is described by the Company's Articles of Association ("the Articles") as a director who is independent in character and judgement, and who is free of relationships or circumstances which are likely to affect, or

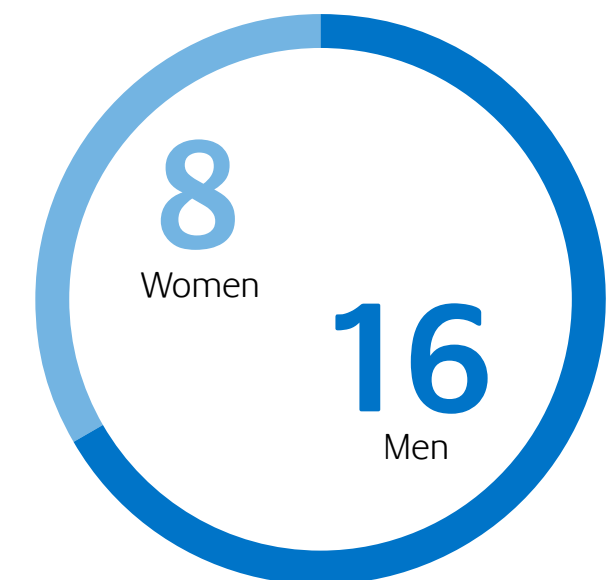
could on paper affect, the director's judgement in accordance with the UK Corporate Governance Code.

In accordance with the Articles, there should be an overall minimum of three members and minimum of three independent non-executive members of the Board of Directors. The Articles do not limit the maximum number of Board members.

The Articles establish a procedure for the appointment of Board members, more specifically: each director is appointed for a period

of up to three years and subject to re-election at the first annual meeting after his or her appointment. Non-executive directors, who served longer than 9 years are subject to annual re-election. 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.

DIVERSITY OF MANAGEMENT*: TOTAL NUMBER OF MEN AND WOMEN



*Management refers to the Heads of various departments



RISK MANAGEMENT

The risk management function within the Company is carried out in respect of financial risks (credit, liquidity and market risks, including currency, interest rate and other price risks), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then to ensure that exposure to risks stays within these limits. The operational and legal risk management functions aim to ensure the proper functioning of internal policies and procedures to minimize operational and legal risks.

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

GENERAL BUSINESS RISKS

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

FINANCIAL RISKS

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

We have classified environmental risks as a property-specific risk. The environmental and health & safety risk categories cover natural disaster and extreme weather phenomena events that may cause considerable damage to real estate value, and negligence due to non-compliance with environmental laws and health & safety regulations.

The Group may suffer financial losses occurring from the ownership of the real estate portfolio (property management risk). This includes the likelihood of structural failure or damage to key property, maintenance and health & safety related issues resulting from inadequate controls and procedures, incidences caused by human error, systems malfunction, environmental claims and any other external event.

Our Company and directors, officers and employees adhere to the highest ethical standards in order to earn the public trust necessary to accomplish our mission, and create a positive, productive and motivating work environment. We have an obligation to foster and maintain a work environment that supports ethical behavior and actively encourages an open dialogue on ethical issues. Company directors, officers and employees have an obligation to carry out their responsibilities to the Company and its stakeholders with integrity, loyalty and impartiality.

The conduct of the Company and its employees is guided by a set of Core Values that apply to all the Company's and its employees' dealings. These Core Values are:

INTEGRITY

The essential elements of integrity are: personal qualities of honesty, truthfulness, probity and freedom from corrupting influences, and compliance with applicable local laws and observance of the Company's rules and regulations. In judging integrity, the overall behavior of the person concerned must be considered.

LOYALTY

Loyalty means that employees owe their duty exclusively to the Company and shall recognize no other authority in the performance of their duties. Adherence to this principle enables employees to avoid conflicting loyalties to other institutions or groups that may affect the performance of their duties or prevent them from discharging their functions according to the Company's mission. It also means that the Company as an employer shall support the employees in a manner consistent with the overall needs, interests and reputation of the institution.

EQUITY

Equity means that the Company and its employees shall consistently and uniformly apply the established rules and policies of the Company in order to ensure a working environment free of arbitrary or capricious decisions or favoritism, and provide equitable treatment to the Company's members, clients, stakeholders and employees.

