



Pioneering for
a Sustainable
Retail Future

ESG Report 2023





Recycled

18,084

tons of general material

Sold

5,315,595

SAR

worth of plastic cartons

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01

Introduction

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About this Report

Panda Retail's Environmental, Social, and Governance (ESG) Report seeks to articulate how our business adds value, in the broadest sense of the word, to our various stakeholders and providers of capital, while we seek to minimize any adverse impacts that our operations and activities may generate.

We do this by growing our business and constantly seeking innovative ways to improve the quality of our products in a spirit of partnership and collaboration with our host communities.

We recognize that sustainability is a journey, one that Panda is constantly advancing on. This, our first ESG Report, signals the next step in transparency around our ESG approach and its impact.

Reporting period and boundary

The information published in this report covers the period from 1 January to 31 December 2023 and includes all of Panda Retail Company's operations across 187 stores throughout the Kingdom of Saudi Arabia.

Reporting frameworks

This report has been prepared using the overarching guidelines of the Global Reporting Initiative (GRI). Given our position among Savola Group's subsidiaries, we are committed to improving our ESG practices and reporting in line with the requirements and protocols of Savola Group.

Our ESG reporting is aligned with the Saudi Exchange Principles for Responsible Investment (Tadawul).





Panda at a Glance

Panda Retail Company, headquartered in Saudi Arabia, is one of the main retail chain businesses in the Middle East and the biggest grocery retailer in the Kingdom. In 2023, Panda achieved a net profit of SAR 47 million, positioning the company as a substantial market player. Our Panda Plus customer loyalty program is part of an omnichannel strategy that seamlessly integrates both physical and digital shopping channels.

Footprint

With 187 stores across various regions in Saudi Arabia, Panda's services and products extend to in excess of 30,000 items. Through its various markets and e-commerce initiatives, Panda serves more than 300 million visitors annually.

Panda operates two types of stores: HyperPanda (larger stores) and Panda Supermarkets.



+100 million

in-store customers annually



4

main distribution centers in the KSA



27,635

stock keeping units (SKUs) for grocery food and grocery non-food products

Total SKUs are more than 45,000



500

temperature-controlled trucks



Vision

To be the leading sustainable retailer, innovating to delight the communities we serve every day.



Mission

To empower our colleagues, customers, and communities to improve their quality of life by creating value and enhancing well-being.

History

Panda began as a single store in Riyadh and steadily grew into one of the leading retail chains in Saudi Arabia. Through strategic mergers, acquisitions, and its parent company's support, Panda expanded its presence across the Kingdom and beyond. Along the way, it introduced significant initiatives, including a notable corporate social responsibility program, and rebranded to reflect its evolving identity. Today, Panda operates an extensive network of stores across the Middle East, continuing to expand its reach and optimize its services to better serve its customers.

<p>This single store grows to a network of around 40 stores, when Panda merged with the Azizia Company to create Azizia Panda United.</p>	<p>Panda introduces the HyperPanda hypermarket stores into Riyadh.</p>	<p>Panda merges with Giant Stores and assumes a leadership position in the entire Saudi market in both main and regional cities.</p>	<p>Panda Retail Company expands its reach beyond the Kingdom of Saudi Arabia and opens a store in Egypt.</p>					
<p>1978</p>	<p>1994</p>	<p>1998</p>	<p>2004</p>	<p>2006</p>	<p>2008</p>	<p>2009</p>	<p>2015</p>	<p>2023</p>
<p>Panda's story can be traced back to its first store opening 46 years ago in Riyadh, Kingdom of Saudi Arabia.</p>	<p>Savola Group acquires Azizia Panda United. Under the umbrella of its new Savola parent company, Azizia Panda United grew rapidly into a robust market leader in Saudi Arabia.</p>	<p>Panda launches the Leave the Change for Them initiative, which encourages customers to leave any small change from their cash purchases for the benefit of disabled children in the Kingdom.</p>	<p>Panda reaches yet another milestone, expanding its hyper format footprint by acquiring all the Giant Hyper Stores in Saudi Arabia.</p> <p>Azizia Panda United rebrands as the Panda Retail Company.</p>	<p>Today, Panda's store network encompasses 187 stores and 13,941 employees in the Middle East.</p>				

CEO's Statement



As Panda Retail Company releases its first ESG Report, I am proud to share the details of our commitment to sustainability and our progress in embedding it into our culture and operations. We aim to be a retail sector leader in sustainability in the Kingdom of Saudi Arabia.

Our key sustainability performance indicator for this year is the successful launch of this ESG Report, reflecting our dedication to transparency and sustainability.

We're committed to supporting local and family-owned brands, helping them grow within our marketplace. Some of Panda's partners include our local mango suppliers such as **Ali Ahmed Alshall Abu Alhassan**

Trading Est, Jazan Mango Est., and Aljameh Altawneh Alzraeh Darb. We provide these suppliers with capacity building, regional commercial team support, and in some cases, exclusive partnerships.

As one of the largest buyers and distributors of fruits and vegetables in the Kingdom, we recognize the significant opportunity to reduce waste and contribute to sustainability through better management of surplus and spoiled produce.

As we continue our sustainability journey, we remain focused on building a sustainable future together with our stakeholders, employees, and the communities we serve. The Board and I regard

Panda's commitment to sustainability as critical to our company's success, benefiting our planet, our stakeholders, and our people. I take this opportunity to extend my sincere thanks to Panda's Board of Directors, as well as Savola Group, for their constant support and guidance on our sustainability journey. I also acknowledge our employees for being at the forefront of implementing our ESG initiatives – without your dedication and commitment, we would not be where we are. It is a privilege to be working with you on our sustainability journey.

Our sustainability strategy focuses on three key areas:

Environmental initiatives



- We're implementing solar energy solutions, and are in the process of introducing solar panels at our distribution center in KAEC in addition to some stores as a pilot to rollout across many stores.
- We're expanding our network of in-store reverse vending machines to recycle plastic bottles across our stores in Saudi Arabia.
- We have adopted digital solutions to reduce paper usage and optimized resource efficiency with sustainable pallets.
- We have introduced reusable bags in all of our stores and we have converted all shopping bags to 100% biodegradable ones since 2013 as the first retailer who initiated such impactful initiative.
- We're working to reduce food waste through our Negaderha program, and partnering with specialized companies, supporting Saudi Arabia's vision to cut food waste by 10% by 2030.

Social impact



- As one of the top employers in the Kingdom, we're creating opportunities for local businesses and families.
- We support SMEs through capital investment, maintenance, and public recognition. Notable achievements include AlNafea and Sarya Investment Company.
- We have raised over 89 million SAR of customer donations since 2006 through "Leave the Change for Them" program, resulting in the completion of Panda Customers Tower in Makkah to provide essential care services for children with disabilities. In addition to supporting prisoners families (Tarahum Association).
- We provide training and celebrate contributions of employees with disabilities, earning Mowaamah "Bronze Certification".

Governance



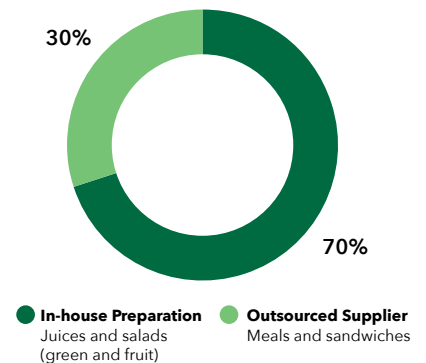
- With our anticipated IPO, we've taken steps to ensure transparency in our governance structures.
- Within a sustainability context, our Executive management reports to the Board on progress related to profitability, margin, and return and scorecard tracking on a quarterly basis.

We transformed a total of **55,740** liters of used oil into valuable resources, supporting a cleaner and more eco-friendly future

We have implemented a comprehensive Occupational Health and Safety Management System for the Panda Retail Company's distribution centers. This system is designed and maintained according to

ISO standard 45001:2018

Panda's Ready-to-eat department sources ingredients from both within the Kingdom and beyond, with a 50:50 ratio for fresh items. This includes two main segments:



Highlights



E

Environmental

Reusable bags

Introduced reusable bags, moving away from single-use and plastic bags.

