

2024

SUSTAINABILITY REPORT

MELON
FASHION GROUP

ZARINA Befree LOVE REPUBLIC **sela.** **ÍDOL**

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A WORD FROM CEO

MIKHAIL
URZHUMTSEV

Dear friends,

In recent years, the Russian fashion market has undergone a complex transformation that is both unique and unprecedented. It is akin to a rebirth. We had to create an industry from the ground up in a volatile environment. All retailers have overcome this most difficult challenge with dignity. My respect goes out to everyone who managed to stand their ground. The emphasis has now shifted from rapid growth and development to a more measured approach of expansion and strengthening of positions. We have grown wiser and more mature.

The ability to understand the past and the capacity to apply your experience in the future is what wisdom is all about. In light of recent years' fast pace, Melon has continued to pay close attention to sustainable development. After all, sustainability provides the foundation for profitable and successful businesses.



In 2024, Melon demonstrated growth across all key financial indicators, thereby strengthening its position as a market leader in Russia. This positive trend provides a reason for optimism and hope for the future. Despite geopolitical issues, supply chain disruptions, financial settlement difficulties with suppliers and challenging economic conditions, it is important to move forward and seek innovative solutions, even in the most unpredictable situations.

For the past six years, we have regularly reported on sustainable development. We have shared information about our company, its brands, our achievements and areas requiring more careful attention. We have also provided updates on the implementation of our ESG strategy, which we publicly announced in 2022. We pride ourselves on being open and honest. Perhaps things aren't progressing as quickly as we would like. However, perseverance and the principle of "small steps" enable regular progress to be recorded towards achieving goals in both the environmental and social agendas, as well as strengthening corporate governance. Our aspirations are confirmed by receiving gold status from Forbes in 2024 based on the company's ESG analysis.

In light of recent events and our focus on business efficiency and sustainability, I can confidently say that we have evolved into a people-centred company. Our customers, employees and suppliers are our driving force, our voice of reason and our inspiration. Our task is to listen to and understand everyone, in order to build a company for the future based on their feedback and fuelled by our expertise and start-up spirit.

Finally, I would like to thank the best team in the world - every Melonian, who contributes creativity, ideas, innovations, knowledge, hard work and a passion for their work at every stage of the process. Together, we will continue to develop the industry by offering quality products that improve people's lives. This benefits our customers, our employees and our suppliers, who manufacture products in accordance with all ethical standards. By working together, we are creating a fashion heritage for Russia that we and future generations can be proud of. This is what makes us unique.

With hopes for a brighter future
Your MM

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

SECTION 1

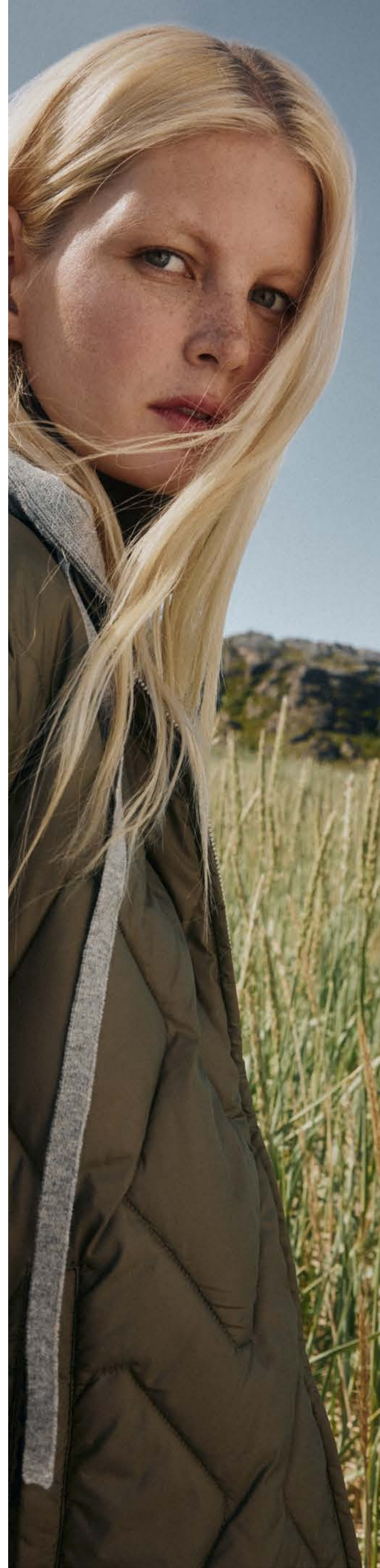
WE ARE MELON FASHION GROUP

1.1.

COMPANY ACTIVITIES

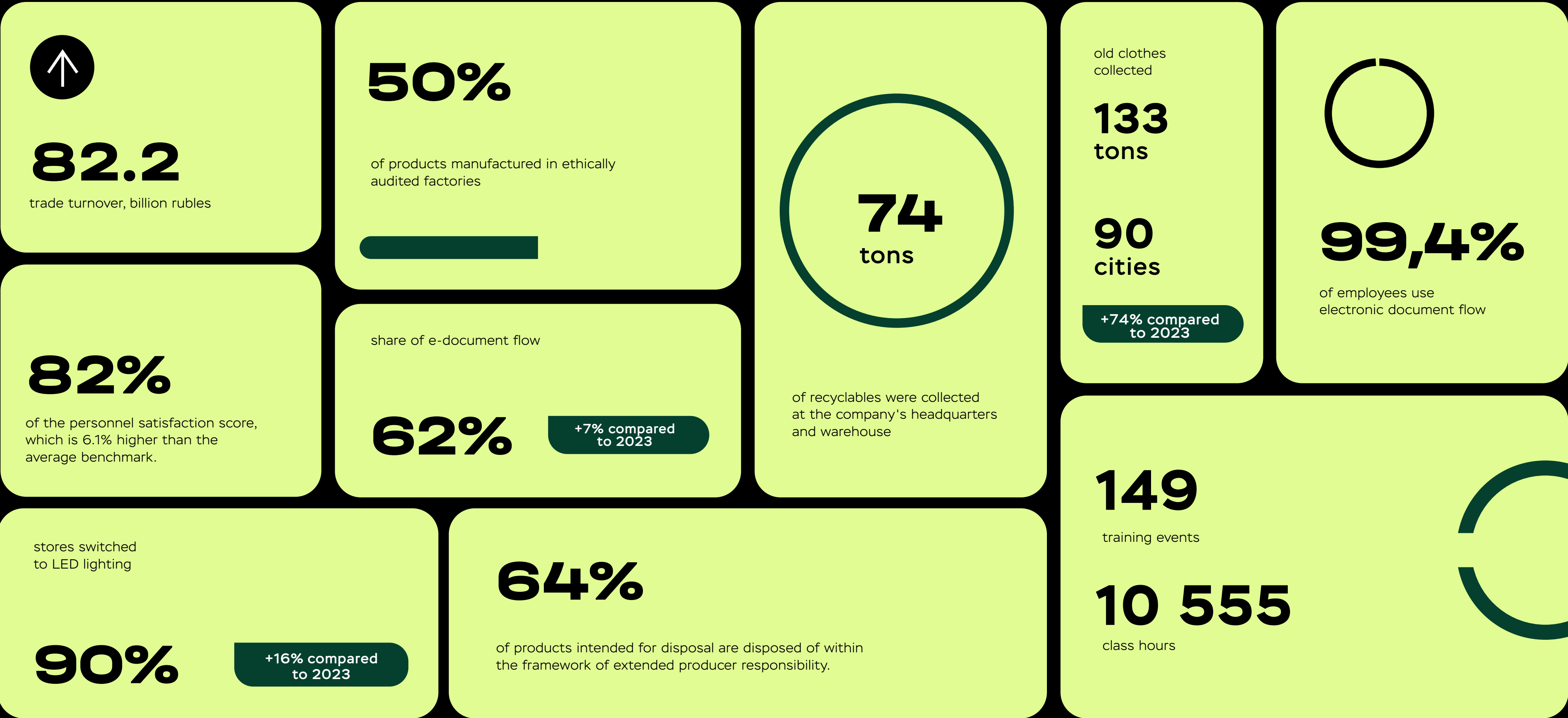
Melon Fashion Group is one of the leaders of the Russian fashion retail. The company owns and operates the following brands: ZARINA, Befree, LOVE REPUBLIC, SELA and IDOL. The business focuses on designing collections, searching for suppliers and logistics routes, and distributing products through sales channels, as well as promoting brands and collections.

Melon Fashion Group has a diverse range of brands, each with its own unique concept and identity. This enables the group to meet the needs of different audiences for beautiful, high-quality clothing.



1.2.

KEY INDICATORS: 2024 IN NUMBERS



OUR BRANDS

ZARINA

Brand values

FASHION. SENSE. POWER.

Brand concept

MODERN AND STYLISH CASUAL
CLOTHES FOR MEN AND WOMEN AT
AFFORDABLE PRICES.

The brand promotes initiatives aimed at self-development and achieving inner harmony through its collections, special projects, collections and communications. These initiatives cover various fields, including culture, charity, sports, literature and other inspiring matters, in order to bring together a community of caring individuals and give fashion a purpose.



Befree

Brand values

**FASHION. INCLUSIVITY. HUMANITY.
FOCUS ON THE FUTURE.**

Brand concept

**A FAST FASHION BRAND THAT EMBODIES
YOUTH, FREEDOM AND CREATIVITY.**

Sustainable development is one of the brand's strategic priorities. This value permeates everything, from designing and creating collections for customers with different body shapes and needs, to communicating with audiences to build a peaceful, inclusive community.



LOVE REPUBLIC

Brand values

FEMALE ENERGY. AMBITION.
CONFIDENCE. HEDONISM.

Brand concept

A COSMOPOLITAN CLOTHING, FOOTWEAR
AND ACCESSORIES BRAND FOR WOMEN.

Through its values, products, aesthetics and communications,
LOVE REPUBLIC inspires its customers to love and care for
themselves and the world around them.



sela.

Brand values

FAMILY. CARE. COMFORT.

Brand concept

A LIFESTYLE BRAND FOR THE WHOLE FAMILY.

The family brand brings together mums, dads and children of all ages to promote sustainable development. It involves them in various special projects and environmental initiatives, as well as the development of an urban environment that benefits the whole family.



ÍDOL

Brand values

ENERGY. LEADERSHIP.
SUCCESS. VITALITY.

Brand concept

PREMIUM SMART CASUAL WEAR.

A brand inspired by the energy and spirit of big cities and a dynamic lifestyle. It is aimed at people who strive for success, motivate others to achieve more and believe in themselves. They choose high-quality clothing that supports their endeavours and self-confidence.



1.4.

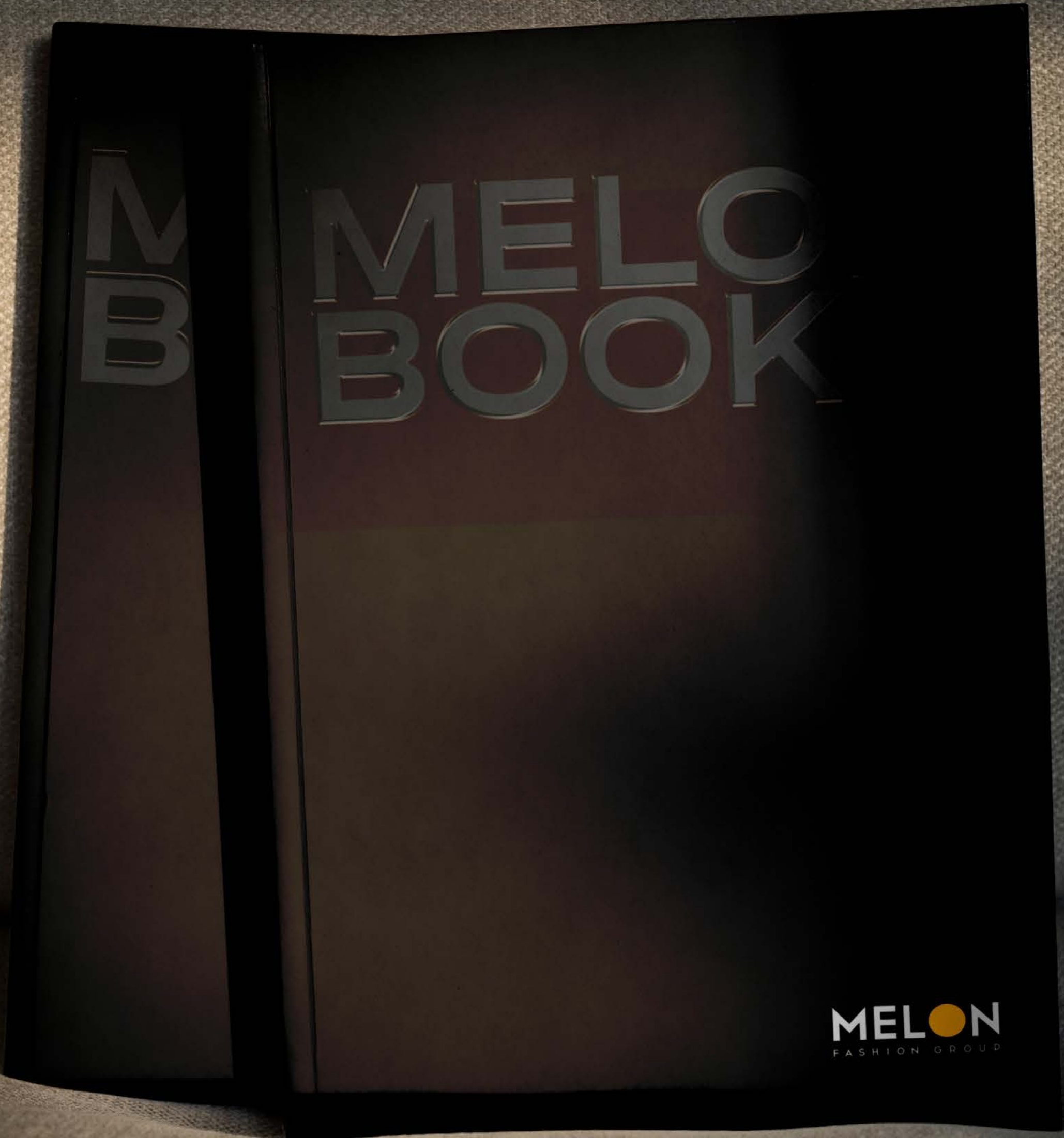
PHILOSOPHY MELON FASHION GROUP

WE ARE CREATING THE FASHION HERITAGE OF RUSSIA

The company applies the Melon Book, which is a collection of our fundamental values and beliefs. It is the DNA of the company and its employees, and it is something that we firmly believe in and share with the whole team. We sincerely believe that our philosophy and our approach to what we love will lead us to success. This applies to both the company and each individual person.