TOLERANCE

Tolerance means that the Company and its employees are expected to demonstrate a willingness to understand and respect different cultures and individuals with different points of view. It also entails appreciation of the views of others and an ability to work without prejudice or bias with individuals with different characteristics.

IMPARTIALITY

Impartiality means that the Company and its employees shall strive to act with objectivity and professionalism. It also means that, in the performance of his or her duties, an employee must ensure that personal values, relationships, financial interests, convictions, or elements of nationality do not compromise or appear to compromise the performance of official duties.

DISCRETION

Discretion means that the Company and its employees shall act with tact and restraint to avoid excess or abuse in the exercise of authority. It also means that Company employees shall safeguard confidential information that is known by reason of their official functions, and avoid public statements or actions which may compromise or appear to compromise the performance of official duties or damage the reputation of the Company.

We support public accountability and transparency and we do not tolerate corruption, bribery and fraud in any form, and discourage any illegal and unethical practices. For this purpose, we have adopted an **Anti-Corruption and Bribery policy** to communicate to all stakeholders our commitment to conducting all business activities in an honest and ethical manner. The Policy is available on the O1 Properties website.

Under the O1 Properties Code of corporate conduct, it is unacceptable to pay or receive a bribe intended to influence business conduct. The use of the Company's funds or property to bribe or unduly influence any decision by a director, officer, employee or agent of another company or any government employee or official is strictly prohibited.

When choosing a contractor or any other business partner we always perform anti-corruption due diligence to detect possible corrupt activities promptly. We also include an anti-corruption clause into contracts.

We conduct regular anti-corruption and anti-bribery trainings for all employees as a part of our anti-corruption strategy.

We had no confirmed incidents of corruption by employees in the reporting period.



All O1 Properties management and employees recognize the importance of respecting and supporting internationally recognized human rights and freedoms. We have adopted a **Human Rights policy** to make our commitment to protecting human rights clear to all stakeholders. The Policy is available on the O1 Properties website.

We also plan to include a human rights clause into agreements with business partners to ensure that they adhere to the same ethical principles and protect, respect and fulfil human rights during the performance of a contract. The Human Resources department and Security department are responsible for exercising control over the Company's activities regarding human rights protection.

We had no incidents of human rights violations in the reporting period.

'18 Report on non-financial disclosure



As a socially responsible employer, O1 Properties puts a premium on employees' right to privacy. We are particularly cautious when it comes to protecting the personal data of personnel and securing the personal data of our tenants, contractors and suppliers. Relevant provisions on personal data protection are included in the Code of Corporate Conduct and the Company's internal privacy policies.

'18 Report on non-financial disclosure



CONTRACTORS

We adhere to the principles of transparency and impartiality in relations with contractors. We established the Tender committee for this purpose, which is responsible for providing a competitive and fair environment for efficient, impartial and transparent contractor selection.

Before entering into any relationships with potential contractors we carry out comprehensive due diligence.

Our contractors are required to adhere to the ethical principles and standards of O1 Properties.

We had no confirmed cases of corruption when dealing with contractors in the reporting period.

In our relationships with contractors and suppliers, we fully comply with applicable legislation and our internal regulations, namely, the Procurement and Tender policy, Occupational Health & Safety policy and regulations, Human Rights policy, Anti-Corruption and Bribery policy and Compliance policy.



2 873

Total contractors

225

Contracted in 2018

'18 Report on non-financial disclosure



At O1 Properties, we are committed to upholding a culture of openness and transparency. Our internal web portal ensures that our personnel is kept up to date about what is happening around the Company and how it might affect their everyday life at the workplace. Internal HR policies and documents are also available to the employees on the portal. On their first working day newcomers receive a welcome letter containing all the necessary information to help new hires feel welcomed and integrated into the Company. It also makes it easier for them to settle into their new role.

When employees face a complex situation, they are always encouraged to address the issue at any time, either to a direct supervisor or to the following functions:

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

Under the Code of Corporate Conduct, retaliating against an employee who brought attention to violations or misconduct in good faith is prohibited.

