

SUSTAINABLE DEVELOPMENT POLICY



CONTENTS:

Introduction	3
Objectives and targets	3
Scope	3
Control of observance of provisions of the Policy	4
Effective period and revision procedure	4
International sustainable development initiatives by which the Company is guided.....	4
Basic principles of activity in the field of sustainable development.....	5
Main areas of activity of the Company in the field of sustainable development.....	6
1. Environmental responsibility and mitigation of negative climate effects.....	6
2. Responsible supply chain	7
3. HR management and occupational safety	7
4. Customer interaction and responsible marketing	8
Management system in the field of sustainable development	9
Preparation of reporting in the field of sustainable development.....	9
Final provisions.....	9
List of terms and definitions.....	10

INTRODUCTION

This Sustainable Development Policy (hereinafter referred to as the "Policy") of Melon Fashion Group (hereinafter referred to as Melon Fashion Group, the "Company" or "we") determines the main approaches of the Company to the matters of responsible conduct of business to the extent of environmental, social responsibility and effective corporate management.

By continuing to provide high quality of products and service, we seek to make a contribution to the development of conscious approach in the field of fashion, and to give its clients an opportunity to follow the principles of responsible consumption. By adopting this Policy, we secure the course towards improvement of our practices in the field of sustainable development, including in the field of development of corporate management and fulfillment of socially oriented and environmental initiatives, taking into account the provisions of key stakeholders.

The Policy corresponds to the bases of our corporate culture – the culture of freedom, business, common sense, start-up spirit, brevity, openness and conscious development – and is focused on the achievement of our primary objective – being in the vanguard of fashion retail.

OBJECTIVES AND TARGETS

The objectives of this Policy are to express the position and to determine the key principles of operation of Melon Fashion Group in the field of sustainable development and responsible business.

The targets of this Policy are to determine the areas of operation and to secure intentions in the field of sustainable development.

SCOPE

The Policy applies to all personnel, heads of structural subdivisions and top management of Melon Fashion Group, as well as to suppliers, contractors, business partners and other persons engaged by the Company. This Policy shall be considered in conjunction with the principles and approaches described in other documents of the Company that regulate the matters of sustainable development.

CONTROL OF OBSERVANCE OF PROVISIONS OF THE POLICY

This Policy is approved by the General Director of the Company. Control of observance of provisions of the Policy is performed by the Sustainable Development Group of the HR and Organizational Development Department.

EFFECTIVE PERIOD AND REVISION PROCEDURE

The Policy shall be revised as and when necessary, but at least once every five years, in terms of its relevance and compliance with applicable standards and practices. Representatives of the Key Management of the Company may initiate revision of the Policy. The revisions are subject to approval and adoption by the General Director. After revising, the document is published in open access for all parties concerned.

INTERNATIONAL SUSTAINABLE DEVELOPMENT INITIATIVES BY WHICH THE COMPANY IS GUIDED

In our operations, we are guided by the best global practices in the field of sustainable development, and we follow such key regulatory documents in this field as:

- Sustainable Development Goals published by the United Nations (UN);
- UN Framework Convention on Climate Change and Paris Agreement;
- Universal Declaration of Human Rights;
- UN Guiding Principles on Business and Human Rights;
- International Labour Organization (ILO) Forced Labour Convention, ILO Declaration on Fundamental Principles and Rights at Work and other ILO Declarations in the field of sustainable development.

The Company shares the principles declared by such designated organizations and initiatives as Sustainable Apparel Coalition, Global Fashion Agenda and Ethical Trading Initiative.

BASIC PRINCIPLES OF ACTIVITY IN THE FIELD OF SUSTAINABLE DEVELOPMENT

Ethical business

We are governed by the best global practices of transparent and fair business conduct. We seek to ensure observance of high ethical standards in all aspects of our operations, including in interaction with parties concerned.

Observance and respect of human rights

We strictly observe the human rights. We reveal, evaluate and seek to prevent any risks connected with potential negative impact on human rights both in our own operations and in our supply chain.

Compliance with the laws

We observe Russian and international laws in all spheres applicable to the Company, and we regularly analyze the compliance of our practices to laws and statutory regulations in the countries of operation.

Resource saving

We develop and implement practice of careful use of resources, to mitigate negative environmental impact.

Aspiring to permanent improvement

We continuously research, analyze and introduce the best global practices in all fields of operation, seeking to become the leading company in the industry.

Interaction with concerned parties

We do our best to build an effective interaction and communication with all parties concerned, and to make weighed mutually advantageous decisions, taking into account their provisions and expectations.

Setting and achieving sustainable development goals

We intend to determine the purposes of Melon Fashion Group in the field of sustainable development and to focus on their achievement in our day-to-day operations. We will inform the personnel of the Company and other parties concerned on the goals set and on the progress in their achievement.

Responsible corporate management

We optimize and revise corporate governance practices, introducing the principles of common sense, laconicism and openness in our business processes at all levels.

Report publication

We are implementing the practice of sustainable development reporting as the main source for informing of the parties concerned, in an intelligible and clear form, of the operations, key directions, achievements and plans of Melon Fashion Group in the field of sustainable development.

MAIN AREAS OF ACTIVITY OF THE COMPANY IN THE FIELD OF SUSTAINABLE DEVELOPMENT

1. Environmental responsibility and mitigation of negative climate effects

We realize our negative environmental impact and we seek to mitigate it, including by implementation of initiatives in the field of responsible waste management, expansion of sustainable packaging application and implementation of solutions for energy efficiency improvement. We seek to draw public attention to the problems connected with the environmental situation, and to become the drivers of "green agenda" in fashion retail.