OUR VISION OF THE FUTURE IS A WELL-DRESSED RUSSIA.

OUR MISSION IS TO CREATE AND DEVELOP UNIQUE BRANDS FOR EVERY OCCASION IN SOMEONE'S LIFE, STARTING WITH BIRTH.



BEING

the best for our customers: we offer a variety of brands for all occasions, with the most convenient offline and online availability.

the best employer: a culture and motivation that inspires and motivates.

the best investment: efficiency and transparency.

DNA OF MELON FASHION GROUP

TRUST

We have faith in all people and value the trust of others. Reputation and transparency are paramount. It is impossible to build lasting relationships without trusting each other. Neither in life nor in the business world.

ETHICS

We believe that the observance of ethical principles in labour relations, business and communication with each other, partners and customers contributes to the creation of a harmonious and successful environment.

HUMANITY

We stand for humanity, respect and consideration for the human person. Our thinking is based on honesty, benevolence and a desire to help others, seeing only the best in everyone.

DNA OF THE MELONIAN

ENGAGEMENT

They are passionate and inspired. They research and quickly implement new solutions. They bring knowledge, strength and emotion to work, inspiring everyone with the passion. They care about the company, sharing its mission, philosophy and strategy.

CREATIVITY

The creator in the truest sense of the word. They think outside the box and turn routine into creativity. They find unusual approaches to solving problems and are not afraid to look at solutions from a different angle.

STABILITY

They are able to maintain balance and stability in different situations. They are able to adapt to changing conditions and overcome difficulties. They understand that overcoming is about development.

**AS A HUMAN-CENTRED COMPANY, WE FOCUS ON A
CONSCIOUS APPROACH TO FASHION IN ALL OUR WORK AND
INTERACTIONS WITH SUPPLIERS, AS WELL AS OFFERING
A VARIETY OF CHOICES FOR THE CONVENIENCE OF
CUSTOMERS.**

SECTION 2

SUSTAINABLE DEVELOPMENT IN MELON FASHION GROUP

2.1.

OUR JOURNEY
TOWARDS
SUSTAINABILITY



01

The company has been developing and supporting various social and charitable projects for more than 10 years.



02

In 2019, the cult of awareness was added to the company's values. This became an important guideline for business sustainability.



03

It was in 2021 that we realised the need for a systematic approach.



04

In 2021, we carried out a market analysis, a review of the company's sustainable practices, and looked at non-financial reporting standards and rating agency requirements.

ESG

05

In 2022, we became the first fashion retailer in Russia to introduce an ESG strategy.



06

By 2023, we had developed policies and standards, launched the company's sustainability website, defined criteria for a sustainable product and promoted the ESG strategy externally.



07

In 2024, our focus was on making continuous improvements and establishing an information and educational foundation for our employees and customers.

2.2.

AN APPROACH TO MANAGING SUSTAINABLE DEVELOPMENT

The sustainability activities of Melon Fashion Group are based on the ESG strategy adopted in 2022.

The Sustainability Manager, who sits within the HR department, is responsible for aggregating initiatives and coordinating the company's departments and brands in the implementation of the ESG strategy. They are also responsible for planning and developing sustainable development initiatives, making recommendations to departments and communicating with third-party partners on sustainable development issues.

To ensure the rapid and flexible implementation of tasks within the framework of the ESG strategy, a group of corporate ambassadors has been established, comprising representatives from all of the company's departments and brands. The ambassadors include line staff, middle managers, department directors and senior management.

THE AMBASSADORS' TASKS INCLUDE:



COLLECTING AND ANALYSING INFORMATION ABOUT THEIR BRAND AND DEPARTMENT.



ACTIVELY PARTICIPATING IN THE IMPLEMENTATION OF ESG PROJECTS OF THEIR BRAND AND DEPARTMENT AS A PROJECT MANAGER.



PROPOSING AND IMPLEMENTING ESG INITIATIVES.



SEARCHING FOR, PROMOTING AND DISSEMINATING ESG PRINCIPLES AND INFORMATION WIDELY WITHIN THEIR DEPARTMENT, AMONG MELON FASHION GROUP EMPLOYEES AND CUSTOMERS THROUGH VARIOUS COMMUNICATION CHANNELS.



ACTIVELY PARTICIPATING AS SPEAKERS, EXPERTS AND ORGANISERS IN INTERNAL AND EXTERNAL EVENTS DEDICATED TO SUSTAINABLE DEVELOPMENT.



During quarterly meetings, participants discuss progress on advancing the ESG agenda and share experiences of implementing sustainable practices in their respective areas and departments.

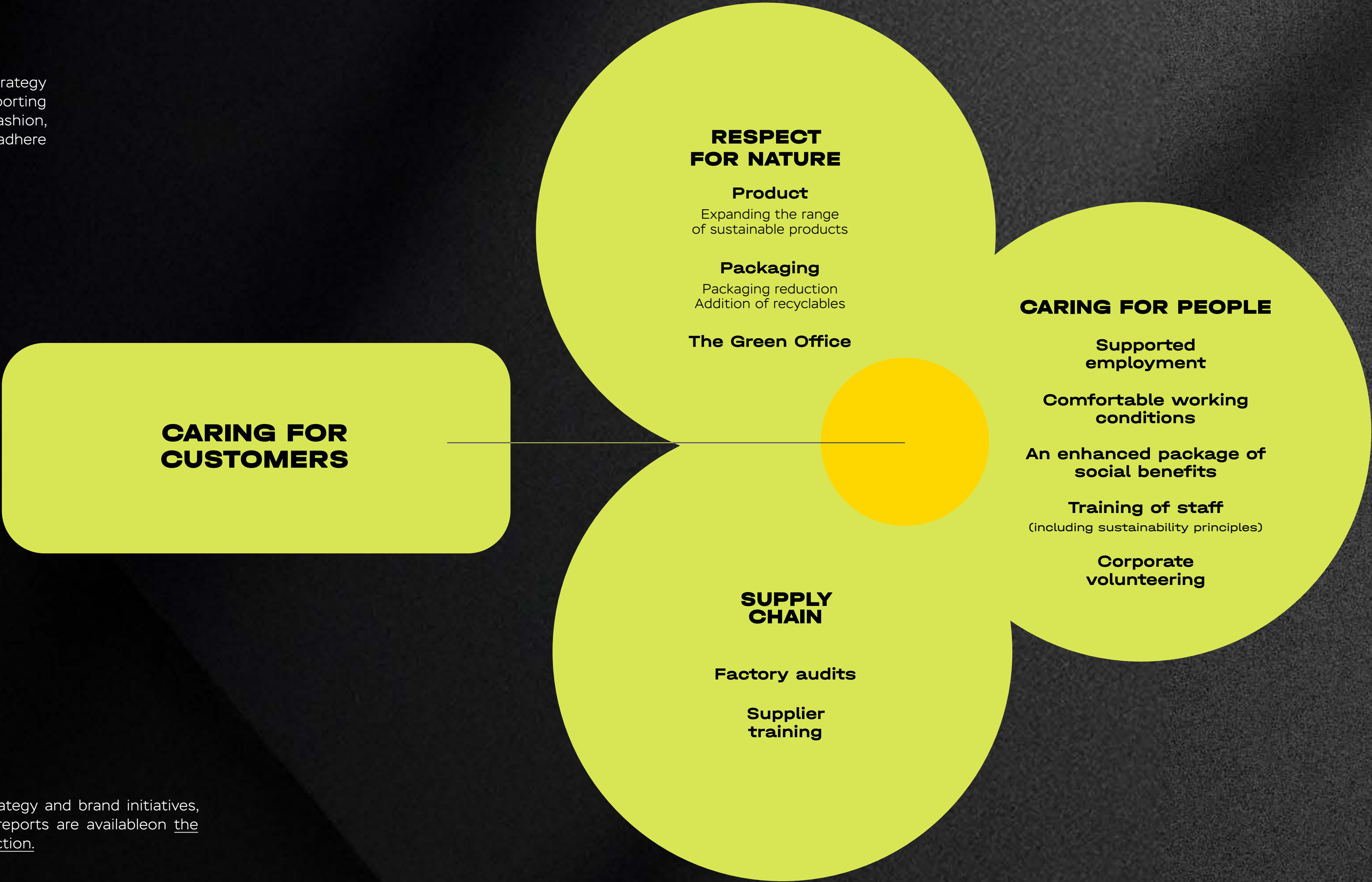
ESG ambassadors are motivated and encouraged to maintain team spirit through field events. A master class on modelling and painting ceramic tableware was attended by the team in 2024. This was part of the inclusive workshops known as “Prostye Veshchi” [Simple Things].

In addition, office and store employees can submit ESG proposals and ideas for developing the company's business and social sustainability projects to a dedicated email address.

2.3.

ESG STRATEGY

The company continues to implement the ESG strategy adopted in 2022. This strategy focuses on supporting customers who take an informed approach to fashion, and who, alongside Melon Fashion Group brands, adhere to the principles of responsible consumption.



A detailed description of the company's ESG strategy and brand initiatives, key documents and an archive of sustainability reports are available on [the company's official website in the Sustainability section](#).

PRIORITY AREAS:

Reducing its own negative impact on the environment.

Providing a supportive and inclusive work environment for employees, advocating for individuals with disabilities, and fostering opportunities for those facing initial challenges.

Working to increase the transparency and traceability of the supply chain.

ESG

PRINCIPAL TASKS UNTIL 2027:

of sustEducating employees and suppliers on the principles ainability.

Conducting ethical audits of factories.

Increasing the proportion of products made from sustainable materials.
Implementing more environmentally friendly packaging solutions.
Certifying stores for compliance with sustainable building standards.
Supporting and developing the green initiatives of brands.
Supporting and developing waste collection and recycling programmes in offices (the Green Office project) and stores (accepting clothes for charity and recycling from customers).
Developing and creating corporate volunteering programmes in Part E.

Taking care of employees and their professional development and training, as well as improving the package of social benefits.

Creating an environment and projects that are inclusive, including supported employment for people with disabilities and orphaned experiences.

Expanding corporate volunteering programmes in Part S: assisting veterans of Pervomaiskaya Zarya; participating in charity runs and inclusive sports; donorship; and ESG ambassadors.

Ensuring the security of information and the protection of personal data.

Managing supply chains.

Creating Sustainability Policies and Standards in the field of “green” marketing, and making corporate events more sustainable.

2.4.

DOCUMENTS

Melon Fashion Group has a number of documents in place to effectively integrate sustainable development principles into all of the company's business processes. These documents include:

- Sustainable development policy,
- Charity Policy,
- Supplier Policy,
- Personnel Management Policy,
- Anti-Corruption Policy,
- Code of Conduct for Business Partners,
- Code of Ethics and Business Conduct,
- Melon Fashion Group Guidebook for Designers,
- Product Sustainability Criteria,
- The Ambassador's Memo.

Publicly available documents can be found on the company's official website. Employees can access documents via the corporate portal and the personnel electronic document flow system.



2.5.

THE MELON FASHION
GROUP'S ACHIEVEMENTS IN
TERMS OF SUSTAINABILITY
IN 2024

In 2024, Melon Fashion Group brands continued their intensive expansion programme. This involved opening new stores and relocating existing ones to larger premises with wide aisles and clear signage. The aim was to meet the needs of all customers and make shopping as comfortable as possible. The range was also expanded by introducing new lines and directions.

The company provides its customers with the most comfortable shopping experience by developing an omnichannel business model. Our brands are represented by a wide network of federal stores stretching from Vladivostok to Kaliningrad. You can also purchase our products on all the leading marketplaces and in our own online stores. This allows you to shop in a convenient way and at a time that suits you.

In 2024, the company and its brands continued to develop a clothing recycling programme to encourage a more considered approach to clothes. They also encouraged customers to refuse plastic bags and printed receipts in favour of electronic ones.

2.6.

SEPARATE WASTE COLLECTION IN THE OFFICE AND WAREHOUSE

THE MELON FASHION GROUP HEADQUARTERS HAS A PROGRAMME CALLED THE “GREEN OFFICE”, WHICH INVOLVES:

a separate collection of the following waste fractions: 1PET, 5PP bottles, caps, courier bags, single-layer and corrugated cardboard, paper, receipts, pens, plastic cards, batteries, wearable clothing and textile waste, which was organised in the office;

installing motion sensors in office spaces to reduce electricity consumption;

the head office using energy-efficient LED lighting;

purchasing biodegradable and hypoallergenic detergents for office cleaning;

organising the landscaping of the space under the guidance of a professional specialist in floral decor.