'18 Report on non-financial disclosure





SOCIETY AND CUSTOMERS

oproperties





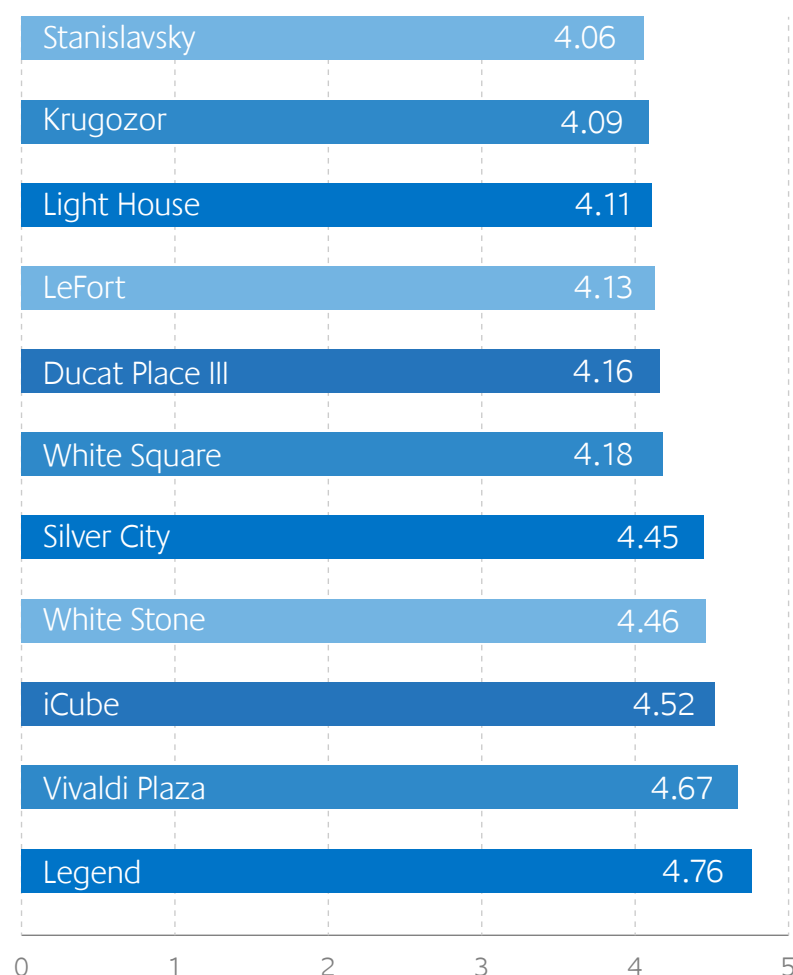
Although our primary business lies in providing excellent office properties on the Moscow market, we always strive to put our social responsibilities at the heart of the decision-making process. O1 Properties' commitment to social responsibility embraces all our stakeholders: employees, tenants, contractors, suppliers and communities. In our commitment to be socially conscious we:

- maintain long-lasting and mutually beneficial relationships with tenants;
- ensure ethical and transparent relationships with contractors and suppliers;
- contribute to the sustainable development of local communities;
- promote health, well-being and safety.

About 40,000 people work in our buildings. It means that they spend the better part of their day in the places that we create and manage. Our value proposition is to provide tenants with innovative, efficient, functional and sustainable office space that generates great customer experiences. We consider it our responsibility to create comfortable and productive working environment. Thus each business center has public accessible recreational areas and variety of the amenities, especially canteens with affordable prices.

We are committed to building long-term and productive relationships with our tenants. To ensure that tenants enjoy the best working environment, once a year we conduct anonymous surveys so that tenants could provide their feedback on a variety of topics including building conditions, security, cleanliness, parking and garage, engineering services and a facility company's work. We thoroughly analyze the surveys' results together with facility companies and prepare action-plans to make all necessary changes and improvements.

TENANTS' SURVEY RESULTS 2018*



*below 3: unsatisfied, 3–4: satisfied, 4.5 and above: highly satisfied

These surveys help us to recognize and respond to our tenants' changing needs, find the insights and make relevant changes in the value creation chain.

In response to the requests of tenants of the Ducat Place III business center about the need to have a kindergarten or a leisure center within the walking distance of the office, we signed a tenancy agreement with the One! International School network of bilingual kindergartens. The new kindergarten means that working parents can spend more time with their children while also providing them with quality education. In 2018 a new fitness club TRIB3 (with a focus on high-intensity interval workouts) opened in the White Stone office center. We are proud

that the White Square area has become a highly developed business cluster and having a fitness club nearby motivates tenants' employees to engage more in sporting activities, as they do not have to spend a lot of time on the road. To maintain and enhance communication with one of our main stakeholders, we regularly send Company newsletters to tenants with information about Company activities and initiatives. Tenants' employees and visitors can also use feedback forms available at the websites of office centers to send us any questions or suggestions.