Taqat AlSharq

Recycled 55,740 liters of used oil via our partnership with Taqat AlSharq.

Paper consumption

Reduced paper consumption by introducing the SignIT digital signature platform as well as digital business cards.

LED lights

Replaced fluorescent lights with LED lights in 100 stores, saving an estimated SAR 3.78 million.

Kenze Factory

Recycled 2,171 used tires through our partnership with the Kenze Factory.

Award

Awarded the Certificate of Environmental Excellence by CHEP.

S

Social

“Saudi Made”

Panda signed a joint cooperation agreement with the Saudi Export Development Authority, in support of the “Saudi Made” initiative.

“Walking Competition”

Activated the “Walking Competition” across the company, as a part of the Panda Cares program; the top 3 active employees received prizes.

Mowaamah

Awarded Mowaamah Bronze Certification for creating an inclusive and supportive work environment for persons with disabilities.

Charitable projects

Funded various charitable projects such as supporting families of people in prison and created memorable experiences for children with chronic illnesses for more than 10 years.

Football league

Sponsored the Elite Cup school football league in June: 16 teams, 32 matches, watched by 60,000 spectators.

Ata’a

Launched the Ata’a Volunteering program to foster employee community service and social responsibility.

Food

Sold 162,615 boxes containing basic food items at competitive prices to support customers and the community.

G

Governance

ESG Report

Published Panda’s first ESG Report.

Score

Improved our Net Promoter Score to 74, an improvement of 9 points.

Award

Most Admired Emerging Tech Adopter of the Year - IMAGES RetailME Awards.

Most Admired Value Retailer in the Food Sector - IMAGES RetailMe Awards.

Anti-competitive

No instances of anti-competitive behavior.



02

Our Approach to ESG

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Our Approach to ESG

Panda recognizes that its business practices and products impact both a range of stakeholders and the natural environment. As a responsible corporate citizen, Panda is committed to ensuring that this impact is reduced where practicable. In creating a working environment and products that foster long-term sustainability, we are committed to the fundamental principles of ESG investment practices.

Our purpose is to improve the quality of life for our communities, our customers, and our suppliers by following sustainable business practices to ensure social well-being and positive environmental spin-offs.

In accordance with the Saudi Vision 2030 Quality of Life program, Panda's ESG program emphasizes the importance of fulfilling our current needs without compromising the capacity of future generations to

fulfill their needs. This program is supplemented by the Saudi Green initiative, which focuses on increasing Saudi Arabia's reliance on clean energy, offsetting emissions, and protecting the environment.

Throughout our organization's value chain, we promote the efficient management of resources by optimizing the consumption of both renewable and non-renewable resources.



Ultimately, our sustainability vision, which focuses on renewables and sustainable sourcing, efficient logistics, and optimal business practices, seeks to protect our business from the risks associated with changing market trends and consumer requirements.



Alignment with Saudi Vision 2030

As an organization with long-term objectives and an increasing ability to achieve our targets, we are committed to Saudi Vision 2030 in every aspect of our business.

In compliance with the Ministry of Housing’s vision for Saudi families to access appropriate housing, our home loan benefit supports our Saudi employees to secure housing inside the Kingdom through local bank financing that complies with Shariah regulations.

In terms of our nationalization program, we support the Vision 2030 goal of decreasing unemployment rates and are proud to be a leading force for Saudization in our sector, maintaining a High Green rating in Nitaqat for the fifth year in a row. To this end, we have continued our

collaboration with the Human Resources Development Fund through skills development, to ensure that Saudi citizens can compete in the marketplace.

Our commitment to the Kingdom in achieving its vision for technology is key to our future strategies. We have promoted digitization and automation throughout the organization, from internal processes to production and retail, in line with the government’s targets and will continue to forge ahead with these programs.

Specific efforts aimed at achieving the Saudi Vision 2030

Nationalization programs

Complying with and supporting nationalization programs in management and store level roles.



Saudi talent

Supporting the new generation of Saudi talent (e.g. our Is’ham training program).



Recruiting

Recruiting high-caliber Saudi talent.



Social initiatives

Involving employees in social initiatives and volunteering, while promoting personal and professional growth.



Work-life balance

Supporting women and ensuring work-life balance for all employees.



Employee wellbeing

Enhancing employees wellbeing through “Panda Cares” Health & wellness program in alignment with Saudi’s Quality of Life Program.



Health benefits

Offering health benefits and encouraging employee participation in sport activities.



Sustainability, Governance, and Leadership Responsibilities

Panda's Board is committed to integrating sustainable and responsible practices into the company's core operations.

Sustainability governance

With the publication of this ESG Report, the Board achieves one of its key performance indicators, underscoring Panda Retail Company's commitment to integrating sustainable and responsible practices into our core operations and communicating transparently with our key stakeholders.

Board and management responsibilities

Overseen by the Board of Directors, the company's sustainability impacts are managed by a dedicated team within Panda, which coordinates with various departments to implement and monitor sustainability initiatives. These are outlined in more detail in the Governance section of this report.



Stakeholder Engagement

As one of the leading retail chains in the Kingdom of Saudi Arabia, we are accountable to a wide range of stakeholders. These include workers, suppliers, the local community, partners, consumers, customers, investors, shareholders, and the government. Each has specific interests and expectations from Panda.

	Stakeholders	Key Concerns	Engagement Type
 <p>Savola Group</p>	<p>Panda is a wholly-owned subsidiary of Savola Group. We work closely with the Group to ensure that Panda's strategy and performance is aligned with Group expectations.</p>	<ul style="list-style-type: none"> • Positive return on investment. • Reputation management. • Risk management. 	<ul style="list-style-type: none"> • Internal financial reporting. • Joint sustainability and corporate social responsibility initiatives.
 <p>Suppliers</p>	<p>Invest in long-term relationships with our suppliers and creating smart supplier partnerships ensures value creation throughout our value chain.</p>	<ul style="list-style-type: none"> • Transparent bidding process. • Smooth invoicing and payment processes. 	<ul style="list-style-type: none"> • Strengthening relationships with business partners. • Integrating social and environmental considerations into the supplier selection process. • Adhering to the Code of Conduct and ethical values. • Supporting local suppliers in the Kingdom of Saudi Arabia.
 <p>Employees</p>	<p>Work consistently to foster a culture that encourages open communication, comradeship, and high performance for our valued workers.</p>	<ul style="list-style-type: none"> • Job security. • Fair compensation and benefits. • Opportunities to grow. • Ethical conduct. 	<ul style="list-style-type: none"> • Programs for training and employing people with disabilities. • Initiatives to assess employee engagement, improve the work environment, and bring employees and their families closer together. • Programs support the empowerment and employment of women. • Employee assistance. • Health benefits and seminars. • Volunteering opportunities. • Regular town hall meetings.
 <p>Community</p>	<p>Engage with community members, non-profit organizations, charitable institutions, employees, suppliers, and other stakeholders on creative initiatives and long-term programs that have a beneficial influence on community well-being.</p>	<ul style="list-style-type: none"> • Engagement and involvement in decision making. • Investment in local communities. • Supporting local enterprises. 	<ul style="list-style-type: none"> • Leave the Change for Them initiative: Panda customers donate the small change from their purchases to the Disabled Children Association. • Makeen program to train and employ people with disabilities. • Cooperation and support of other social institutions to design educational, health, and social programs. • Internship opportunities for undergraduates. • Corporate Social Responsibility (CSR) Committee in partnership with the Savola World Foundation.

Engaging with our stakeholders

Panda strives to bring value to the communities in which we live and work. As a result, we value our stakeholders' comments and engage in ongoing discussions to ensure that their needs and expectations are satisfied. Stakeholder engagement gives valuable insights which have helped us build and implement our sustainability strategy.

We also recognize that addressing social and environmental problems is a challenge, and we seek to gain a deeper understanding of current difficulties and future sustainability trends through collaboration and interaction with stakeholders.

The table below gives a high-level overview of our stakeholders and how we communicate with them about social and environmental concerns.