IN 2024,

it was transferred from the Saint Petersburg office for responsible recycling and disposal:

1 518 KG

of wearable clothes to the “Spasibo!” [Thank You] project charity shops

130 KG

of plastic marked 1PET and 5PP for responsible recycling

90 KG

of batteries to the Federal State Unitary Enterprise Federal Ecology Operator for safe recycling

21,1 KG

of plastic caps to the “Kryshechki DobroTY” [Caps of Kindness] project

As part of the Green Office project's development and digitalisation, a Telegram bot has been launched that enables headquarters staff to quickly request cleaning services, arrange for movers, or submit repair requests for spaces, furniture, and appliances.

HR specialists give a guided tour to show new office staff the gathering points of the factions. For educational purposes, an interactive course on occupational safety has also been created. This course provides a detailed description of places of gathering.

The Green Office project is set to expand in 2025, with plans to increase the number of factions involved.

WAREHOUSE

It was transferred from the warehouse for responsible recycling or disposal:

55 910 KG

of cardboard

15 250 KG

of film

890 KG

of cardboard cores

250 KG

of waste paper

As part of a pilot project to collect and recycle old curtains from Befree stores, the warehouse sent for responsible recycling

>300 KG

measurin >800 м²

2.7.

ENVIRONMENTAL CAMPAIGNS RUN IN THE OFFICE

IN JULY 2024, THE FIRST “BAG OF BAGS” GAMIFICATION CAMPAIGN TOOK PLACE AT THE HEADQUARTERS. IN FIVE DAYS, 30 EMPLOYEES HANDED OVER MORE THAN 41 KG OF PLASTIC BAGS, FROM WHICH THE ECO-FRIENDLY SEWDEPT SEWING COMPANY PRODUCED BRANDED MERCHANDISE (COSMETICS BAGS AND CARDHOLDERS) BEARING THE LOGOS OF BRANDS AND MELON FASHION GROUP.



FROM 18 TO 22 MARCH 2024, THE FOLLOWING EVENTS WERE HELD WITHIN THE FRAMEWORK OF SUSTAINABLE DEVELOPMENT WEEK:

ONLINE WEBINAR
“SUSTAINABILITY IN FASHION”



ONLINE WEBINAR
“WHAT IS ECO-FRIENDLY AND ETHICAL PRODUCTION?”



WORKSHOP ON CUSTOMISING CLOTHES FROM INDIVIDUAL UPCYCLING ATELIER



INTERACTIVE LECTURE
“GREEN ZARINA” - EXPLORING THE TRENDS OF SUSTAINABLE DEVELOPMENT IN PRODUCTS FROM THE ZARINA BRAND



As part of the “Tekhnovesna” environmental campaign, the office staff collected and handed over for responsible recycling

128 KG 3.4 times more than in 2023

of office equipment, electronics and small household appliances

16 KG

of plastic bottles were collected for recycling as part of the “Month without Plastic” campaign, as well as we visited the largest bottled PET processing plant in Leningrad Region.

2.8.

DIGITALISATION: ELECTRONIC DOCUMENT FLOW AND PERSONNEL ELECTRONIC DOCUMENT FLOW

С целью сокращения потребления бумажных и природных ресурсов, а также развития цифровых технологий, компания продолжила внедрение современных решений.

E-DOCUMENT FLOW

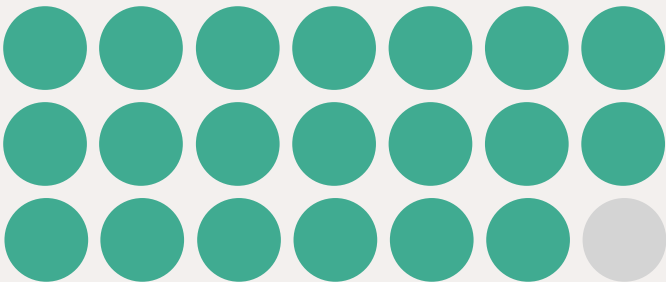


In 2024, the share of electronic document flow reached

62%

+7% compared to 2023

PERSONNEL DOCUMENT FLOW



As of 31 December 2024, the personnel electronic document flow had been adopted by

99,36%

+1.36% compared to 2023

The functionality of the personnel electronic document flow system was expanded in 2024. Three new types of contract are now available to employees. In addition, candidates can now register online without having to provide paper copies of their documents. This solution has cut down on paper usage, minimised potential errors and sped up business processes.

SECTION 3

CARING FOR CUSTOMERS

3.1.

GO GREEN INITIATIVE AND COMFORTABLE SHOPPING ENVIRONMENT

In 2024, ZARINA won the CPM Shop & Retail Solutions Awards, an award recognising excellence in window displays, retail spaces and the presentation of fashion retail products. The award aims to identify and promote the most authentic and promising solutions, and ZARINA won the “Best Store Design Concept in the Mass Market Segment” nomination. The jury recognised the architectural design, spacious aisles and lighting of the brand's stores.

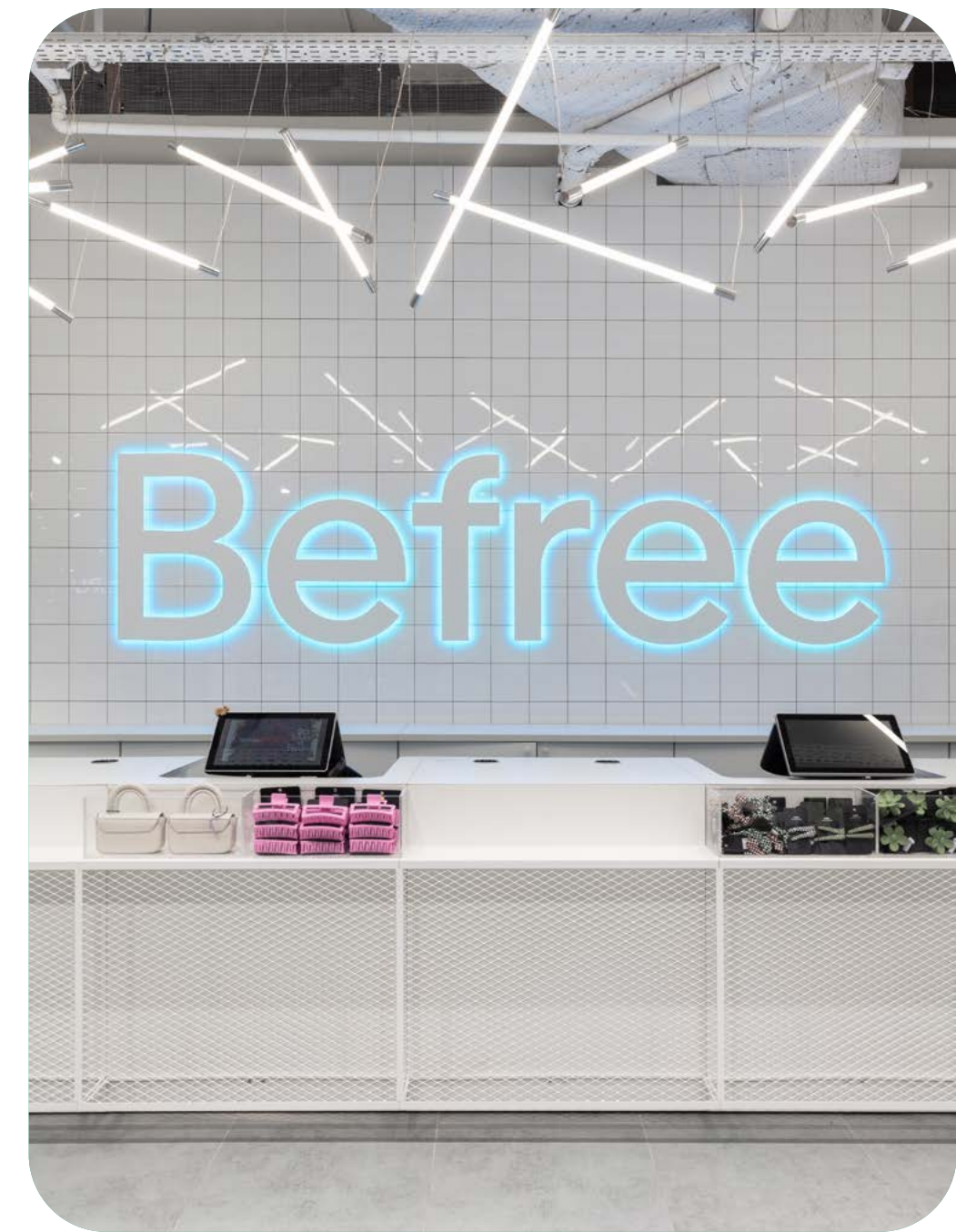
DURING THE CONSTRUCTION OF STORES, THE BRAND:

- applies LED and other energy-saving lighting systems to reduce energy consumption;
- provides maximum ventilation efficiency, reducing the concentration of harmful substances and allergens in the air so you can enjoy a comfortable indoor environment all year round;
- creates comfortable, functional and ergonomic interiors for the benefit of customers and staff;
- integrates greenery into interiors to promote psycho-emotional well-being and reduce stress;
- uses local building materials and nature decor in construction.

ZARINA



In 2024, the flagship Befree store in the Europolis shopping mall in Saint Petersburg was certified as compliant with the sustainable development goals of the national real estate assessment system “Green Zoom Environment”, which was developed by the Autonomous Non-profit Organisation ResearchInstituteforSustainableDevelopmentinConstruction. The store received a gold certificate after achieving a score of 32 points in the certification results. This is the second store of the company to receive the “Green Zoom” certificate. The flagship ZARINA store was awarded a gold certificate at the Saint Petersburg Galeria shopping centre a year earlier.



THE EXPERTS OF THE RESEARCH INSTITUTE FOR SUSTAINABLE DEVELOPMENT IN CONSTRUCTION NOTED THE FOLLOWING:

The use of local materials for the store's decoration reflects a commitment to caring for nature, reducing the carbon footprint associated with transportation.

Using a single package from factory to buyer reduces the need for additional plastic packaging.

The staff room is a bright and spacious area where you can quickly recharge during your lunch break. In their free time, employees can visit the corporate fitness room located at the company's headquarters and participate in sports. They can also provide feedback on the team atmosphere and their emotional state, which will help to further improve mental health management through a variety of training sessions.

The air conditioning system provides individual thermal comfort, while energy-efficient zoned lighting focuses on the most important details of clothing collections, reducing the amount of useless light.

A pleasant and safe atmosphere is created through wide, unobstructed passageways; non-slip flooring; and a minimalist design that avoids unnecessary details.

The experts also noted the presence of a clothing collection container in the store, as well as green labels on products that were manufactured in accordance with the company's internal sustainability criteria.

Detailed information about the results of the certification process can be found [on the website of the Green Zoom Environment national real estate assessment system.](#)

Befree

In collaboration with experts from the Nadezhda Charitable Foundation and the non-profit organisation “Everything Will Work Out: Rabota-i” and “Prostye Veshchi” [Simple Things] - the brand has created a guide on communicating with disabled customers for its retail employees.

An analysis has been carried out to assess the accessibility of the Befree flagship store at the Saint Petersburg Galeria shopping centre for visitors with various disabilities. Consequently, a list of recommendations has been compiled to significantly increase the accessibility of stores for all customer categories.



THE FOLLOWING SUSTAINABLE SOLUTIONS ARE APPLIED WHEN DESIGNING AND CONSTRUCTING LOVE REPUBLIC STORES:

LIGHTING

LED track lights, which are energy-efficient, are used, thus reducing energy consumption and increasing the service life of lighting devices.

MATERIALS

Metal structures and painted MDF panels are used to ensure durability and recyclability. The walls are decorated with low-VOC compositions, which reduces their environmental impact.

DURABILITY AND WEAR RESISTANCE

The surfaces are protected from the effects of heavy footfall and equipment. Breakers are used, which means walls need to be repaired and repainted less often.

DECORATION

The decorative plaster used for the decoration does not require frequent replacement and complies with the principles of sustainable design.

LOCAL PRODUCTION

Most of the equipment suppliers are located within 800 km of the warehouses, reducing logistics costs and CO₂ emissions during the transportation of commercial equipment.

DIGITAL SOLUTIONS

LED screens are used in store designs to reduce the need for printed advertising materials, thereby reducing paper, ink and plastic consumption. In addition, LED technology is highly energy efficient and has a long service life.

CARING FOR EMPLOYEES

Thermal comfort is provided in the staff rooms, which have relaxation furniture and a catering area.

PROVIDING A COMFORTABLE MICROCLIMATE

Thanks to zoning and the ability to fine-tune the microclimate, customers and staff can enjoy a comfortable stay in different zones.

LOVE REPUBLIC



In March 2024, SELA introduced a new store format that included its own café named after the brand's mascot: Vigge Café. The first store to open with a café was in the Metropolis shopping centre (Moscow). By the end of the year, there were already four Vigge Cafés in operation – two in Moscow, one in Saint Petersburg and one in Khabarovsk.

The café's main attraction is the opportunity it provides for relaxation and enjoyment while shopping. The project also aligns with the brand's core values of family, care and comfort.

Vigge Café's target audience is divided into three segments: women who want to relax after shopping, men and children who can enjoy a cup of cocoa and some biscuits while mum tries things on. The brand's team also developed the menu to meet the needs of these three target groups.

sela.



ÍDOL

Nine months after the brand's launch, in April 2024, IDOL introduced a new store concept.

The design is inspired by modern art galleries. The updated concept offers more space, with the interior decorated with designer items.