We also engage our tenants in social events organized by the Company, including charity events.



INTERACTION WITH TENANTS AND CONTRACTORS

We require our **contractors** to fully comply with the relevant legislation and internal O1 Properties policies and standards. We have adopted a number of regulations that are in force at our business centers, including:

- Emergency procedures for tenants and facility companies;
- Information guides for Tenants;
- Rules for Contractors;
- Rules for conducting finishing works;
- Rules for working at height;
- Rules for conducting high-risk construction works (welding).

O1 Properties' business centers are operated by facility **companies**, which are mostly independent contractors, selected

via tender procedures in accordance with internal tender regulations. To ensure informed decision making when choosing a contractor we carry out due diligence, including environmental due diligence.

Facility companies are introduced to our standards through regular meetings. We also hold meetings with facility companies to get their feedback when developing new policies or procedures.

Facility companies monitor energy consumption in the office centers and compile statistics on energy use and the amount of waste. This information is then transferred to O1 Properties. Facility companies are also responsible for communicating our internal policies and standards to tenants.

Twice a year we conduct **internal audits of facility companies** at each business center. During the audit we review documentation, examine the state of mechanical rooms, public areas, personnel and many other aspects related to facility companies' duties. These audits are carried out by a team of six O1 Properties employees.

To ensure the safety and well-being of all building tenants we adopted tenant information guides for each business center, taking the unique characteristics of each property into account. The guides include important information about the buildings and emergency procedures, and provide assistance in the operation of buildings.

Every day we touch the lives of thousands of city residents who come to our buildings for work or leisure. We make significant investments into the communities in which we operate by creating places that naturally fit into the urban environment and are open to the public. We create and maintain green zones around our business centers, provide bicycle parking for tenants and encourage the use of alternative means of transport.

One of the key elements of our corporate culture is to invest time and resources into social and environmental initiatives.

We have outlined the main areas of action where we can make a greater positive impact on external stakeholders:

- environmental initiatives;
- promoting healthy lifestyles;
- social investments.

'18 Report on non-financial disclosure



At O1 Properties we understand that cities are responsible for the largest part of the carbon footprint. Alongside with initiatives to reduce the negative impact on the environment, which are described in next chapters, we organize the events to raise awareness of our main stakeholders on the environmentally sustainable activities.

In November 2018, O1 Properties together with the Russian company Sphera Ekologii contributed to Recycle Day, celebrated on November 15 in some countries, to raise awareness about recycling.

We launched our recycling waste collection initiative at 11 business centers and collected **5,603** kilograms of recycling waste from tenants including:



- 81 Glass

440 Cardboard
- 4 967 Waste Paper

115 Other

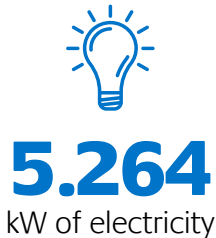
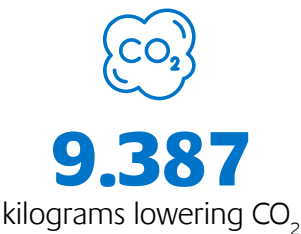
Other waste recycled includes plastic, metal and Tetra Pak.

Recycling this amount of waste reduces the carbon footprint of business centers, lowering their CO₂ emissions by **9,387** kilograms. It also saves the equivalent of **108,311** liters of primary water resources, **5,264** kW of electricity, and **27** trees.

We plan to further integrate recycling into our daily operations by setting up separate waste collection at the O1 Properties office and at all our business centers.

O1 Properties has supported Earth Hour since 2011, the annual worldwide WWF initiative to raise awareness about environmental issues and the need for a more sustainable approach to natural resources. On the last Saturday of March we turn off the exterior lighting of our office buildings for one hour, joining hands with other environmentally conscious companies around the world.

In 2018, 11 business centers took part in the event. We hope that our example will encourage Russian society to pay more attention to the problems of climate change and sustainability.