	Stakeholders	Key Concerns	Engagement Type
 <p>Consumers and customers</p>	<p>Prioritize understanding and meeting the needs of customers while exceeding their expectations. We can support their lifestyle choices by placing them at the heart of our operations and providing good products through trusted brands.</p>	<ul style="list-style-type: none"> • Fair prices. • Ethical business conduct. • Offering high-quality products and services at affordable prices to benefit various economic groups. 	<ul style="list-style-type: none"> • Business development process. • Market and satisfaction surveys. • Customer care departments. • Traditional media channels, social media, and online portals. • Interactive website and mobile app. • Customer loyalty programs.
 <p>Board of Directors</p>	<p>Take the lead in sustainability and consistently uphold the Group's principles.</p>	<ul style="list-style-type: none"> • Positive return on investment. • Reputation management. • Risk management. 	<ul style="list-style-type: none"> • Board of Director's meetings and committees. • Engagement with Executives. • Financial and non-financial reports to the Board. • Setting the company's strategic direction and plans. • Approving policies and procedures. • Regular performance reviews.
 <p>NGOs</p>	<p>Assist in meeting unmet social needs among the most vulnerable members of society.</p>	<ul style="list-style-type: none"> • Supporting local causes. 	<ul style="list-style-type: none"> • Funds and financial support. • Partnerships to contribute to social and economic development. • Volunteer activities. • Social and environmental initiatives. • Joint advocacy campaigns.
 <p>Partners</p>	<p>Establish strong relationships with respected partners with whom we can cooperate to create value.</p>	<ul style="list-style-type: none"> • Fair dealings. • Openness and transparency. • Creating value through mutually beneficial dealings. 	<ul style="list-style-type: none"> • Participate in innovative sustainability initiatives. • Develop new programs and solutions. • Utilize strengths to make a positive impact. • Collaboration agreements with non-profit organizations.
 <p>Government and regulators</p>	<p>Follow national and international norms and regulations; to work responsibly in order to advance the country and improve corporate performance, allowing us to benefit the community while also contributing to a healthy environment.</p>	<ul style="list-style-type: none"> • Compliance with laws and regulations. • Local employment opportunities. • Support Saudi Vision 2030 and SDGs. 	<ul style="list-style-type: none"> • Strong management and governance systems. • Respond to government requests and participate in government programs. • Collaborate with government stakeholders to advance common citizenship goals. • Publish quarterly financial results. • Support government and national food security. • Participation in government-led initiatives.

Materiality

This is Panda's first ESG Report. In an effort to ensure that our assessment of our ESG challenges and achievements is accurate and credible, we have followed a robust materiality assessment process in order to identify, evaluate, and rank the economic, environmental, and governance issues that are most critical – material – to our business and that influence the decisions of our major stakeholders.

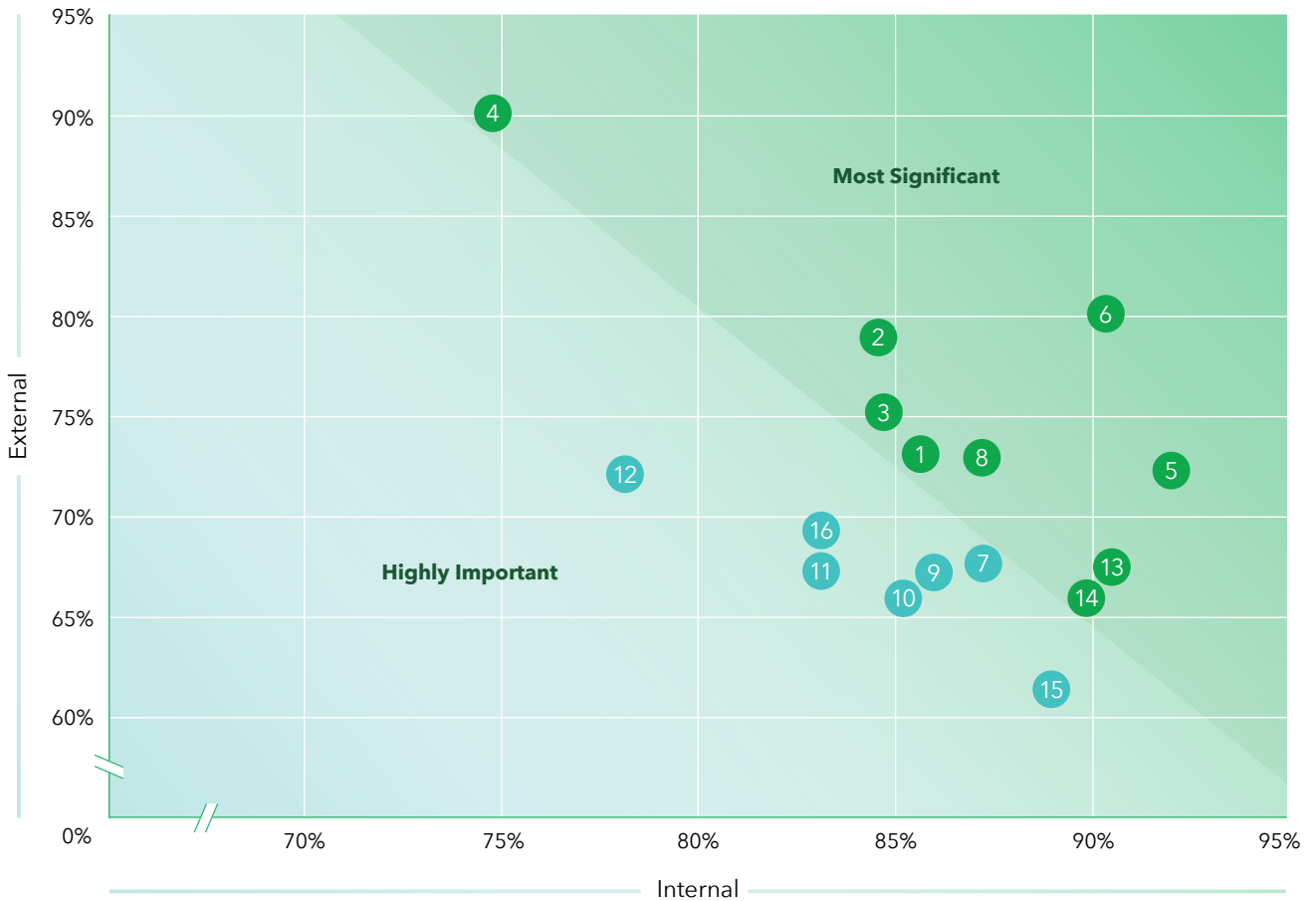
Process and approach



Material topics

A total of 16 material topics emerged from this stage, following a 2-level scale and identified alignment with national and international agendas:

- **Priority 1:** The most significant topics for Panda based on input from internal and external stakeholders.
- **Priority 2:** Highly important topics for Panda based on internal and external stakeholder input.



Final material issues

Environmental Topics

- 1. Clean and efficient energy
- 2. Packaging and product impact
- 3. Waste and circular economy
- 4. Climate change and emissions

Social Topics

- 5. Supporting SMEs
- 6. Talent and labor management
- 7. Human capital well-being
- 8. Nationalization
- 9. Product safety and quality
- 10. Nutrition and health
- 11. Occupational health and safety
- 12. Diversity, equity, and inclusion

Governance Topics

- 13. Anti-corruption and anti-competitive behavior
- 14. Digitalization and innovation
- 15. Customer experience and satisfaction
- 16. Responsible supply chain