The sleek design of the IDOL collections is emphasised by natural shapes and smooth lines. The design of the space plays with contrasts, combining various natural materials: noble wood, textured concrete, relief stone and smooth metal.

The universal palette helps visitors to relax and enjoy themselves. Light beige creates a sense of calm, while sandy and dark brown shades evoke the sunlight and warmth of summer days.

The new equipment makes it possible to create thematic zones and focus on relevant capsules. This is supported by multi-level lighting. Lightweight brackets create a sense of weightlessness and emphasise the minimalist interior. Stone-topped tables were used for additional layout and voluminous upholstered furniture for relaxation areas and shoe fitting.

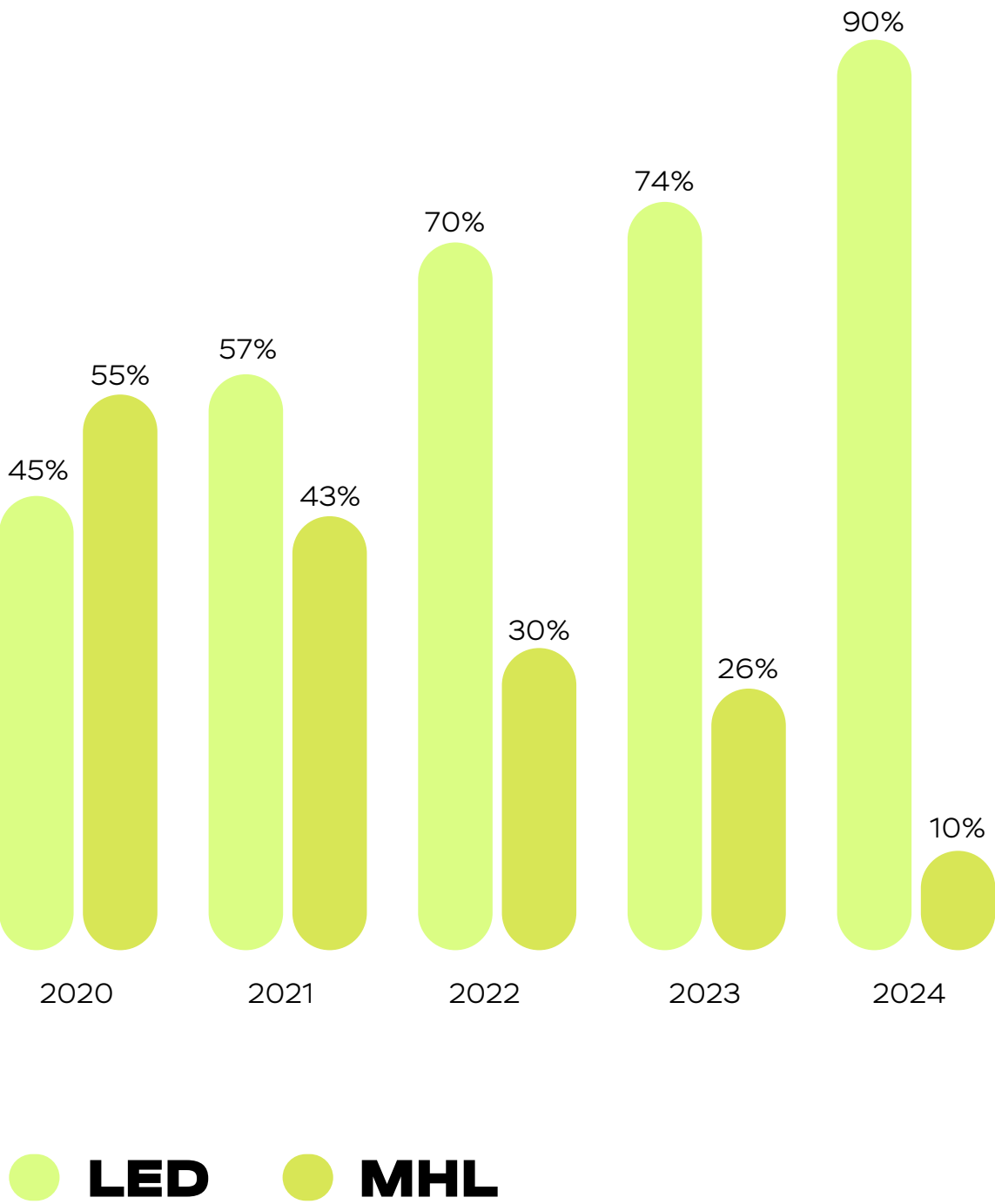
Our own team of designers and architects updated the concept.

In the summer of 2024, IDOL won the CPM Shop & Retail Solutions Awards, an award recognising excellence in window displays, retail spaces and the presentation of fashion retail products. The award aims to identify and promote the most authentic and promising solutions, and ZARINA won the “Best Store Design Concept in the Premium Segment” and “Best Fitting Room” nomination.



SWITCH TO LED LIGHTING

By 31 December 2024, 90% of the company's stores were using LED lighting, representing a 16% increase on the previous year.



CONTROL OF GREENHOUSE GAS EMISSIONS

Since 2021, the company have been recording and analysing the emissions of carbon dioxide and other harmful substances, as well as developing and implementing measures to reduce them.

- When building new retail facilities:
- we install modern air-cooling systems without the use of artificial refrigerants;
 - we install or change the equipment to a more energy-efficient one.

SCOPE 1

In 2024, the volume of direct emissions (Scope 1) was

198,23 TONS OF CO₂-EQ.

+41.4% compared to 2023

It should be noted that emissions related to mobile fuel combustion decreased due to a 0.39% reduction in gasoline consumption and a 22% reduction in diesel fuel consumption.

SCOPE 2

The volume of indirect emissions (Scope 2) was

30 935,26 TONS OF CO₂-EQ.

+23.8% compared to 2023

SCOPE 1 + SCOPE 2

The total amount of greenhouse gas emissions of CO₂-EQ. was

31 133,49 TONS OF CO₂-EQ.

+26.1% compared to 2023

The increase in emissions is due to the chain's extensive growth, the opening of new, larger facilities, and changes to the technical equipment at previously opened facilities.

Further information on the calculation process can be found in the “Methodology for calculating greenhouse gas emissions” section.

3.2.

SPREADING THE PRINCIPLES OF CONSCIOUS CONSUMPTION AND ENCOURAGING INVOLVEMENT IN SOCIAL INITIATIVES

Melon Fashion Group's brands actively encourage buyers to participate in environmental initiatives, offering a variety of ways to get involved, from donating old clothes to charity or recycling them responsibly in chain stores to supporting social projects and opting out of printed receipts or packaging at the checkout. Taking these small steps will help you to become more aware.

COLLECTING CLOTHES IN STORES

The old and unrequired items collection programme is one of Melon Fashion Group's key sustainable development projects. This initiative helps customers to take an informed approach to wardrobe disassembly and responsible textile recycling, reducing the amount of textile waste.

By the end of 2024, the Melon Fashion Group had implemented a programme to collect old items in stores for transfer to responsible recycling or charity in four of its brands. ZARINA, LOVE REPUBLIC and SELA encourage programme participants to donate clothes in exchange for loyalty points or a discount on future purchases of the brands' products.

For the convenience of customers, SELA has launched a separate page on its website, [sela.ru](#), which provides detailed information about the clothing collection programme. On the page [listing brand stores](#), there is a “Clothing Collection” button. Clicking on this button allows you to see specific stores where clothes are accepted.

The collected textiles are transferred to charity shops, such as “Spasibo” [Thank You], and to the “Vtoroe Dykhanie” [Second Wind] foundation, as well as to the textile waste disposal company “Laut Recycling”.



RESULTS OF THE 2024 CLOTHING COLLECTION PROGRAMME:

In 2024, the brands collectively collected

132,9 tons of clothes

74% more than the same indicator in 2023 (76 tons)

	START OF THE PROGRAMME	NUMBER OF STORES	NUMBER OF CITIES	COLLECTED, TONS
LR	2019	113	38	56,0
SELA	2022	26	10	66,8
ZARINA	2023	59	4	6,8
BEFREE	2023	27	5	3,3
TOTAL		225	39	132,9

In 2025, the Melon Fashion Group will continue to expand the geographical scope of the programme.

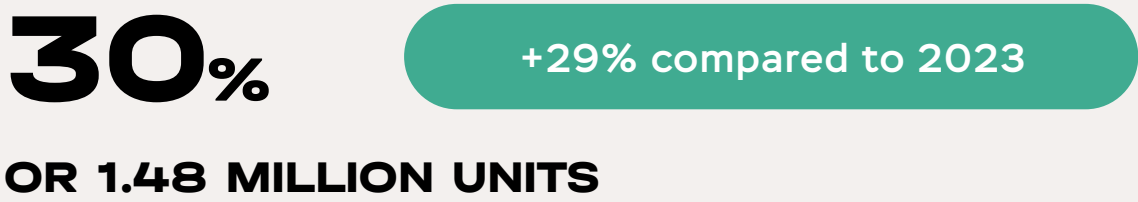
EXTENDED PRODUCER RESPONSIBILITY OBLIGATIONS

In 2024, 64% of products due for disposal were responsibly disposed of under a contract with a certified contractor as part of the Extended Responsibility of Manufacturers and Importers of Goods and Packaging.



REFUSAL OF RECEIPTS AND PACKAGES

In ZARINA, the share of electronic receipts was



The package was refused by



The brand awards 100 points to the ZARINA CLUB loyalty card for rejecting the receipt and package. In 2024, one million users joined the brand loyalty programme, bringing the total number of loyal customers to over six million active users.

The brand has stopped using plastic loyalty cards and now offers customers the option of issuing an electronic card via the Koshelek and Wallet app.

In SELA, the share of electronic receipts was



The package was refused by



SELA rewards customers for their “good deeds”: 150 bonuses are awarded for each paper receipt or package rejected. Bonus points can be used to pay for up to 30% of the cost of goods that are not included in the sales events, at a rate of 1 bonus point = 1 ruble.

PRODUCT

ZARINA

IN 2024, 5.2% OF ZARINA PRODUCTS MET THE CRITERIA FOR PRODUCT SUSTAINABILITY. STABLE FITTINGS WERE USED IN 4.6% OF THE BRAND'S PRODUCTS.

The brand presented a range of sustainable collections, including an eco-capsule made of unpainted twill;

a line of denim containing linen and denim, created using technologies that save resources;

In 2024, the brand introduced new denim models for different heights to support the development of an inclusive product: 164 cm, 170 cm and 176 cm.

The environmental friendliness of ZARINA products is confirmed by relevant certificates from the manufacturing factories: OCS, GRS, RCS, GOTS, GOTS, etc.

To ensure consistently high product quality, the brand continued to audit its manufacturing plants. In 2024, 42% of the brand's products were inspected.



Befree

As part of its commitment to promoting inclusive collections, Befree presented a collaboration with the “47 v lgre” [47 in the Game] sports club, which helps people with Down's syndrome fulfil their potential through football.



The 2024 range includes products made from recycled polyester and cotton, as well as transformer models and locally produced items.

Some of the collections were produced in factories that used resource-saving technologies.

The total number of products that met the internal sustainability criteria was

>300 000 UNITS

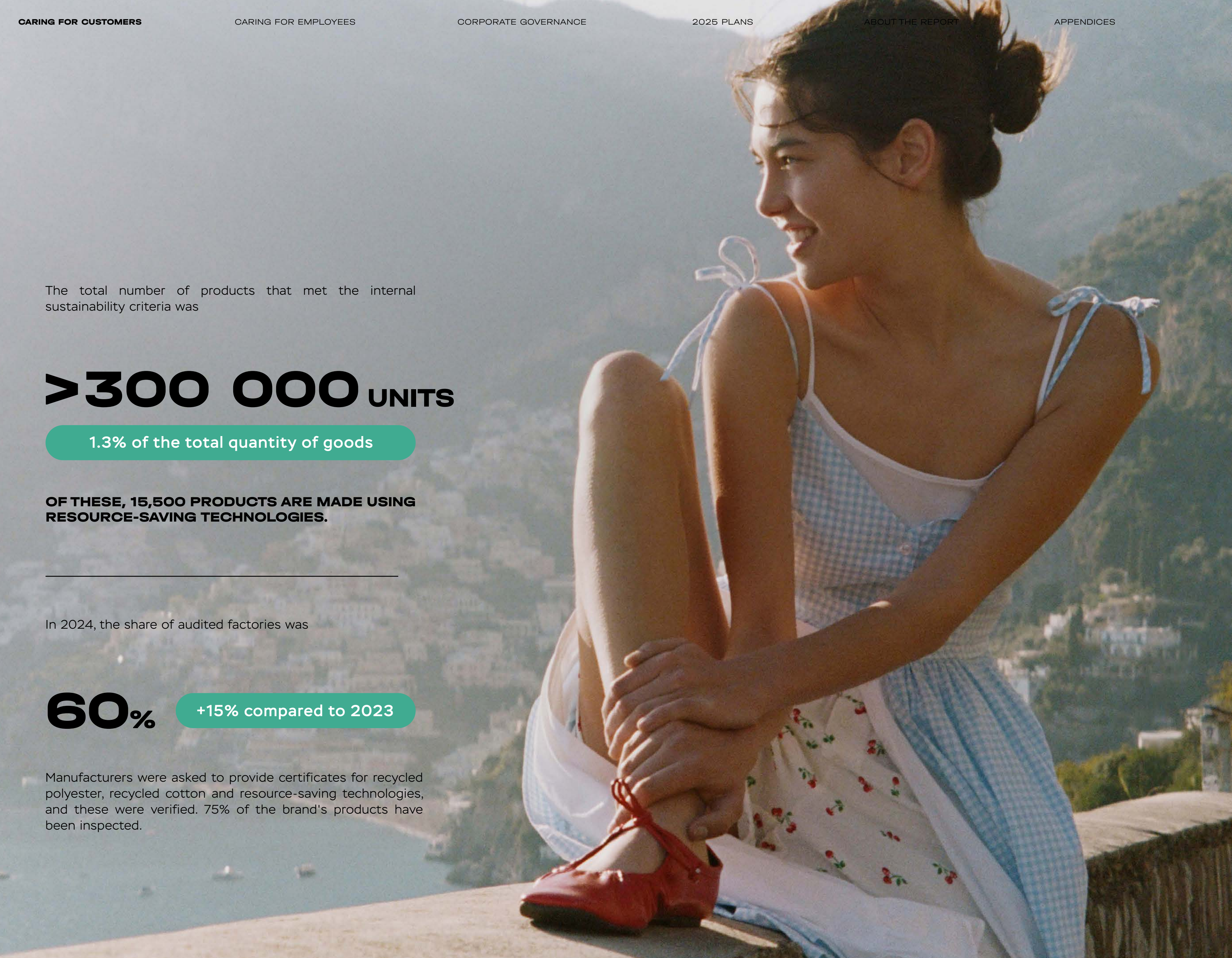
1.3% of the total quantity of goods

OF THESE, 15,500 PRODUCTS ARE MADE USING RESOURCE-SAVING TECHNOLOGIES.