In 2011 O1 Properties established the annual Football League that brings together teams from O1 Properties, partner companies and tenant companies at O1 office centers. The League aims to strengthen partnerships and at the same time promote healthy lifestyles among our stakeholders. The League has become an important event for all participating teams.

During 2018 season 43 teams representing 42 companies (more than 500 people) took part in the competition that lasted for 2 months.

We have set up a brand new website for the O1 Football League to make it easier to access information about the competition. The website contains clearly arranged information about match results, timetable of upcoming activities, documents, fan competitions, news and photos.

We have recently established our own **amateur tennis cup**, offering a new opportunity for Company staff, partners and clients to come together in an informal environment and enjoy the thrills of competitive sport. In 2018, we held the O1 Properties Tennis Cup during the world's largest real estate exhibition MIPIM in Cannes (France).

'18 Report on non-financial disclosure



Our Company is a committed supporter of cultural and charity initiatives. We donated USD 300,000 to charity and sponsorship projects in 2017.

O1 Properties has been a partner of the **Golden Mask theatre festival** since 2012 and has made its business centers available for festival productions. In April 2018, Moscow's Helikon-Opera presented excerpts from Kurt Weil's opera-ballet The Seven Deadly Sins in the atrium of the Bolshhevik business and cultural center. The performance was a part of the annual theatre project Golden Mask in the City.

In November 2018, O1 Properties joined the **Art Night** initiative, held in Moscow on 4-5 November. We hosted a mini-festival of poetry, Poems for the Night, at Stanislavsky Factory, which is one of Moscow's most atmospheric business centers. The festival included performances by outstanding contemporary poets Evgeny Goron, Anna Arkatova and Dmitry Makarov. Postcards with texts by Dmitry Makarov and illustrations by the young artist Li Po were put on sale and all funds raised were donated to the Orbi Foundation, which supports people who suffered from a stroke and their families.

In the next reporting period, we aim to further support arts and cultural organizations. O1 Properties signed an agreement with Moscow's world-famous opera and ballet venue, **the Bolshoi Theatre** in March 2019. The Company will support the theatre's work to nurture Russia's cultural heritage and promote Russia's performing arts on the world stage.

'18 Report on non-financial disclosure



As an owner of several historical buildings, we are fully committed to protecting and preserving Moscow architectural heritage.

We carried out a large-scale renovation project at **the Bolshevik**³ business and cultural center, a masterpiece of 19th century industrial architecture in central Moscow. The renovation preserved the exterior and principal internal features of the former factory while adapting it for new uses and installing modern utilities. The site now comprises a class-A business center as well as a landscaped pedestrian area. Bolshevik is open to the public and it is increasingly popular as a venue for cultural events and as a tourist destination.

We always welcome the community's involvement and feedback, and see it as a pre-requisite for a project's success. In 2017, a survey among users of the Active Citizen website showed massive support for the renovation work carried out by O1 Properties at **the Bolshevik center**. Of 226,285 people who voted, 55% rated the renovation and transformation of the factory into a business and cultural center as "excellent" and 34% as "good".

In response to huge public interest towards Bolshevik we have launched the regular guided walk tours on the Bolshevik site in collaboration with the project Moscow through engineers' eyes. The aim of the tours was to open the redeveloped territory and its historical architecture to the public.

We also conduct regular amateur and professional guided tours on other facilities including LeFORT and Stanislavsky Factory to share the best practice of redevelopment, landscaping and property management.

³We sold 50% of the Bolshevik center in 2018.





EMPLOYEES

o.properties

Our most valuable asset is our team. Without dedicated staff, we would be unable to serve our customers. Each and every one of them plays a crucial role in creating enduring value for the Company. Treating employees as partners, supporting their professional and career growth and creating a positive employee experience are key principles of our corporate social responsibility. As of year-end 2018, the Company comprised of 202 employees.