- Aligned with Saudi Vision 2030
- Aligned with UN SDGs



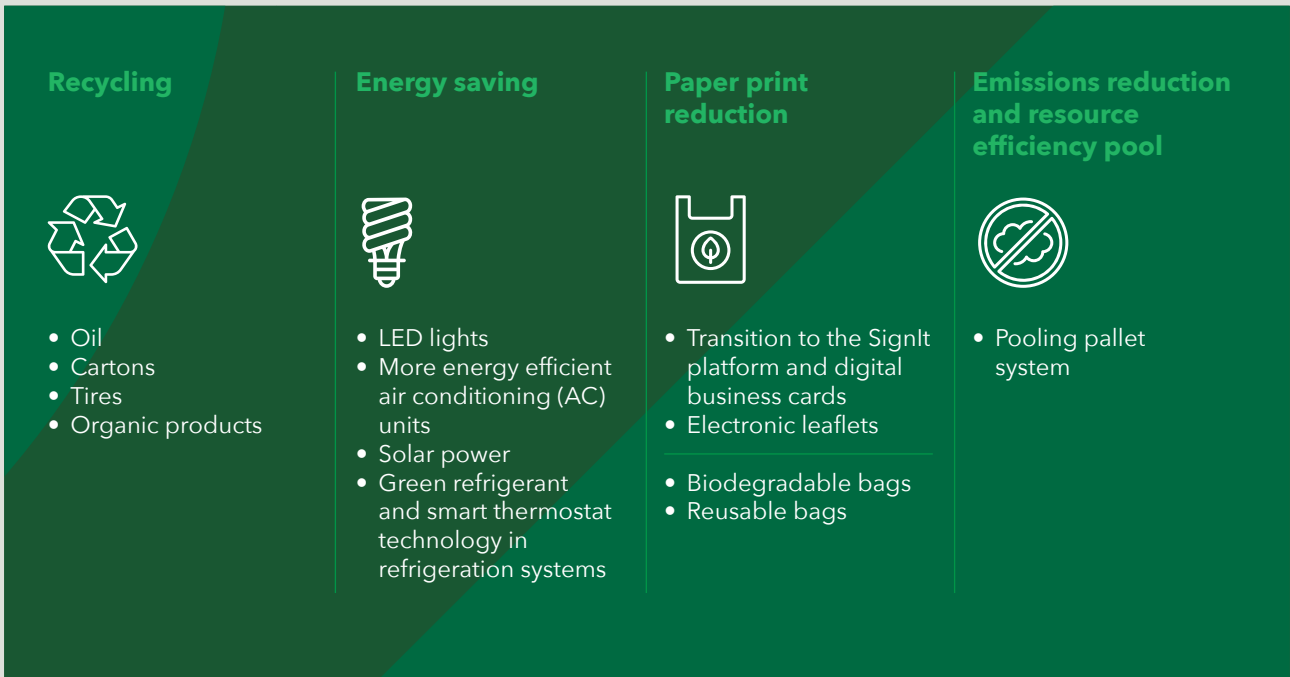
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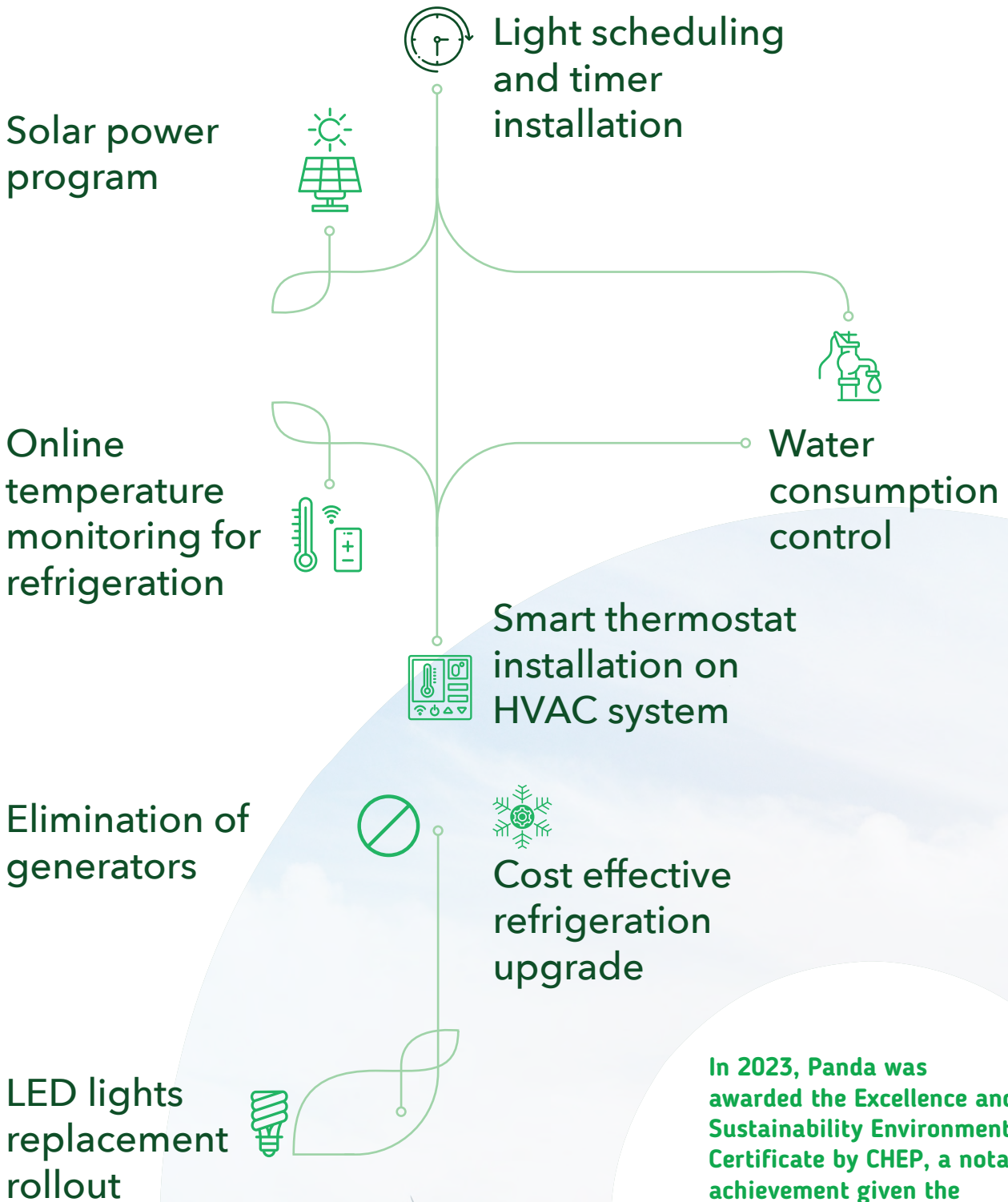
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Overview

Constructive environmental initiatives are incorporated in daily business practices through sustainable procurement practices and through the use of environmentally friendly material and equipment. These are summarized in the diagram below:





In 2023, Panda was awarded the Excellence and Sustainability Environmental Certificate by CHEP, a notable achievement given the challenges in implementing consistent energy-saving measures across all our locations - stores, warehouses, and distribution centers.

Clean and Efficient Energy

In 2023, Panda Retail Company demonstrated its commitment to conservation and sustainability by continuing to use new air curtains on cold chain facilities and auto-purgers in refrigeration plants to increase condenser efficiency.

We have initiated two main projects related to energy saving and sustainability. The first is the building management system (BMS) with the rollout already in progress, targeting 12 stores for 2024. Secondly, we are working towards achieving the Leadership in Energy and Environmental Design (LEED) standard, with consultants already working on two stores in 2024.

As we continue our drive towards more environmentally friendly operations, we are constantly adopting new technologies, including the Internet of Things (IoT). This facilitates remote monitoring, including of our new refrigeration systems and enables our team to conduct pre-emptive maintenance and prevent equipment failure. In 2023, we integrated this system into 49 Panda stores.

We have successfully replaced fluorescent lights with LEDs - which are 80% more energy efficient - in 100 stores, resulting in an estimated saving of **SAR 3.78 million**. In addition, a series of timers were installed in 163 stores to switch off unnecessary lights outside of operational hours, with an additional projected saving of SAR 3.87 million.

Electricity

During 2023, we continued our program to eliminate power generators at Panda stores, which has resulted in 90% of retail outlets being connected to the Saudi Consolidated Electric Company grid. We plan to install solar power at all our stores and distribution centers and have also signed a contract with Jeddah DC to supply a total of 2.5MW of solar energy during the same period.

In the future

Panda Retail Company's sustainability plans are summarized below:

- Completing our solar panel project in our major distribution center.
- Rollout of solar power at all our stores and distribution centers.