In 2024, the share of audited factories was

60% +15% compared to 2023

Manufacturers were asked to provide certificates for recycled polyester, recycled cotton and resource-saving technologies, and these were verified. 75% of the brand's products have been inspected.



LOVE REPUBLIC

As part of the brand's commitment to increasing product sustainability, 50% of its down jackets released in 2024 featured recycled filler made from 30-70% recycled materials.



For its 2024 summer collection, Love Republic has expanded its range of linen products, using an innovative mercerisation process to make the material smooth and lustrous.

In September, the brand launched a beauty collection comprising perfumes, body soufflés, and a spa candle, all of which are made from natural ingredients.



An important criterion in developing the collection's packaging was preserving the product formula for long-term use. Light-tight frosted glass and ceramic safety caps and dispensers help to maintain the formula's properties over time.



In 2024, the audit was completed by

35 FACTORIES

MANUFACTURING LOVE REPUBLIC PRODUCTS, WHICH IS 20% MORE THAN A YEAR EARLIER. THE AUDIT CHECKED THE AVAILABILITY AND RELEVANCE OF CERTIFICATES RELATED TO VARIOUS ASPECTS OF SUSTAINABLE DEVELOPMENT.

sela.

In 2024, SELA continued to develop its own membrane fabric technology, Seladrytex. Its main characteristics are water resistance, air permeability and wear resistance. The brand's range of advanced clothing includes around 170 items, such as jackets, raincoats, overalls and trousers, for children aged 0-14.



The advanced seladrytex fabric consists of several layers. The bottom layer is a micro-funnel membrane that helps to maintain the body's natural thermal regulation and remove fumes from under clothing. The fabric on the outside is treated with a water-repellent impregnation (DWR). All seladrytex products feature taped seams to provide extra protection against moisture. Thanks to the unique way the threads are woven, the clothes will remain intact even under strong mechanical stress.

Thermochromic thermometers have also appeared in the advanced capsule to help control the temperature between the body and clothing, as well as "growing" seams to lengthen things as the child grows.



The following eco-solutions were also used by SELA in the production of its collections:

- organic and unpainted cotton;
- mercerised cotton to extend the life of items;
- recycled Sofeelate insulation;
- laser printing on denim, which reduces water and electricity consumption.

In 2024, the brand conducted audits of ten factories where its products are manufactured. Since 2024, over 95% of all factory-produced products have been inspected.

General quantity of SELA products meeting the internal criteria of sustainability amounted to

>900 000 UNITS

5% of the total quantity of goods

OF THESE, ABOUT 170,000 UNITS WERE PRODUCED IN FACTORIES THAT MEET THE CRITERIA OF ENERGY- AND RESOURCE- SAVING PRODUCTION. FACTORIES PRODUCING SUCH PRODUCTS HAVE RDS, OECD-TEX, BCI, GRS AND OTHER CERTIFICATES.

ÍDOL

In 2024, some of IDOL's products were produced in accordance with its internal product sustainability criteria: the collections featured natural, durable materials and resource-efficient staining techniques involving CO2 and pigments.

3,3%

OF THE GOODS WERE PRODUCED LOCALLY IN RUSSIA, WHICH NOT ONLY REDUCES LOGISTICAL RISKS, BUT ALSO REDUCES THE CARBON FOOTPRINT AND SUPPORTS THE LOCAL ECONOMY.

The environmental friendliness of IDOL products is confirmed by certificates from manufacturing factories, including OEKO-TEX Standard 100, RMS, GCS, ICAAW, RWS, Shokay, GRS, etc.

In 2024, the brand carried out 20 audits to ensure the ethical production of IDOL products.



WORK ON PACKAGING

ZARINA

In order to make the packaging more environmentally friendly and sustainable, the brand:

Has implemented branded bags from the supplier instead of standard plastic ones. The new package is characterised by its increased density and thickness (70 microns) and the addition of a zipper. Additionally, the package is made from 20% recycled polyethylene.

45% OF ALL BRAND PRODUCTS ARE SOLD IN NEW PACKAGES



Has changed the composition of the branded label (main tag) to 100% recycled polyester.

Has replaced the material of the hanging label with recycled cardboard.

In 2024, Befree branded packages, which contain items supplied by a third party and are reused at store checkout counters, featured an icon indicating the fraction of the package that can be recycled, as well as a reminder of the importance of recycling the package and a QR code referring to a nationwide map showing where soft plastics can be collected.

IN ORDER TO INCREASE THE STABILITY OF PACKAGING, BRANDED BAGS MANUFACTURED IN CHINA CONTAIN

50% OF RECYCLED PLASTIC



Since 2024, 100% recycled polyester has been used for the labels on all products. The hanging labels for products manufactured in Chinese factories are made of FSC-certified paper.

LOVE REPUBLIC

60%

OF ALL BRANDED PACKAGING IN LOVE REPUBLIC STORES WAS MADE FROM MATERIALS CONTAINING 20% RECYCLED PLASTIC.

sela > sela.
moms & monsters

IN 2024, THE BRAND CHANGED ITS LOGO AND BEGAN DEVELOPING A NEW BRANDED PACKAGE BASED ON SUSTAINABILITY CRITERIA. IN ADDITION, SELA CONTINUES TO ACTIVELY ENCOURAGE CUSTOMERS TO OPT OUT OF THE PACKAGE AT THE CHECKOUT.

ÍDOL

IN 2024, THE BRAND ADJUSTED THE FORMAT OF TRANSPORT PACKAGING, INTRODUCING THINNER BAGS MADE OF RECYCLED PLASTIC INTO CIRCULATION.

THE HANGING LABELS FOR IDOL PRODUCTS ARE MADE FROM RECYCLED MATERIALS.

CHARITY AND SOCIAL PROJECTS OF BRANDS

On the first day of spring, ZARINA presented the **GREEN PLANET collection**, a manifesto of love for nature. The collection was presented by TV presenter and blogger **Irena Ponaroshku**. Every detail of the collection demonstrates an awareness of, and concern for, nature. The capsule range, which is available in natural shades, is made from organic and recycled materials. It also includes trousers that can be transformed into different styles.



The brand also collaborated with the “**Podari Zhizn**” [Give Life] Foundation to create a vibrant unisex capsule collection comprising a T-shirt, sweatshirt, joggers and socks, all made from cotton and lining. The collection's main element is a gradient print that conveys the key idea that foundations always need the help of benefactors, blood donors and volunteers. Popular actors, bloggers and influencers have become the faces of the collection. Ten per cent of sales from the collection were donated to the “Podari Zhizn” [Give Life] Foundation to support the treatment of children with cancer.



Befree

As part of the **Co:Create Project** brand has released a sports-style collaboration with the inclusive football club “**47 v Igre**” [47 in the Game] and actor **Lev Zulkarnaev**.

The charity project “**47 v Igre**” [47 in the Game] helps people with Down's syndrome to express themselves through football, while also conveying a message that is close to the brand's heart: that any stereotype can be broken.

People with Down's syndrome have 47 chromosomes, one more than normal. Thanks to the project, everyone can get involved: score great goals, win competitions and make new friends.



LOVE REPUBLIC

In 2024, as part of the environmental initiative for urban greening and biodiversity conservation, the **LOVE GARDEN** brand made a charitable contribution to the Krasno-polyanskaya Cosmetics Farm in Krasnodar Territory. This funding was used to create a garden filled with rare varieties of Damask roses and magnolia trees. The seedlings from these trees will be used in the future to create environmentally friendly cosmetic products.

In collaboration with Lamoda and the “**Dalshe**” [Further] charity foundation, the brand supported the “**Pink October**” initiative by presenting a special project called “**Love is Stronger than Cancer**”, in which women shared their experiences of battling breast cancer. In October, **10%** of the proceeds from the sale of pink LOVE REPUBLIC items were donated to the “Dalshe” [Further] Foundation to support women with cancer and fund treatment.

In support of **Lamoda's** “**Give a Holiday**” campaign, the brand donated **1,123 sets** of clothing to graduates from low-income and vulnerable families, orphans and children with disabilities or special needs.



sela.

In April 2024, SELA presented a capsule containing children's drawings entitled “**I am a child; this is how I see things**”, created by children with autism spectrum disorder (ASD). The collection was launched to coincide with Autism Awareness Month.

Two per cent of the proceeds were transferred to support the development of programmes for the Naked Hearts Foundation.



In 2024, the brand ran the traditional “**Eco-July**” project, which involved holding master classes and releasing a series about upcycling.

In spring, the SELA brand held a large-scale competition in which artists from across Russia were invited to design an artwork inspired by the **4-metre Vigge slide**. The competition took place in Sevkabel Port, the creative hub of Saint Petersburg. A total of **184 applications** were submitted for the competition.

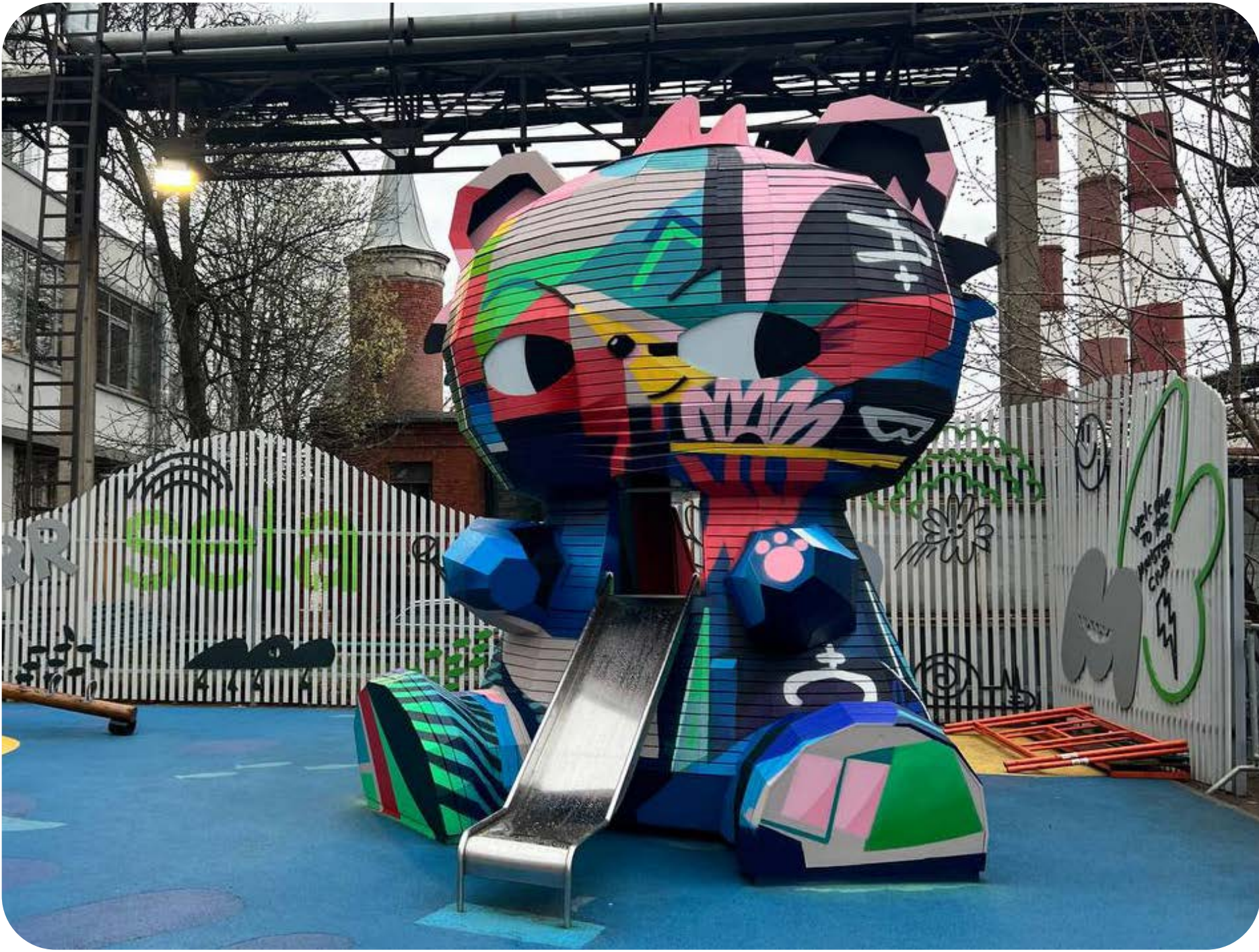
The following factors were considered when selecting the competition winner:

Colour, composition, volume, soulful elements and a wow effect.