As for environmental responsibility and mitigation of negative impact on the climate and the environment, we intend to:

- ensure compliance of our own operations with requirements of environmental laws and environmental safety;
- estimate environmental and other risks, including climate risks associated with operations of the Company and to develop actions aimed at prevention and mitigation of the negative impact;
- develop a responsible waste management system, including recycling practices;
- expand the use of eco-friendly types of packaging;
- increase the efficiency of consumption of electric power, introducing the application of modern solutions in offices and retail stores;
- introduce practices of responsible resource consumption in the offices of the Company, develop "green office" programs;

- educate employees and consumers in the field of environmental safety, increase their knowledgeability and involvement in environmental agenda of the Company;
- ensure reliability, openness and transparency of information connected with environmental responsibility of the Company and its impact on climate change processes.

2. Responsible supply chain

We pay close attention to the organization of supply chain and choice of prospective partners. We oblige the suppliers to observe the Code of Conduct for business partners, which incorporates standards of ethical and responsible business conduct, and compliance with environmental regulations.

We declare the following intentions in the field of creation of a responsible supply chain:

- to ensure traceability of the supply chain;
- to exercise control of product safety and quality, to take special care of items intended to be used by children;
- to develop interaction with suppliers which conduct business based on sustainable development principles, in particular, those having certification for raw materials or certification in the field of sustainable manufacture practices and resource friendliness;
- on a regular basis, to perform audit of production facilities for compliance with applicable laws;
- to initiate social and environmental audit of suppliers and to assist in the remedying of any violations discovered;
- to lend support to suppliers in the development of environmental and social responsibility practices.

3. HR management and occupational safety

We highly appreciate the employees and we do our best to ensure comfortable conditions of work, wellbeing and professional growth of all team members of Melon Fashion Group. We consistently build the Company's operations in order to be a magnet for talents.

In the field of HR management and occupational safety, we intend to:

- strictly observe the existing labour laws of the Russian Federation;
- guarantee equal rights and opportunities to each employee, not to allow any forms of discrimination;
- create and support decent, safe and comfortable working conditions;
- develop initiatives aimed at support of health and wellbeing of employees;
- support the initiatives of employees in respect of activity of the Company, create conditions for their personal development in Melon Fashion Group;
- contribute to professional growth of employees, develop possibilities for advanced training and provide regular feedback;
- develop accompanied employment practice for young people with physical disabilities, orphanage and correctional school alumni.

4. Customer interaction and responsible marketing

Customer care is a key element of our strategy. In addition to creating products with observance of strict quality requirements, ethical and environmental production standards, we provide reliable and up-to-date information on our products, as well as we involve clients in our sustainable development projects and initiatives. Thereby we support our clients in the choice of mindful approach to consumption and we contribute to the development of responsible consumption culture.

With continuous development in this area, we intend to:

- improve the methods of communication with clients, including develop feedback channels;
- take into account customer expectations and requests in the planning of Company operations;
- provide complete, reliable and relevant information on activity of the Company and its products;
- maintain a high level of servicing for all clients of Melon Fashion Group;
- involve clients in environmental and social agenda of the Company, supporting their aspiration to contribute to sustainable development.

MANAGEMENT SYSTEM IN THE FIELD OF SUSTAINABLE DEVELOPMENT

We follow a comprehensive approach to the creation of a management system for economic, environmental and social aspects of activity of the Company. Governed by advanced business practices, we seek to integrate the issues connected with sustainable development into the general corporate management structure.

We consistently deal with risks in the field of sustainable development, such risk management is part of the risk management system of Melon Fashion Group.

We openly inform the personnel of the Company on our operations in the field of sustainable development and we seek to introduce the awareness principle into all our working processes.

PREPARATION OF REPORTING IN THE FIELD OF SUSTAINABLE DEVELOPMENT

We develop our practices of disclosure of key information on activity of the Company in accordance with all applicable standards in the field of sustainable development. We intend to make annual Sustainability Reports disclosing essential non-financial information, and to provide free access thereto to all parties concerned. Заключительные положения

FINAL PROVISIONS

We arrange mandatory familiarization of all employees with provisions and principles fixed in this Policy.

For all issues connected with sustainable development of Melon Fashion Group please contact esg@melonfashion.com

Any violation regulations of the Policy may be reported, openly or anonymously, by direct line of Melon Fashion Group **+7 (800) 550 75 53** or by e-mail **mfg_directline@kpmg.ru**.

LIST OF TERMS AND DEFINITIONS

Top Management

the Board of Directors, the General Director, as well as other persons that carry out management of the Company in accordance with the Labour Code of the Russian Federation, statutory regulations and other federal laws.

Concerned party

an individual or legal entity which has a direct or indirect effect on the activity of the Company and has certain expectations and positions in respect of this activity

Sustainable development

the development based on the satisfaction of needs of the current generation so as not to undermine the possibility to satisfy the needs of future generations.

Sustainable development goals

a general call for action for the improvement of welfare of people all over the world in the balance with environment preservation and combating climate change. 17 goals adopted by all UN member states in 2015 as part of the 2030 Agenda for Sustainable Development, designed to ensure achievement of sustainable development processes on the planet.