Power consumption (kWh)*

2021

599,917,624.6

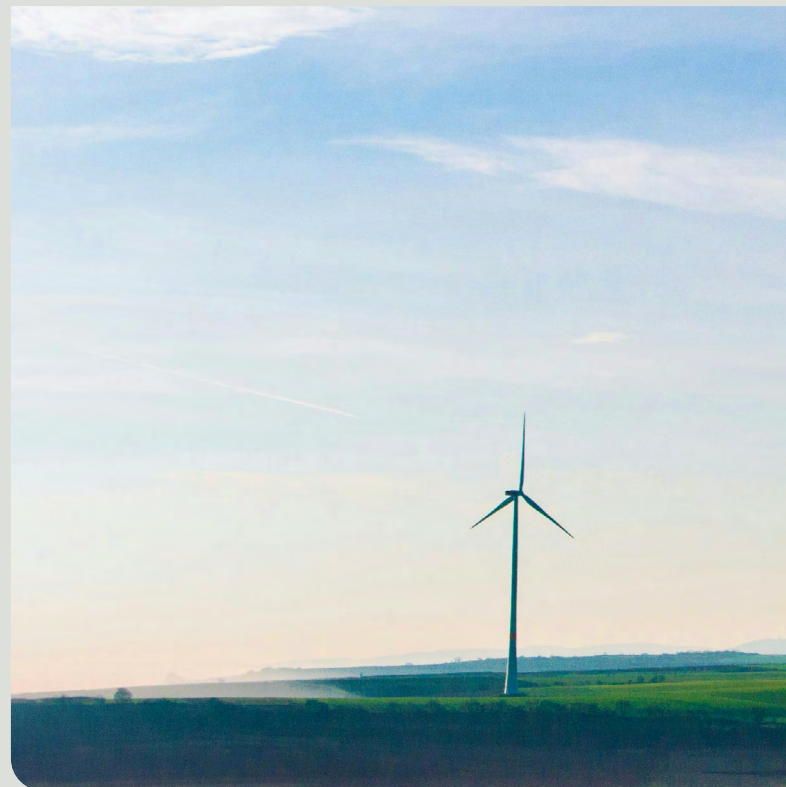
2022

545,186,515.4

2023

520,498,100.4

*(Kwh based on electricity payments for 226 locations with meters)



Fleet and fuel

The past year was characterized by new store openings and our planned expansion into remote areas, requiring upscaled logistics and the acquisition of new trucks. The potential growth in emissions associated with these developments has been curtailed by fitting our new trucks with EUR 5 and EUR 6 engines. A significant truck vendor has already pledged to reduce emissions by 50% in the first five years compared to the previous trucks equipped with EUR 2 or EUR 3 engines.

Further emission reduction will be achieved by optimizing the choice of truck models purchased, to reduce both the number of kilometers traveled and fuel consumption.

Consumption for the 12 months ending December 2023, for buses and petrol-driven vehicles is shown below. From 2025, this data will be presented as globular amounts for the year.

Panda fleet: total consumption (liters)

Vehicle type	Owned cars (including SUVs, vans, trucks)	Buses
Fuel type	91 octane petrol	Diesel
Total (liter)	90,993	1,622,995

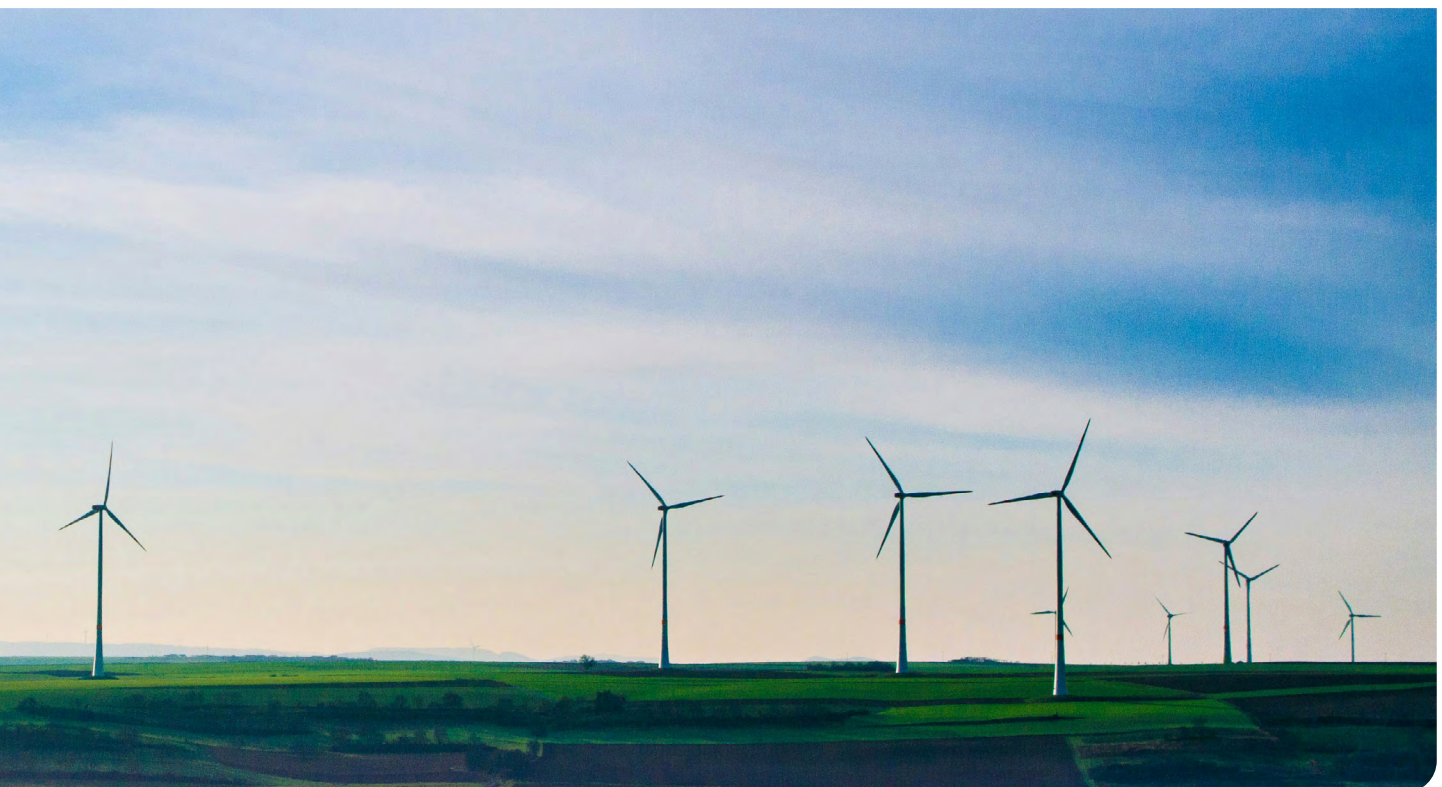
Central to this, and because of the impact of GHG emitted by motor vehicles and electricity generators, we monitor both consumption and emissions and present below a baseline data for 2023 against which we shall note trends from 2024, and going forward.

Generators

As noted previously, we are committed to transitioning to renewable sources of energy, and specifically for electricity, with a view to reducing our dependence on generators resulting in a concomitant reduction in diesel emissions.

Total fuel consumption from generators

2023	
Total (SAR)	Total (liter)
10,508,642.00	15,857,957.39



Climate Change and Emissions

Given Panda’s extensive operations in extreme climatic conditions, the Group keeps a watchful eye on global developments around climate change to help reduce its carbon footprint and mitigate climate change effects on our operations, our people, and our communities.

In light of Panda’s significant growth and the associated environmental impacts, we have undertaken a thorough and detailed assessment of our Scope 1 and Scope 2 emissions. This assessment is a crucial step in understanding the full extent of our carbon footprint and ensuring that we are aligning our operations with global sustainability standards. As a responsible organization, we are committed to continuously exploring and implementing new initiatives aimed at reducing our environmental impact. These initiatives encompass key areas such as the adoption of renewable energy solutions, improving energy efficiency across our operations, and launching various optimization projects that streamline resource usage. By focusing on these strategic actions, we are not only working towards minimizing our greenhouse gas (GHG) emissions but also reinforcing our commitment to sustainable business practices that will drive long-term environmental stewardship and corporate responsibility.