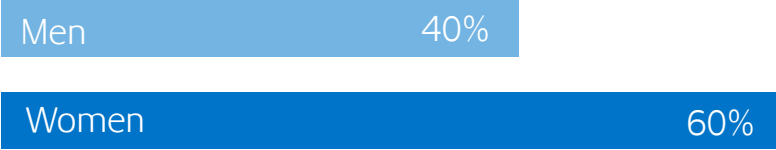
	O1 Properties Managment		CJSC Nash Standart		City Developer LLC		Total	
Employees	161	136	46	42	35	24	242	202
Men	58	48	13	13	30	20	101	81
Women	103	88	33	29	5	4	141	121

	O1 Properties Managment		CJSC Nash Standart		City Developer LLC		Total	
Under 30	43	34	7	2	9	7	59	43
From 30 to 50	101	87	36	37	24	16	161	140
Over 50	17	15	3	3	2	1	22	19

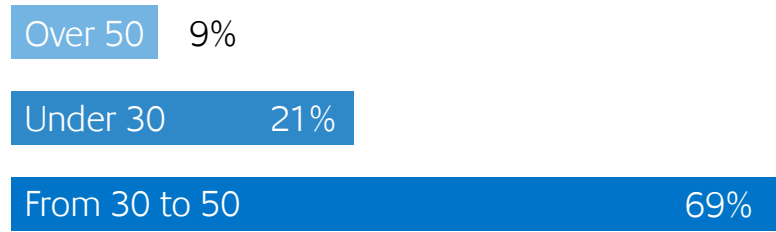
	O1 Properties Managment		CJSC Nash Standart		City Developer LLC		Total	
Number of hires	57	47	8	2	13	4	78	53
Employees that left	33	52	4	5	5	15	42	72
Turnover rate	12%	33%	11%	14%	15%	51%	12%	32%

*The high employee turnover rate in 2018 was due to the change of controlling shareholder and subsequent departure of a certain number of employees.

GENDER DIVERSITY 2018



TOTAL NUMBER OF EMPLOYEES BY AGE 2018



NEW HIRES AND EMPLOYEE TURNOVER*





DIVERSITY AND INCLUSION

To build a working environment that is open and inclusive for everyone, we provide equal opportunities when hiring and promoting personnel. 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. Respect for internationally recognized human rights is deeply ingrained in O1 Properties' business values. Our commitment to protecting and supporting fundamental human rights and freedoms is set forth in the corporate Human Rights Policy. We had no incidents of discrimination reported during 2018.

PERFORMANCE, LEARNING AND DEVELOPMENT

To foster good employment practices and to develop and promote our best talent, O1 Properties' Human Resources department and Chief Human Resources Officer created a new performance management system based on key performance indicators. We introduced seven upper level KPI's for management and a set of specific KPI's for each department, which will be tailored every year to our business goals. Heads of departments will annually review and measure their employees' performance in accordance with the set system of KPI's. Additionally, we developed an employee grade

levels system to ensure fair compensation for equivalent duties and responsibilities.

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.

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

Every year each department develops its own training schedule based on the department's particular needs. We held several corporate trainings aimed at enriching professional skills in 2018. A total of 17 staff members completed from 8 to 10 hours of training on average.

BENEFITS

Our staff's health is our key priority. By investing in health programs, we can increase productivity and strengthen our employees' motivation to develop as professionals. All O1 Properties employees, regardless of the type of employment contract, are entitled to a benefits package that includes paid time off, voluntary health insurance (available after probationary period), maternity leave, temporary incapacity allowance, retirement savings plan (available from the first day of employment) and wellness programs.

We are keen to support healthy lifestyles and seek to embed health and wellness principles within our culture. To that end, we formed our own corporate football team, as physical activities are extremely important for office workers that often suffer from a lack of physical activity.

In addition, we regularly hold summer sports event for our employees where they are engaged in a variety of outdoor sporting activities. The next event is planned for 2019.

We have offered healthy fresh juice drinks at our office for many years as one of the well-being initiatives for employees. In 2018, we expanded the initiative offering drinks twice a week instead of once.

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**. The Policy is available on the O1 Properties website.

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

Our Occupational Health and Safety policy and internal regulations are extended to contractors as well. We make sure that all contractors working at our properties are provided with labor conditions that meet most rigorous Health and Safety standards. In 2018, we started setting up a separate function — the Health and Safety division — which will be responsible for all matters relating to occupational health and safety.

A total of 19 workers and contractors received training on occupational health and safety in the reporting period.