This is an opportunity to experience working on different surfaces.

The idea is to explore how family, children and place interact with the artist's vision.

The winner of the competition was **VasyaBase**, a Nizhny Novgorod-based artist, who decorated the Vigge Slide in Saint Petersburg.



3.3.

ETHICAL
AND RESPONSIBLE
MARKETING

Melon Fashion Group and its brands promote smart consumption and mindfulness principles through social and environmental projects. These projects involve employees, candidates, buyers and other interested parties. This enables us to build a successful, open business and establish stable relationships with one another, fostering the development of a caring society.

OUR BASIC PRINCIPLES:

Honesty and transparency in communication, providing accurate and true information about products and services, their characteristics and packaging.

Building trust and long-term relationships with customers through meaningful communication.

Observance of consumer rights: protection of confidentiality and security of personal data.

Conscious attitude to the environment: compliance with environmental regulations and rules, rational use of resources.
Compliance with competitive regulations and rules: exclusion of unfair competition, use of ethical and honest methods of promoting. Promotion of social values and ideas through participation in charity projects and the development of corporate volunteering activities.

Responsible attitude to the production process and the quality of manufactured products: compliance with product quality and safety standards.
Building partnerships by participating in business development with partners and suppliers, respecting their interests. Raising staff awareness and skills in green communications.

Focus on achieving goals and maintaining the continuity of their own development.

In 2024, Melon Fashion Group compiled and implemented recommendations in the marketing and product departments of its brands in accordance with Federal Law No. 367-Φ3, in order to combat greenwashing and ensure that product names were in strict compliance with legal requirements.

SECTION 4

CARING FOR EMPLOYEES

THE EMPLOYEES OF MELON FASHION GROUP, OR THE MELONIANS AS THEY CALL THEMSELVES, ARE THE FOUNDATION OF THE COMPANY. THE COMPANY'S PRIORITY IS THE WELL-BEING OF ITS EMPLOYEES, INCLUDING THEIR HEALTH, COMFORTABLE WORKING CONDITIONS, AND PROFESSIONAL AND PERSONAL DEVELOPMENT.

4.1.

PARTICIPATION IN RATINGS AND INDEXES

THE BEST EMPLOYER

In 2024, the company participated once again in the key ratings of the best employers in Russia.

Melon Fashion Group has become the **No. 1** employer among fashion retailers and ranked **5th** among the largest non-food retail chains on the **hh.ru** recruitment platform.

In the business ranking compiled by **FORBES** magazine using the methodology of the Kept auditors with ESG metrics, Melon Fashion Group received the following awards: **Platinum** in the **Corporate Governance category**, **Gold** in the **Ecology category** and **Silver** in the **Employees and Society category**.

Melon Fashion Group took **2nd place** in the ESG rating of the Saint Petersburg edition “**Delovoy Peterburg**”.



ENGAGEMENT AND MOTIVATION

The company conducts an anonymous **My Voice** engagement survey every year. In 2024, the company switched to the **Happy Job** platform, a new provider that allowed surveys to be conducted in the format of interactive comics.

Key metrics and survey results for 2024:



According to the results of 2024, **61 employees** were hired through the “**Bring a Friend**” programme, which confirms the willingness of employees to recommend Melon Fashion Group as a reliable employer. The results of the engagement survey showed that the eNPS index was **54%**, which is **25.1%** higher than the average benchmark.

The company regularly recognises and publicly rewards employees and project teams who have achieved good results for the business. In 2024, Mikhail Urzhumtsev, the CEO, presented **197 people with a “Spasibo”** [Thank You] cards at business breakfasts.

In 2024, the company launched a project to recognise employees who had worked there for **5, 10 and 15 years**. Employees who are celebrating a work anniversary receive a bronze, silver or gold melon badge from the hands of the CEO. The length of time that an employee has worked at the company is recorded in ceramics. The Melon Fashion Group motto is inscribed on the edge of the badge: “I create a fashion legacy”, emphasising the influence that each employee has on the company's activities.

Employees who have worked for **20 years** or more are rewarded with a commemorative diploma and a gift voucher for any store of their choice. The value of the voucher depends on how long the employee has worked for the company. In 2024, two of the company's employees celebrated their anniversary: **40 years of employment**.

Football fans could visit the **VIP box** at the **Zenit Stadium** all year round.



4.2.

COMFORTABLE WORKING
CONDITIONS AND
EMPLOYEE WELL-BEING

In 2024, the Melon Fashion Group office expanded again due to the growth of the IDOL brand. A new space with spacious aisles and high-quality lighting was opened. Natural local materials were used in the decorative finishing of the office, such as textured plaster and dried flowers. A spacious showroom containing samples of fabrics from suppliers and future collections has been built for staff responsible for product development.



According to the My Voice engagement survey, the “**Workplace Comfort**” sub-metric – measuring employee satisfaction with workspaces, offices, and tools – reached a score of **8.2** out of 10. This exceeds the average for Russia’s Apparel Retail industry.



Melon Fashion Group uses regular, comprehensive labour market analytics and a staff motivation system to objectively evaluate employee performance and regularly adjust wages.

Another intangible motivational tool is a **50%** corporate discount on all ZARINA, Befree, LOVE REPUBLIC, SELA and IDOL brands.

In accordance with Russian legislation, employees working in the Far North regions and their children are provided with compensation for travel to and from their holiday destination.

All employees undergo mandatory occupational safety training in an interactive format when applying for jobs in the company's offices or stores. Office staff also familiarise themselves with the relevant occupational safety rules and documents via the personnel electronic document flow. The main conditions for the organization of labor protection, the rights and obligations of the company's employees are determined by the Regulations on Labour Protection.

Additional training materials on fire safety, electrical safety and first aid are available on the Melonia corporate portal.

Melon Fashion Group's social package for office and retail staff includes voluntary health insurance, financial assistance in the event of illness or the death of a relative, and the Best Benefits cafeteria, which offers discounts on medical examinations, household appliances, training, travel, and more.

51,3 MILLION RUBLES

were invested by the company in the voluntary health insurance for employees

3,6 MILLION RUBLES

were paid by the company as financial assistance

12 MILLION RUBLES

were saved by employees through the Best Benefits service

To help one maintain a healthy lifestyle, the headquarters has a spacious Melon Gym. Group classes in Pilates, stretching, dancing, circuits and strength training are held there every morning and evening, led by two full-time trainers. In addition, the company is developing its own running club, the Melon Fashion Run. Employees regularly go on team runs from the office and take part in large-scale city races.



At Melon Fashion Group's head office, regular check-ups are carried out: seasonal vaccinations, X-ray fluorography, twice-monthly visits to the doctor at the office.

In 2024, the office administered five vaccinations: one against tick-borne encephalitis, one against hepatitis B, one against diphtheria and tetanus, one against pneumococcus, and one against influenza and measles.

As part of the Melon Wellness online educational project, two lectures were held in 2024 in collaboration with licensed medical institutions, with the aim of improving employees' psychological well-being: “First Aid in Stressful Situations” and “Emotions: Learning to Recognise Them”.

In October, the company supported Pink October, an international campaign aimed at raising awareness of breast cancer. Employees across Russia were offered discounts and special deals on examinations at a network of medical clinics and laboratories. The corporate portal also provided detailed instructions on how to perform a breast self-examination and how to prevent breast cancer.



The company recorded one case of occupational injury in 2024.

4.3.

UNIVERSITY RECRUITING

Melon Fashion Group's HR department actively developed programmes for production practices, professional internships, and the employment of young staff and university graduates.

In 2024, the company continued to participate in federal projects aimed at providing career guidance to students and schoolchildren.

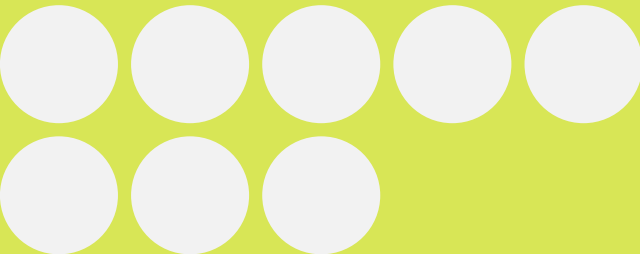
In order to find potential candidates for various positions within the product departments of different brands, the Melon Fashion Group team collaborated closely with several educational institutions, including the Stieglitz Academy, the University of Technology and Design, the Nevsky Institute of Design, the College of Saint Petersburg Fashion and the Grasser School of Cutting and Sewing. Partnering with educational institutions enables us to fill hard-to-fill design vacancies.

Melon Fashion Group employees regularly give lectures at universities and specialised conferences aimed at young people, in order to promote the HR brand and the company's image as an employer of young professionals.

5 BRANDS
ZARINA, BEFREE,
LOVE REPUBLIC, SELA, IDOL

3 DEPARTMENTS

Infrastructure, FAD, HR



**17
EDUCATIONAL
INSTITUTIONS**

**26
EXCURSIONS
IN THE OFFICE**

**84
INTERNS**

6 DIRECTIONS
PRODUCT, MARKETING, IT,
LOGISTICS, FINANCE, HR

**11
STAFF EMPLOYEES**

**800
STUDENTS**

**36
MEMBERS IN
CANDIDATES
POOL**

PROMOTION OF PROFESSIONAL DEVELOPMENT

The HR department and its specialists support the company's employees throughout their professional lives: from recruitment and induction to career development and retaining valuable staff.

In 2024, the Recruitment and Onboarding Group focused on:

A deep HR partnership within each department, taking an individual approach to each area;

Launching the leadership and human resources **Succession Planning project**;

Introducing automated HR analytics for personnel selection and adaptation based on BI reporting, as well as an increase in HR operations in the personnel electronic document flow;

Expanding the adaptation programme for newcomers at headquarters and affiliated offices;

Attracting young professionals for internships and subsequent employment;

Updating the employer profile page on hh.ru with audience segmentation by target groups and functional areas, benefits infographics, new dedicated sections: "Inclusive Workplace" and "Sustainability";

Supportive and motivational meetings are held to minimise burnout.

To help new office staff familiarise themselves with business processes,Melon Fashion Group hosts a Shop Day every month. On this day, newcomers experience what it's like to work in a store as an employee of the Rose Garden. The 11th Shop Day was held in 2024 and was attended by **12 new office workers**.

ОБУЧЕНИЕ

In 2024, the Talent Development Group conducted

149

offline and online training events, covering a wide range of topics on the development of soft skills for effective staff work.

The company's employees have invested in their own professional development

10 555

class hours

73

managers have successfully completed the "Muscle Factory for Leaders" and "LEVEL UP Muscle Factory" management courses.

The first online leadership course was held for the heads of the subsidiaries in Moscow, Shanghai, Belarus and Uzbekistan.

7

>90 participants

Adaptation meetings for beginners: "Insiders Meetup".

TRAINING IN THE FIELD OF SUSTAINABLE DEVELOPMENT

In 2024, the focus shifted from providing all employees with basic ESG training to creating business-oriented content. More than 50 hours of webinars and lectures on the topic of ESG were conducted by internal and invited experts in both online and offline formats.

>50 hours of webinars and lectures

As part of promoting sustainable development in the fashion industry, Melon Fashion Group published a year-long series of long-read articles and videos for office and retail employees, covering topics such as: **The Future of Fashion: Circular Business Models, Recyclable: The Journey of Plastic Waste, ESG Initiatives at Our Shanghai Office, Office Waste Sorting Guidelines, The Lifecycle of Products, Ethical Audit and other sustainability themes.** All information is freely available to employees on the corporate portal.

A lecture by **Artem Akshintsev** was held at the headquarters in October 2024. He is an academic ecologist and author of the blog "**Academ Eco**", dedicated to basic environmental issues and how the fashion industry contributes to them and how it can be minimised.



From 2024 onwards, all new employees of Melon Fashion Group required to complete an introductory course on the company's ESG strategy and the fundamentals of the **Green Office 2.0 project**. The **iSpring** educational platform contains: **12** thematic courses on sustainable development. **T&D departments** of brands continue to develop and include their own ESG courses for store employees in the program.

In 2024, employees spent over **125 hours** studying ESG-related courses in their field, with more than half of this time devoted to completing the mandatory Melon Fashion Group sustainability course.



4.4.

SOCIAL PROJECTS AND CHARITY

SUPPORTED EMPLOYMENT

For 11 years, Melon Fashion Group has been running an assisted employment programme in collaboration with the social project “Everything Will Work Out”. This programme provides young people with disabilities, orphanage graduates and individuals facing challenges in the job market with their first experience of working in Melon Fashion Group’s offices and stores. Candidates are mentored by specially trained company employees.

According to the results of 2024, in Melon Fashion Group stores and headquarters the first work experience was received by

48 candidates

helped them 49 employees mentors

3 candidates with disabilities joined the staff of stores



As part of the programme, Melon Fashion Group has employed candidates from Saint Petersburg, Moscow, Nizhny Novgorod, Surgut, Kaluga and Smolensk.

Thanks to the Melon Fashion Group’s initiative, a social franchise was created for regional NPOs as part of the “Everything Will Work Out!” collaboration, enabling as many young disabled people as possible to gain work experience and start earning money independently. The franchise project came third in the social project competition, “It’s about people: Companies Investing in the Future” in the “Creating a Society of Equal Opportunities” category.