Our Scope 1 and Scope 2 emissions over the years:

Scope 1

19,820

4,645

Mobile combustion

15,175

Stationary combustion

Scope 2

305,109

305,109

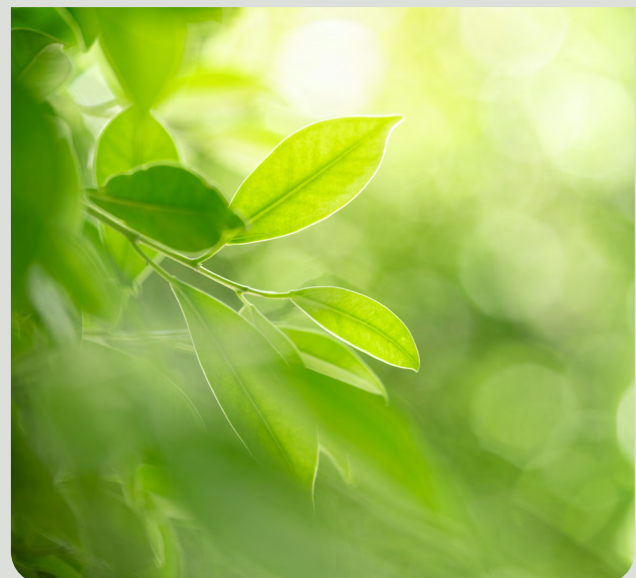
Electricity

Total GHG emissions (Scope 1 and 2)

Emission Type	Emission Source	Value (tons of CO ₂ e)
Scope 1	Mobile combustion	4,645
	Stationary combustion	15,175
Scope 2	Electricity	305,109
Total emissions (Scope 1 and 2)		324,929

In the future

The Panda Retail Company is committed to reducing GHG emissions over time through a combination of technological improvement and as practical transitioning to clean fuel sources for both electricity and transport.



Packaging and Product Impact

One of our most significant environmental achievements began in 2013 when we replaced all our plastic shopping bags – and we distribute around 300 million annually – with bags that are recyclable and biodegradable. At that time, Panda Retail Company was the first and only retailer with such an initiative in the KSA and has thus led the change to environmentally friendly and sustainable packaging in the industry, government, and market.

We introduced re-useable shopping bags made from recycled material in November 2023, an initiative that has now been rolled out in all Panda stores. This is a significant achievement given the initial resistance from customers who were not familiar with this application of recycled materials. We are working on increasing the bags’ aesthetic appeal while continuing to incorporate stringent hygiene and environmental protocols.

In addition, Panda continues its enduring commitment to sustainable procurement, integrating resource conservation and the ethos of reduce, reuse, and recycle. In achieving this, Panda maintains partnerships and associations with Saudi companies involved in purchasing used packaging, including WASCO and Al-Kabs Al-Thahabi.

Total weight or volume of materials used to produce and package the organization’s primary products:

Non-renewable packaging material

2022

68,253,017



2023

63,959,241



Panda currently does not track its renewable packaging materials but will consider implementing such tracking in the future.

Panda packaging sold for recycling

2022 Total (Tons)

22,313



2023 Total (Tons)

19,856



2022 Profit (SAR)

10,414,227



2023 Profit (SAR)

8,142,594



Waste and the Circular Economy

At Panda, we recognize that minimizing waste is a priority. We have a number of recycling agreements and initiatives in place at both our stores and bakeries. These include the pallet and tire recycling projects already mentioned as well as the recent introduction of reusable bags in-store, in addition to which we partner with RVM to recycle bottles of water. We also take steps to recycle cardboard, empty cartons, and plastic bags.

Our focus on waste prevention manifests in an initiative to contract with our current suppliers to channel expired fresh produce to animal farms as feed. Some agreements have been concluded with third-party companies, but finalization is still outstanding. Consequently, the bulk of waste - generated from the fresh food sector - is currently disposed of at a landfill site.

We continue to make good progress with recycling plastic cartons and sold SAR 5,315,595 worth of cartons in the year under review. Similar arrangements are in place for aluminum and other metals. We also recycled 18,084 tons of general material - about 10% of what we use - as well as 38,797 wood pallets as discussed on page 33.

Waste generation

Panda has started with technological studies, data analytics, and the development of apps to determine appropriate product stock levels in each store in order to minimize waste.

Panda was the first retailer in the KSA to adopt this strategy and is thus an industry leader in implementing "Reduced to Clear" (RTC) labeling to expedite moving products from the shelves.



Reducing prices to reduce waste and benefit customers

Our "Reduced to Clear" (RTC) initiative is effectively expediting the sale of produce before it reaches its expiry date. The key metric for our success is pegged at 80% and we reduce the remaining stock through RTC labeling, thus significantly reducing the risk of potential waste.

The total value of 2023 sales of RTC goods is summarized in the table below:

Total Sales (SAR)

Central	East & Qassim	West Coast	Grand Total Sales
11,628,154.28	13,178,887.97	13,761,785.86	38,568,828.11

In addition to significantly reducing waste, these measures have also enhanced our efficiency and sustainability efforts. Further data collection and analysis will continue and support us as we refine processes and demonstrate the full impact of our waste reduction initiatives.

In 2024, to both appeal to, and attract, more customers we will enhance the branding of the RTC stands in all our stores and are working towards increasing the current 50% discount so that we can offer even greater discounts of 70% and 90%.

The tables that follow summarize the quantity of waste that is carefully managed in Panda’s stores, bakeries, and distribution centers:

Waste generation by commodity

Type of Waste (tons)	2023
Cartons	17,147
Plastic	852
Used oil	85
Total	18,084

Type of Waste (units)	2023
Wood pallets	38,797
Other cartons	3,872,957

Waste generation at stores and distribution centers

	2021	2022	2023
	25,859,015 items	24,594,161 items	29,608,432 items
	No data	No data	20,884,383 PCs
	No data	No data	8,724,049 kg
Central Bakery			
	No data	No data	20,053 items

Value of waste diverted from disposal

	2021	2022
Preparation for reuse	-	-
Recycling	SAR 6,503,747	No data
Other recovery options	-	-
Total	SAR 6,503,747	-

Recycling used oil into useful products

We partner with Taqat AlSharq to responsibly handle our used oil, with our Operations and Distribution Center teams, ensuring that it is collected monthly to ensure that there is no spillage which would result in associated environmental damage.

In 2023, we sent 85 tons of used oil for recycling into the following useful products:

- **Biodiesel**, which is an alternative fuel for vehicles and machinery, reducing reliance on fossil fuels.
- **Lubricants** for industrial and automotive applications.
- **Industrial fuel** which provides an energy-efficient heating source for industrial facilities.

Concurrently, we continue to explore partnerships with third parties to donate to food charities while we seek to close the circular economy loop.

Waste and the Circular Economy continued

Reducing print and paper

Reducing the amount of paper we use and reducing print volumes combines both our commitment to sustainability and keeping pace with the digital development in the Kingdom. To this end, we introduced three innovations:

- **SignIT** is a digital signature platform that removes the need to print and sign documents and will also improve efficiencies.

- **Digital business cards** have replaced conventional business cards, facilitating seamless and sustainable networking.
- **Digital leaflets** have reduced our in-store leaflets, significantly decreasing paper usage.

These measures not only underscore Panda's commitment to reducing its environmental footprint, but also reflect our willingness to adopt innovative digital practices, setting a new standard for eco-conscious operations in the retail industry.



Pallet recycling

We use approximately one million pallets to transport our products annually. In line with the Saudi Vision 2030 to support both local and national content as well as sustainable, environmentally friendly businesses in the Kingdom, we have partnered with PACK Pallets to use their red PACK Pallets in Panda's supply chain.

Additionally, in 2023, with CHEP's help, Panda saved over 1.2 billion units of wood resources, reducing emissions by approximately **7.24 million kg** and waste by more than **562,000 units**. In recognition of our efforts, Panda received an Environmental Excellence Certificate from CHEP.