'18 Report on non-financial disclosure





ENVIRONMENT

o.properties



As one of the largest owners of office real estate in Moscow, we are committed to reducing the environmental footprint of our buildings and ensuring the well-being of the people who visit them every day. For many years, we have been developing our portfolio using cutting-edge engineering technologies and innovative solutions to meet new ecological challenges. We are engaged in developing a variety of green initiatives, including the use of special technologies to preserve natural resources and reduce water and power consumption, waste separation, and making our buildings bike-friendly and accessible for environmentally friendly vehicles. We have adopted a corporate **Environmental policy** to communicate our environmental commitments to all stakeholders. The Policy is available on the O1 Properties website.

'18 Report on non-financial disclosure



Every building is closely intertwined with the environment, as it requires significant resources (electricity, heating, gas, water), generates waste and subsequently leaves a carbon footprint. Therefore, the primary task of every responsible real estate developer is to ensure that their property has no negative effect on the environment.

Globally, there is a growing interest in certified buildings on the property market. O1 Properties was one of the first companies in Russia to apply environmental standards to office centers. We have led the way in Russia in the certification of buildings under international environmental standards.

We have chosen **the Building Research Establishment Environmental Assessment Method** (BREEAM) as the standard for environmental certification of buildings, the world's leading sustainability assessment method for master planning projects, infrastructure and buildings. Forty-four percent* of office premises in O1 Properties' buildings have environmental certification (excluding development projects). This means that these properties are equipped with special appliances that help to reduce electricity, heat and water consumption, and they are complimented with green recreation areas and well-developed infrastructure that is available not only to the tenants, but also to all Moscow citizens and visitors. Moreover, every O1 Properties' office center has bicycle parking racks to encourage tenants and visitors to use sustainable transport. In response to the tenants' requests, we are also planning to set up charging stations for electric cars at two business centers. The stations will be available not only to the tenants, but also to business centers visitors.

As of 2018, out of a total of 14 O1 Properties' buildings, **four yielding office centers and one office center under development** are certified under BREEAM.

Our ultimate goal is to have 100% of our portfolio certified under BREEAM, as well as to maintain the scores that we have already received.

*Percentage of BREEAM certificated floor spaces to total portfolio.

'18 Report on non-financial disclosure



As a part of a process of obtaining BREEAM certification, we are also developing the following procedures:

- conducting repairing and finishing works in a way that allows to reduce dust levels and toxic emissions and to reduce water consumption by replacing plumbing fixtures with more water efficient equivalents;
- deep cleaning of upholstered furniture, curtains, drapes and carpets to prevent respiratory illnesses and allergies;
- strategy to control the risk of a Legionnaires' disease outbreak;
- energy consumption and energy saving policy that sets out a procedure for monitoring energy consumption and analyzing current values against target values to choose the best way of reducing energy consumption (by installing energy efficient equipment, by raising awareness about the importance of energy saving among tenants, etc.);
- water consumption and water efficiency policy that sets out a procedure for monitoring water consumption and analyzing current values against target values to choose the best way of reducing water consumption (by installing faucet aerators, raising awareness about the importance of saving water among tenants, etc.);
- sustainable procurement policy as a basis for conducting responsible procurement, supporting local suppliers, promoting sustainable development principles and reducing the amount of waste.

'18 Report on non-financial disclosure



Effective **separation of waste*** helps to save energy and resources and reduces the risks to ecosystems and human health as less waste goes to landfills. Recognizing the importance of waste sorting, we introduced it in several business centers. We aim to further implement separate collection of waste in all our buildings and O1 Properties' office. To promote the initiative we held Recycle Day in 2018 to raise awareness about the importance of waste management among our tenants.

Two-thirds of our tenants are large international companies with established environmental practices and standards. Such companies set particularly high quality standards when choosing office premises, including the building's energy efficiency potential, which directly affects operating expenses. Through the implementation and development of environmental projects, O1 Properties enhances buildings' appeal for potential occupiers, which are environmentally aware, increases current tenants' loyalty and at the same time promotes greener built environment in the city.

* For detailed information about the initiative please refer to Society and Customers section.