Candidates of the Saint Petersburg branch of “**Everything Will Work Out: Rabota-i**” traditionally became participants in the meeting of veterans of **Pervomaiskaya Zarya** in **April 2024**. The children helped seniors climb the stairs and served as waiters at the tables. They also helped them get into a taxi after the event. Following the internship, one of the candidates secured a permanent position at the Melon Fashion Group office.



To inform employees and break down barriers to working with and interacting with people with disabilities, the **#MelonБезГраниц [MelonWithoutBorders]** internal corporate project Without Borders was launched. It publishes expert materials on various forms of disability, as well as personal stories of employees, inspiring stories of famous people and bloggers with disabilities, and stories about special animals.

MELONБЕЗ ГРАНИЦ:

On 5 September 2024, the headquarters hosted the first Charity Day featured: an award ceremony for mentors of the supported employment programme, a quiz on charity and inclusion, and a charity fair of the “**House of the Deaf-Blind in Puchkovo**” Charity Foundation and “**Prostye Veshchi**” inclusive workshop. The latter also produced exclusive ceramic dishes bearing the inscription “**Happiness exists**” as New Year's gifts for their partners, in order to promote an inclusive agenda.



CORPORATE VOLUNTEERING

The company conducted several corporate volunteering campaigns in 2024.

60 Melon Fashion Group volunteers delivered over **170** holiday food packages to veterans of Pervomaiskaya Zarya for their New Year celebrations. Office volunteers delivered gifts to veterans who were unable to attend the traditional spring meeting of Pervomaitsy.



Melon Fashion Group continues to provide financial assistance to retirees who worked for **Pervomaiskaya Zarya, Kurt Kellermann**, and Melon Fashion Group for over **20 years**. The amount of payments is equal to the state pension. In 2024, payments were indexed.

The Melonians organised a general collection to pay for the treatment of the one-year-old daughter of one of the company's employees, who had a melanoma nevus on her scalp and neck. The required amount was fully collected in less than two months.



Two Donor Days were held at the headquarters in 2024.

160

OFFICE STAFF
DONATED



72

LITERS OF
BLOOD

in favour of the city's blood transfusion station, which is in dire need of support and donations of blood.



CHARITY WORK

We believe that the purpose of any business is not only to achieve financial growth and profitability, but also to take responsibility for society and help those in need.

The amount of social investments in 2024 was

44,3

MILLION RUBLES

SECTION 5

CORPORATE GOVERNANCE

TOP MANAGEMENT

The top management team at Melon Fashion Group is strong and cohesive, and its members are real ambassadors for their fields and the company. They are responsible for the efficiency and growth of the business, as well as the well-being of employees. They set the right course for developing and supporting internal teams.



ANNA MAZURIK
ZARINA BRAND DIRECTOR

TATIANA BREDIKHINA
BEFREE BRAND DIRECTOR

NATALIA PILYAVSKAYA
LOVE REPUBLIC BRAND DIRECTOR

ANNA MILANOVICH
SELA BRAND DIRECTOR

OLGA VERTS
IDOL BRAND DIRECTOR

IGOR MALTINSKY
CHIEF DEVELOPMENT OFFICER

NATALIA SAMUTICHEVA
CHIEF FINANCIAL OFFICER

ELENA BICHEVAYA
HR AND ORGANISATIONAL DEVELOPMENT DIRECTOR

YULIA SHEVKALENKO
CHIEF INFRASTRUCTURE OFFICER

5.2.

BUSINESS ETHICS
AND COMPLIANCE

Trust, ethics and humanity form the core of Melon Fashion Group's identity and guide our interactions with the outside world. This enables us to establish honest and robust partnerships with our shareholders, investors, suppliers, employees and consumers. We adhere to high business standards and strictly monitor compliance of our activities with regulatory requirements and ethics rules. The Code of Ethics describes the principles of business conduct. The document can be found on the company's official website, under the "Sustainability" section, and on the Melonia corporate portal for employees.

Our partners are our reputation. We ensure that our new and current partners adhere to the same high standards of responsible business as us. In 2024, Melon Fashion Group's legal department developed new contract templates and automated the counterparty verification system. They also created a website containing mandatory delivery terms and conditions, including an anti-corruption clause, to protect the company and reduce the risk of violations.

In 2024, there were no confirmed corruption violations in the company.

The Code of Ethics and Business Conduct is a key document for interactions with partners and other stakeholders. It has been developed in accordance with legal requirements and the recommendations of local and international regulatory authorities in the countries where Melon Fashion Group operates. It also takes into account the norms of international law, global business practice and other regulatory documents. In addition to this Code, the company has internal regulatory documents that disclose certain of its provisions.



DIRECT LINE

There is a "Direct Line" for employees, partners, customers and other interested parties, which is a single feedback channel where you can contact us openly or anonymously with suggestions, ideas, complaints or information affecting the company's processes and reputation.

Kept, an independent consulting company, is responsible for processing data and maintaining confidentiality.

Direct Line contacts:

+7 (800) 550-75-53

mfg_directline@kept.ru

IN 2024, THE DIRECT LINE RECEIVED 14 COMPLAINTS ON LABOUR ISSUES. EACH REQUEST WAS PROMPTLY PROCESSED BY THE INTERNAL CONTROL SERVICE IN COOPERATION WITH THE HR SUPPORT GROUP.

RISK MANAGEMENT

Melon Fashion Group's internal control system operates on the basis of COSO's integrated risk management model.

The Internal Control Service (ICS) carries out internal audit activities.

Melon Fashion Group has developed a special registry which includes a list of risks and their severity, as well as risk indicators, the frequency of monitoring and ways to prevent and respond to risk. The document is regularly reviewed to ensure its continued relevance when interacting with the heads of structural divisions.

5.3.

INFORMATION SECURITY

The Information Security Department at Melon Fashion Group is responsible for the security of the Infrastructure Department's information.

Its specialists monitor compliance with information security legislation and provide comprehensive protection of the company's infrastructure. They also manage information security risks, respond to incidents, protect data and confidentiality, monitor and analyse threats, and develop and test business continuity plans within IT.

The Melon Fashion Group's Information Security Policy is a key document in the field of information security. Its requirements apply to all company employees and other individuals involved in internal business processes, or who have access to Melon Fashion Group information or systems.



PERSONAL DATA PROTECTION

The Legal Department's specialists, together with those in the Information Security Department, ensure compliance with all legal requirements relating to the protection of personal data.

All relevant laws and regulations relating to the protection of personal data are complied with by the company and its employees. The company takes the necessary technical and organisational measures to ensure the confidentiality and integrity of personal data of employees and customers of the brands.

Each new employee who joins the company's staff must sign a consent form for the processing, storage and dissemination of personal data. They must also familiarise themselves with a set of local regulations related to personal data and sign to confirm that they have done so.

Recognising the importance of protecting the personal information of our customers and brand loyalty programme members, we work to protect the servers of our branded online stores from unauthorised access.

5.4.

RESPONSIBLE
SUPPLY CHAIN

We recognise that, of all the company's processes, clothing production has the greatest environmental impact and requires additional attention and control.

An important aspect of implementing Melon Fashion Group's ESG strategy is collaborating with suppliers, overseeing the production of branded products, and developing a sustainable supply chain.

Detailed information about the selection criteria for Melon Fashion Group suppliers can be found in the "Supplier Policy" file in the "[Policy and Standards](#)" section of the company's official website.

In 2024, the Sustainable Development Group launched a training video course for product brand employees on the greening of outerwear, given that it is a complex, multi-component product.

ENVIRONMENTAL ASPECTS

In 2024, Melon Fashion Group's brands continued to offer products made from natural, ecological, and recycled materials.

The company produces denim collections in factories using **Jeanologia and Tonello** equipment to apply prints and create a scuffed effect with lasers. Products are also washed using ozone to minimise or eliminate the use of water.

During the production audit, it was found that some suppliers use solar panels and multi-level wastewater treatment systems, as well as water treatment plants, to return water to the production cycle.

SOCIAL ASPECTS

All of the suppliers of Melon Fashion Group must accept and sign the Code of Conduct for Business Partners.

The company regularly carries out ethical audits of its largest suppliers' factories. In addition to verifying the availability and accuracy of the necessary documentation and equipment in production facilities, the audit involves conducting interviews with factory employees of various ages, genders, and job roles. Discussions with workers, both individually and in groups, cover issues such as working conditions, work experience in the audited company, timely payment of wages, and the provision of technical and fire safety training. The absence of discrimination, corruption and child labour is also part of the assessment.

To improve the social and environmental practices of its partners, the Melon Fashion Group team provides training for their employees.

ECONOMIC ASPECTS

Supplier diversification enables fashion retailers to minimise the risks associated with placing orders for the production of their collections abroad, particularly in the context of logistical crises and sanctions.

The company controls the equipment of factories and the quality of shipped collections.

All products from the ZARINA, Befree, LOVE REPUBLIC, SELA and IDOL brands are subject to mandatory certification in accordance with legal requirements. This includes certification to confirm that products in the children's range comply with the relevant regulations.

OUR PRINCIPLES

COMPLIANCE

- Fair pay and avoidance of discrimination, child labour and forced labour
- A safe, hygienic and healthy workplace with transparent and traceable production processes

QUALITY ASSURANCE

- Paying attention to each stage of production
- Complying with all applicable standards, including sanitary and technical requirements
- Quality control

ENVIRONMENTAL PROTECTION

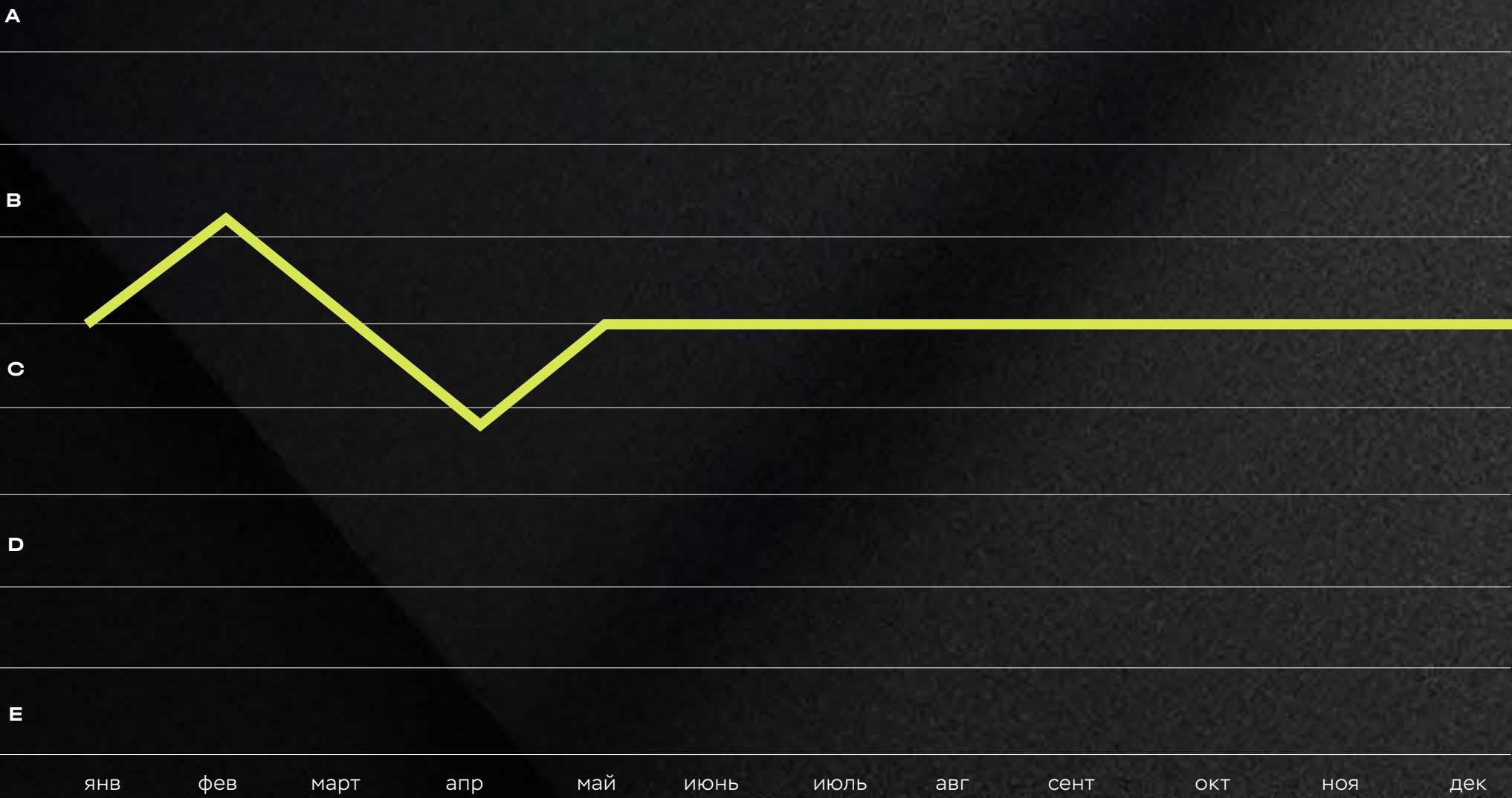
- Promotion of a conscious approach to the production of goods and the recycling of waste
- No use of banned and dangerous chemicals in production

TRANSPARENCY AND TRACEABILITY. MONITORING COMPLIANCE WITH STANDARDS

To increase the proportion of products manufactured in ethically audited factories, Melon Fashion Group continues to inspect production sites. If any deficiencies are identified, a corrective action plan is sent to the factory. After that, reports are requested in order to eliminate the identified deficiencies.