We are proud to be constantly conserving our energy use as well as making significant reductions to emissions and noise levels while reducing our overall carbon footprint.

Extending the life cycle of pallets

Panda's partnership with CHEP began in 2007. CHEP offers logistics and operational platforms and support services that are designed to increase performance and reduce risk while simultaneously improving environmental sustainability.

CHEP collects and inspects the platforms they rent to customers and once inspected they are repaired, if required, and reintroduced into the supply chain. This creates a more efficient supply chain and reduces the demand for natural resources and the cost to customers.

Life cycle analysis

CHEP uses Life Cycle Analysis (LCA) to better understand the environmental footprint of their products. This is a standardized, science-based tool for evaluating the environmental impact of a product through its life cycle, beginning at the extraction and processing of the raw materials, manufacturing, distribution, use, recycling, and end of life disposal of the product. CHEP pallets have the lowest environmental impact in all categories when compared to the main market alternative.

Panda's performance in relation to the criteria for the Certificate Based on Life Cycle Analysis (LCA):

- **Implementation:** The environmental impact of products throughout their entire life cycle – from raw material extraction to end-of-life disposal.
- **Environmental impact metrics:**
 - **CO₂ emissions:** emissions reduced by approximately 7.24 million kg.
 - **Wood usage:** Panda saved more than 1.2 billion units of wood resources.
 - **Waste reduction:** Panda has cut out more than 562,000 units of waste.
- **ISO 14044 compliance:** CHEP followed the ISO 14044 methodology to ensure that the environmental impacts were rigorously and accurately quantified.
- **Comparison to market alternatives:** Compared with the most common market alternatives CHEP's system had the lowest environmental impact in all assessed categories, further validating Panda Retail Company's sustainability credentials.
- **Increasing the range of platforms** for our logistics network e.g. plastic crates for handling fresh products.

Biodiversity and Water Stewardship

Biodiversity

Our commitment to preserving natural biodiversity is demonstrated in our comprehensive recycling practices and emission reduction initiatives. We plan to launch volunteer tree planting initiatives in 2024.

We collaborate with Taqat AlSharq to handle our used oil responsibly. This partnership reinforces our commitment to more eco-friendly future sustainability, as together we transformed a total of 55,740 liters of used oil into valuable resources, supporting a cleaner and more eco-friendly future, which we detail on page 31.

We have partnered with the Kenze Factory to responsibly recycle our used tires, which also reflects our commitment to sustainability. In 2023, we upcycled a total of 2,171 discarded tires - these are processed and added to asphalt to create more durable and flexible road surfaces or converted into fuel for energy production in cement kilns and power plants.

Through collaborative partnerships with various companies, we have sold used or unusable cartons and surplus plastic to the value of SAR 8,142,594.

Water stewardship

While Panda Retail Company relies on desalinated water for a significant portion of its operations considering the arid region in which the Kingdom is located, not all of our water is exclusively from this source. We are acutely aware of the effect of climate change on an environment that is already water-scarce, and we regularly communicate water preservation advice to our staff and customers to raise awareness and encourage sustainable practices across all levels of our operations.

In addition, in support of the Saudi Vision 2030 goals, Panda has initiated several water conservation efforts. These include fitting faucets and other water dispensers with appropriate fixtures to reduce wastage in our fresh food departments, such as bakeries, fisheries, and butcheries, where the bulk of the fresh water is consumed.

Total water consumption m³

Total water consumption was 985,698.70m³ in 2023, with Panda Distribution Center KAEC continuing to use the reverse osmosis desalination plant with membrane filtration, ORP meter, and ORP sensor. This resulted in significant water savings and improved water quality from the Emaar main line, meeting the HVAC system's requirements.

Water consumption

2020
337,410

2021
228,657

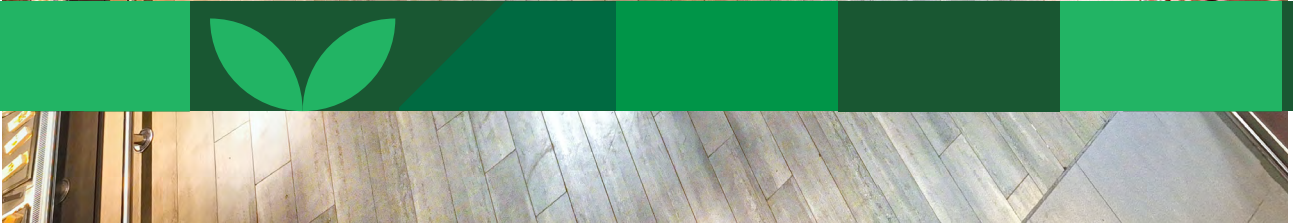
2022
216,574

2023
985,698.70*

* Panda's water consumption accounts for 134 out of 242 facilities. The increase in the water consumption between previous years and 2023 is due to an increase of coverage in the number of facilities







04

Social

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Overview

Panda Retail Company takes a holistic and proactive approach to maintaining a happy and healthy workforce. This is achieved through various initiatives aimed at enhancing the physical, mental, and emotional well-being of our employees.

Our social initiatives are summarized in the diagram below, and detailed in the sections that follow.

Social Initiatives



Comprehensive Human Capital Management and Development

Highlights and challenges

Highlights over the last year include competitive benefits packages and programs to promote employee well-being that contribute to job satisfaction, loyalty, and overall organizational health. Our consistently high levels of employee engagement indicate that workers are invested in their roles, leading to higher productivity, better customer service, and lower turnover rates.

Panda's effective succession planning mechanism ensures that we are constantly developing a pipeline of talent for key roles and ensures smooth transitions and continuity in leadership positions. This is supported by

our recruitment strategy to fill critical roles and enhance the company's overall capabilities and competitiveness. In addition, our effective training and development opportunities help employees grow their skills, improve performance, and advance within the company. Simultaneously, we apply fair and effective performance management systems that help align individual goals with organizational objectives and drive continuous improvement.

The successful implementation of the strategies we have outlined assists us to hold on to valuable employees, reduce turnover costs, and retain critical institutional knowledge.

Total employees

	Permanent Employees	Temporary Employees	Part-time Employees
Gender			
Male	12,731	12	34
Female	1,151	13	-
Region			
Central	4,234	-	9
East	2,617	-	10
North	602	-	-
Qassim	741	-	7
West	4,427	25	6
South	1,261	-	2
Total	13,882	25	34

Panda has approximately 2,600 workers who are not direct employees but whose work is controlled by the organization.



Comprehensive Human Capital Management and Development continued

New employee and staff turnover

	New Hires		Turnover	
	Number	Rate (%)	Number	Rate (%)
Gender				
Male	1,411	10%	2,996	22%
Female	269	22%	389	32%
Region				
West	489	10%	926	20%
Central	561	12%	1,166	26%
East	387	13%	782	27%
South	141	11%	237	18%
Qassim	61	8%	164	21%
North	40	6%	109	17%
Total	1,680	11%	3,385	23%



Talent acquisition

Workplace environment and employee engagement

Panda achieved an impressive score of 80% in the most recent Best Places to Work survey, which demonstrates our ongoing commitment to creating a positive and fulfilling workplace environment for our workers. We're proud of this accomplishment and remain dedicated to continuously improving and maintaining high levels of employee satisfaction.

We prioritize creating a supportive and dynamic workplace through:

- Employee engagement surveys to identify areas for improvement, following which we implement actionable recommendations (see below).
- Quarterly townhalls during which the CEO discusses the company's strategic direction and shares major updates.
- Regular team meetings and check-ins to ensure alignment with goals and, where necessary, provide support.
- Celebrations and social events to celebrate international and local events, milestones and achievements, and foster a sense of belonging.
- Corporate retreats and team-building events to strengthen interpersonal relationships and collaboration.
- Open door policy by being able to connect with any of the executive team members.
- Quarterly "Coffee with the CEO" sessions conducted with employees at different levels.

Our approach to hiring new employees is centered around attracting and selecting individuals who align with our company values and strategic goals. Our hiring process is designed to ensure a fair, inclusive, and thorough evaluation of candidates.