'18 Report on non-financial disclosure



TOTAL ELECTRICITY CONSUMPTION, KWH				TOTAL HEATING CONSUMPTION, GCAL			TOTAL GAS CONSUMPTION, M3		
OFFICE CENTER	2017	2018	CHANGE %	2017	2018	CHANGE %	2017	2018	CHANGE %
White Square	21,150,145	19,711,208	-7%	10,488	12,053	15%	0	0	0
Legend	19,033,978	18,912,639	-1%	16,891	17,231	2%	0	0	0
Ducat Place III	8,524,500	8,486,825	0%	4,479	5,026	11%	0	0	0
Silver City	10,612,740	10,274,000	-3%	12,008	12,471	4%	0	0	0
White Stone	7,291,786	8,139,744	12%	4,707	5,092	8%	0	0	0
Vivaldi	12,508,434	14,414,365	15%	15,651	16,945	8%	0	0	0
Stanislavsky Factory	11,245,615	11,225,123	0%	0	0	0%	1,507	1,539	2%
Krugozor	9,086,849	9,360,576	3%	6,419	6,826	6%	0	0	0
iCUBE*	1,588,230	2,304,051	45%	2,252	2,602	16%	0	0	0
Nevis**	162,252	117,942	-27%	808	813	1%	0	0	0
Lighthouse	7,546,092	7,556,507	0%	6,391	6,201	-3%	0	0	0
LeFORT	11,461,811	11,659,540	2%	0	0	0%	1,417	1,333	-6%
	120,212,432	122,162,520	2%	80,094	85,260	6%	2,924	2,872	-2%

*The increase in consumption is associated with a decrease in the vacancy in the BC. The average vacancy in 2017 was 65%, in 2018 46%.

** Due to the weather in the winter of 2017, there was a need for additional heating of the building.

**TOTAL AMOUNT
OF WATER USED, M3**

**TOTAL AMOUNT OF WASTE
GENERATED, TONNES***

OFFICE CENTER	2017	2018	CHANGE %	2017	2018
White Square	85,208	96,194	13%	833	262
Legend	90,934	96,512	6%	170	49
Ducat Place III	26,305	25,427	-3%	454	105
Silver City	35,898	35,782	0%	261	99
White Stone	29,589	33,405	13%	202	195
Vivaldi	59,708	60,585	1%	325	178
Stanislavsky Factory	37,091	35,181	-5%	328	158
Krugozor	30,170	32,538	8%	290	183
iCUBE	4,087	6,943	70%	138	179
Nevis	70	72	3%	0	0
Lighthouse	38,012	39,240	3%	142	139
LeFORT	48,468	53,004	9%	298	211
	485,540	514,883	6%	3,440	1,758

TOTAL NUMBER AMOUNT
OF FINES PAID OUT DUE TO
NON-COMPLIANCE WITH THE
REGULATIONS, RUB

OFFICE CENTER	2018
Lighthouse	13,337
iCUBE	6,739
Krugozor	108,655
Vivaldi Plaza	6,563
White Square	1,811
	137,105

'18 Report on non-financial disclosure





KEY SUSTAINABILITY PERFORMANCE DATA

o.properties

	2017	2018
ENVIRONMENTAL		
Total heating & cooling consumption, Gcal	85,260	87,366
Type and number of sustainably certified assets	5	5
certified under BREEAM	5	5
Heat consumption, Gcal	80,094	85,260
Gas consumption, m ³	2,924	2,872
Electricity consumption, kWh	120,212,432	122,162,520
Water consumption m ³	485,540	514,883
Total amount of waste generated	3,440	1,758
Fines, rub	no data	137,105
SOCIAL		
Number of employees at the year end, people	242	202
Men, people	101	81
Women, people	141	121
Men, %	42%	40%
Women, %	58%	60%
under 30, people	59	43
from 30 to 50 , people	161	140
over 50 , people	22	19

	2017	2018
Number of hires, people	78	53
Number of employees that left the Company, people	42	72
Turnover, %	12.20%	32.40%
Total amount of employees who receive additional training	no data	9
Total amount of employees who have received training on the Human Rights Policy	no data	202
Number of incidents of human rights violation	0	0
Total amount of accidents including fatalities	0	0
GOVERNANCE		
Non-executive directors	no data	3
Men, people	no data	2
Women, people	no data	1
Executive directors, people	no data	3
Men, people	no data	0
Women, people	no data	3
Number of confirmed incidents of corruption by employees	no data	0
Total amount of employees who have received training on the Anti-bribery Policy	no data	202

CONTACTS

o,properties

Your opinion is very important to us.
We appreciate your feedback and will use it to identify challenges and opportunities in sustainability reporting.
If you have questions or inquiries regarding the Report, please [contact](#) Elena Belevtseva, Public Relations Director.