In 2024, an ethical audit was carried out by both outsourcing companies and accredited employees of the Shanghai office of Melon Fashion Group. The rating scale for the company's ethical audits corresponds to internationally accepted values from A to E, with A being the highest score and E being an unacceptable level.

THE AVERAGE SCORE FOR FACTORIES THAT PASSED AN ETHICAL AUDIT IN 2024 IS C.



Melon Fashion Group also accepts audit reports conducted by international organisations such as WRAP, Sedex and Amfori at the factories where ZARINA, Befree, LOVE REPUBLIC, SELA and IDOL collections are produced. At the end of the external audit period, we request an updated report of the audit results and record the results in the internal system.

In 2024, an interactive production map was incorporated into the internal accounting system to enable more detailed monitoring of production facilities. This enables you to see the exact location of the factory, helping you to avoid the risks associated with placing orders in remote regions.

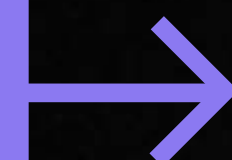
2024 PROJECT RESULTS

STRENGTHS OF PROVEN FACTORIES

- Formal employment with regular payment of fair wages
- Compliance with fire safety and concern for the health of employees
- Absence of child labour and discrimination
- Willingness of factory management to correct the identified shortcomings

WEAKNESSES OF PROVEN FACTORIES*

- Weak control of energy consumption and emissions into the atmosphere
- Insufficient attention to noise levels in the workplace
- Incorrect waste management
- Lack of environmental training programmes



50%

of products are manufactured in ethically audited factories

*When defects are identified, we make recommendations to factories on how to eliminate them and monitor the process. In 2024 the factories were provided with **51 documents** containing recommendations for remedial actions

500

suppliers and more than 1,400 factories

C

Average score according to the audit results

PLANS ACCORDING TO THE 2025 PROJECT

Continue to train suppliers on the principles of sustainable development

Maintain the percentage of products produced in ethically audited factories at least 50%

Increase the number of the company's own employees certified for conducting ethical audit of suppliers

SECTION 6

PLANS FOR 2025

MELON FASHION GROUP WILL CONTINUE ITS SYSTEMATIC WORK IN THE FIELD OF SUSTAINABLE DEVELOPMENT, TAKING INTO ACCOUNT THE FOLLOWING ASPECTS:

01	Expansion of the Green Office programme: increasing the number of waste streams collected, organising the arrival of an ecomobile at the headquarters for the recycling of complex waste streams	07	Maintaining the percentage of products produced in ethically audited factories at least 50%
02	Development and optimisation of the clothing collection programme in the company's brand stores	08	Implementation of eco-friendly solutions in packaging and product production
03	Development of the corporate volunteering programme in parts E and S	09	Informing customers about various aspects of sustainable development and involving them in the brands' environmental and social initiatives through social networks and special projects
04	Development of specialised training programmes for employees in the field of sustainable development	10	Linking the company's sustainable development activities to the National Development Goals of the Russian Federation
05	Increase in the level of knowledge of suppliers in the field of sustainable development		
06	Increase in the number of the company's own employees certified for conducting ethical audit of suppliers		



SECTION 7

ABOUT THE REPORT

7.1.

APPROACH TO THE REPORT PREPARATION

The HR Department of Melon Fashion Group is engaged in the preparation of the report in the field of sustainable development, including the collection of non-financial data, as well as its publication.

This report's structure and content are consistent with the best practices of market leaders and the recommendations of international standards and guidelines, including the Global Reporting Initiative (GRI) and the UN Sustainable Development Goals (SDGs).

In this report, Melon Fashion Group discloses information about its activities in the field of sustainable development, as well as its interactions with customers, employees, suppliers, and other interested parties with regard to sustainable development.

The Sustainability Report is issued annually. The report for the 2023 calendar year was published on 10 July 2024.

More detailed information about Melon Fashion Group's activities and its brands can be found in the 2024 Annual Report, which is published on the official website: www.melonfashion.ru.

7.2.

REPORT LIMITATIONS

This report covers the period from 1 January to 31 December 2024.

All the quantitative data is provided as at 31 December 2024.

Unless stated otherwise, the information disclosed in this report exclusively covers the activities of Melon Fashion Group JSC.

Unless otherwise indicated, the report does not disclose information about the activities of Melon Fashion Group's franchised stores in Russia, Kazakhstan, Belarus, Armenia and Kyrgyzstan.

SECTION 8

APPENDICES

8.1.

THE NUMBER OF MELON FASHION GROUP EMPLOYEES
BY GENDER AND AGE*

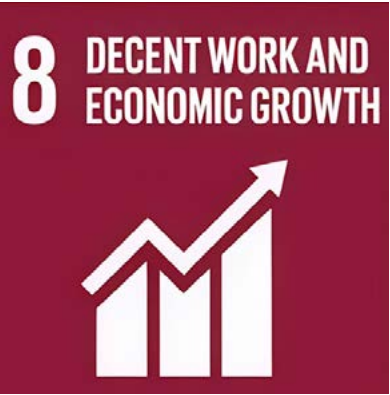
	2020	2021	2022	2023	2024
TOTAL NUMBER OF EMPLOYEES AS OF THE END OF THE REPORTING PERIOD	5 467	5 607	6 934	8 522	8 658
Sex					
Women	5 094	5 197	6 383	7 735	7 868
Men	373	410	551	787	790
Age					
Under 30 years of age	3 723	3 751	4 851	6 083	6 173
30-50 years old	1 679	1 791	2 004	2 350	2 362
Over 50 years old	65	65	79	89	123

* THE DATA PRESENTED ON THIS PAGE COVERS MELON FASHION GROUP JSC AND ITS SUBSIDIARIES IN RUSSIA AND ABROAD

8.2.

UN SDGS RELEVANT TO MELON FASHION GROUP

KEY UN SDGS



SDG 8 - DECENT WORK AND ECONOMIC GROWTH

We provide comfortable working conditions for all our employees and promote their professional development.



SDG 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION

We are improving our business processes by implementing solutions for more rational use of natural resources.



SDG 13 - COMBATING CLIMATE CHANGE

We minimise our negative impact on climate change and to raise customer awareness of environmental issues.

INDIRECT UN SDGS



SDG 3 - GOOD HEALTH AND WELL-BEING

We care about the health and well-being of every member of our team.



SDG 9 - INDUSTRIAL DEVELOPMENT, INNOVATION AND INFRASTRUCTURE

We are working with factories that innovate and operate according to the principles of sustainable development.

8.3.

CONTRIBUTION OF MELON FASHION GROUP TO RELEVANT UN SDGS

KEY UN SDGS

ASSIGNMENT		COMPANY'S OPERATIONS IN 2024	
SDG 8 - DECENT WORK AND ECONOMIC GROWTH			
8.3. To promote development-oriented policies that is ministerial to productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formal recognition and development of micro, small and medium-sized enterprises, including by providing them with access to financial services.		OrganiSation of coaching sessions for office staff Conducting training for office and store employees	
8.5. By 2030, to ensure full and productive employment and decent work for all women and men, including young people and people with disabilities, and equal pay for work of equal value.		Creating an inclusive work environment Development of an assisted employment project for young disabled people who have experienced orphanhood	
8.8. To protect labour rights and promote safe and secure working conditions for all employees, including migrant workers, especially migrant women, and those without stable employment.		Social projects and charity Monitoring of working conditions at the enterprises of key supplier factories	

CONTRIBUTION OF MELON FASHION GROUP TO RELEVANT UN SDGS

KEY UN SDGS

ASSIGNMENT		COMPANY'S OPERATIONS IN 2024	
SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION			
12.5. By 2030, to significantly reduce the volume of waste by taking measures to prevent their formation, reduce them, recycle and reuse.		Implementing the “Green Office” project in terms of the separate waste collection in the office. Implementing regular campaigns for the collection of individual waste fractions, such as soft plastics and small household appliances. Collecting plastic packaging and cardboard in the Utkina Zavod warehouse	
SDG 13 – COMBATING CLIMATE CHANGE			
13.2. To integrate climate change responses into policies, strategies and planning at the national level.		Switching to more energy-efficient solutions in stores Certification of stores for compliance with the Green Zoom standard for sustainable building of the Research Institute for Sustainable Development in Construction Calculating greenhouse gas emissions	
13.3. To improve education, dissemination of information and the capacity of people and institutions to mitigate the effects of climate change, adaptation to them and early prevention.		Conducting eco-educational campaigns by Melon Fashion Group brands	

CONTRIBUTION OF MELON FASHION GROUP TO RELEVANT UN SDGS

INDIRECT UN SDGS

ASSIGNMENT		COMPANY'S OPERATIONS IN 2024	
SDG 3 – GOOD HEALTH AND WELL-BEING			
3.4. By 2030, to reduce premature mortality from non-communicable diseases by a third through prevention and treatment and mental health and well-being maintenance.		Providing medical assistance to employees, including the organization of a doctor's appointment in the office Providing office and retail store employees in Saint Petersburg, as well as their family members, with access to the corporate gym	
3.8. To ensure universal health coverage, including protection from financial risks, access to quality basic health services and access to safe, effective, high-quality and affordable essential medicines and vaccines for everyone.		Provision of a voluntary health insurance certificate Seasonal vaccinations and fluorography at the company's office	
SDG 9 – INDUSTRIAL DEVELOPMENT, INNOVATION AND INFRASTRUCTURE			
9.4. By 2030, to update infrastructure and re-equip industrial enterprises, making them sustainable by increasing the efficiency of resource use and wider use of clean and environmentally friendly technologies and industrial processes, with the involvement of all countries in accordance with their individual capabilities.		Environmental audits of suppliers and preparation of strategies to eliminate identified violations	

8.4.

METHODOLOGY FOR CALCULATING GREENHOUSE GAS EMISSIONS

Melon Fashion Group's greenhouse gas emissions for 2024 were calculated with the help of a certified contractor who had the necessary expertise and experience.

The methodology of The GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition), as revised in 2015, was used to calculate emissions.

The calculation included the offices and stores of Melon Fashion Group JSC within the territory of the Russian Federation.

The calculation excluded franchised stores, as well as offices and stores located outside the Russian Federation. Calculated coverage of the total number of Melon Fashion Group stores is 99.86%.

The calculation was carried out for the period from 1 January 2024 through 31 December 2024.

The base year for the calculations is the 2022 calendar year. Data for 2021 was taken from the 2022 Sustainability Report.

The total and specific volumes presented in the report were calculated based on the calculation of direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions.

VOLUME OF DIRECT EMISSIONS OF MELON FASHION GROUP (SCOPE 1)	2020	2021	2022	2023	2024
Total direct emissions, tons of CO ₂ -eq.	126,8	120,6	139,2	140,1	198,2
Refrigeration units, tons of CO ₂ -eq.	99,7	90,0	107,2	109,4	173,8
Mobile fuel combustion, tons of CO ₂ -eq.	27,0	30,6	32,0	30,7	24,4
VOLUME OF INDIRECT EMISSIONS OF MELON FASHION GROUP (SCOPE 2)					
Total indirect energy emissions, tons of CO ₂ -eq.	14 172,2	19 955,2	19 454,1	24 544,4	30 935,3
Power consumption, tons of CO ₂ -eq.	63 32,9	10 808,3	9 049,1	11 109,4	12 918,0
Heat consumption, tons of CO ₂ -eq.	7 839,2	9 146,8	10 405,0	13 435,0	18 017,3
TOTAL GREENHOUSE GAS EMISSIONS ¹ (SCOPE 1 + SCOPE 2)					
Total emissions, tonnes of CO ₂ -eq.	14 299,0	20 075,8	19 593,4	24 684,6	31 133,5

¹Data on the "Greenhouse gas emissions" block are calculated on the basis of data for offices and stores of Melon Fashion Group JSC in Russia.
²Greenhouse gas emissions relating to electricity consumption between 2020 and 2022 have been recalculated due to the refinement of coefficients.

PERFORMANCE SPECIFICATION

SCOPE 1

In 2024, the volume of direct emissions (Scope 1) was 198.23 tonnes of CO₂-equivalent, which is a 41.44% increase on last year.

The increase in refrigerant consumption is due to three factors: growth in the chain, opening of new retail facilities and changes to the technical equipment in existing facilities. Some relocated stores, for example, have replaced previously used fan coils with air conditioners and split systems that use R410a refrigerant.

The reduction in emissions associated with mobile fuel combustion is due to a 0.39% reduction in gasoline consumption and a 22% reduction in diesel fuel consumption.

SCOPE 2

Due to the growth of the chain and an increase in the retail space of the chain's stores, there was a 16% increase in electricity-related emissions and a 34% increase in heat energy emissions compared to 2023.

The non-linear increase in emissions associated with electricity and heat consumption, relative to changes in area, is due to a significant increase in retail space and expansion occurring in the second half of 2023. This means the facilities did not operate for a full calendar year.

Total Scope 2 emissions in 2024 amounted to 30,935 tons of CO₂-equivalent. Compared to 2023, emissions increased by 26%.



**CONTACT
DETAILS**

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10-IA KRASNOARMEISKAIA, HOUSE 22,
LETTER A, PREMISES 1-H, FLOOR 6.

PHONE NUMBER: +7 812 240 46 20

ISSUES RELATED TO THIS
REPORT AND THE SUSTAINABLE
DEVELOPMENT OF MELON
FASHION GROUP
MAY BE SENT TO:

ESG@melonfashion.com

SOCIAL MEDIA



www.melonfashion.ru



[@melon_fashion_group](https://vk.com/melon_fashion_group)



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