Parental leave

	Male	Female
Number of employees entitled to parental leave in 2023	116	84
Number of employees who took parental leave	116	84
Number of employees who returned to work after parental leave ended	116	84
Return-to-work rate*	100%	100%
Number of employees who were still employed 12 months after returning to work	96	65
Retention rate**	83%	77%

*Calculation: #3 / #2 * 100
 **Calculation: #5 / #2 * 100)

Employee benefits

Panda Retail Company is committed to the health and well-being of its employees, offering a range of medical and healthcare services designed to support physical, mental, and emotional health. In addition, we take the recommendations emerging from employee engagement surveys very seriously. This has led to the implementation of the following:

- Connecting employees with our Executive team.
- Creating a communication platform to connect our headquarters with frontline store staff.
- Enhancing our employees' self-services via our Oracle platform.
- Empowering employees to make a difference by sharing their creative ideas.
- Improving employees' transportation through dedicated bus services between their homes and places of work, using schedules that align with their working hours.
- Encouraging employees to conduct ongoing performance reviews.
- Launching the Panda Retail Excellence program to develop store managers.

Standard benefits for full-time employees

- Life insurance
- Health care
- Parental leave
- Disability allowance
- School fees

Comprehensive Human Capital Management and Development continued

Human capital well-being

At Panda Retail Company, we are committed to promoting the health and well-being of our employees through a variety of voluntary health promotion services and programs. These initiatives are designed to address major non-work-related health risks and encourage a healthier lifestyle.

Panda Cares program

Panda Retail Company is constantly catering for its employees' physical and mental health needs. Our Panda Cares program is aimed at improving overall employee health, increasing employee engagement, boosting morale and retention, as well as reducing health risks. We also have an in-house clinic prepped with medical staff.

Launched in September 2022, this program features physical challenges and webinars aimed at promoting healthy living. It also includes health awareness workshops that feature experts on different topics.

Walking competition

As part of our Panda Cares program, we introduced an engaging walking competition to promote physical activity and overall well-being among employees. The competition was launched across the company, encouraging employees to track their steps. The initiative aimed to foster a healthier lifestyle, boost morale, and create a sense of community.

Health lounges

We regularly set up health lounges to offer free healthcare services to our employees. These services include blood pressure and sugar checks, dental and orthopedic check-ups, BMI assessments, and consultations with various specialists.

Vaccination booths

As part of our regular health lounges, we organize on-site vaccination booths for flu shots and other preventive vaccines to protect employees against common illnesses.

Mental health support

Panda provides access to mental health resources, including workshops on stress management and mindfulness, to help employees manage their mental well-being.

These initiatives reflect our commitment to fostering a healthy work environment and supporting our employees in leading healthier lives. By addressing major non-work-related health risks, we aim to enhance the overall well-being of our workforce.

Retention and compensation initiatives

Continuing Panda's incentive strategies, the company's stores have maintained their results and rewards strategy, including performance incentives for store managers and deputy store managers. Departmental incentives include fresh food, comprising meat, fish, cheese, vegetables, fruits and bakeries. Our customer service and point of sale operators are also encouraged to achieve their targets, along with individuals, teams, and other workers in the stores.

Key highlights:

- **Company-wide participation:** Employees from various departments and locations took part in the competition, creating a vibrant and inclusive event.
- **Step tracking:** Participants used fitness apps to monitor their daily steps, fostering a competitive yet supportive atmosphere.
- **Top movers recognition:** The top three employees with the highest number of steps were identified and celebrated for their dedication and effort.
- **Valuable prizes:** The winners received prizes, recognizing their commitment to health and encouraging continued participation in wellness activities.

This initiative not only enhanced physical health but also strengthened team spirit and engagement across the company.



Support and inclusion initiatives

We ensure inclusivity and support for all employees through our Ata'a Volunteering, and the Makeen programs.

Ata'a Volunteering program

We launched the Ata'a Volunteering program to encourage all employees to participate in volunteer programs with the aim of supporting their personal and professional growth in alignment with the Saudi Vision 2030. It fosters a culture of community service and social responsibility within the company. By participating in volunteer activities, employees can:

- Develop new skills.
- Enhance their sense of purpose.
- Build stronger connections with colleagues and the community.

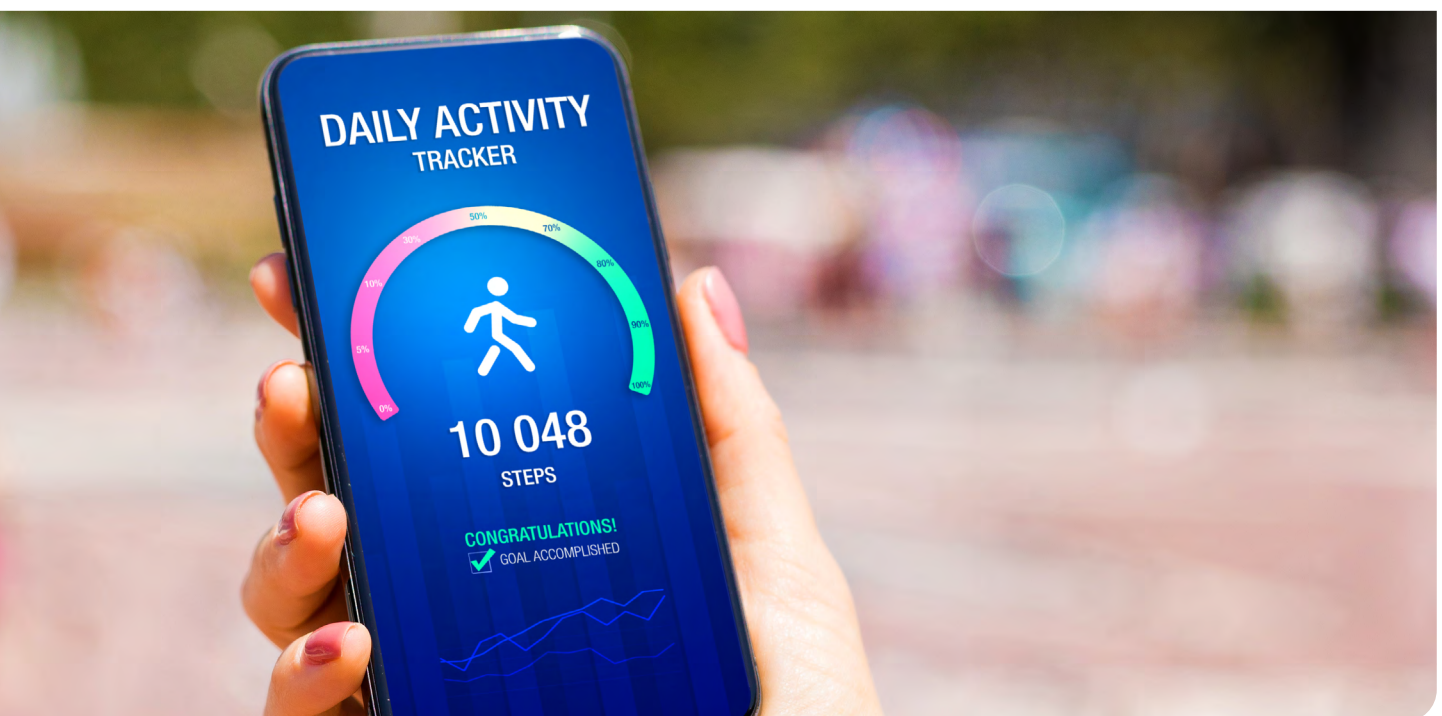
Makeen program

This is a training program for our more than 200 employees with disabilities, which focuses on improving accessibility, and creating a welcoming culture. It also contributes to the KSA's Vision 2030 by promoting the inclusion of people with disabilities in the workforce. Key components of the program include:

- Customized training modules designed to cater to the specific needs and abilities of each individual.
- Continuous professional development opportunities to enhance skills and career growth.
- Upgrading our facilities to ensure they are fully accessible to people with disabilities.
- Promoting a culture of inclusivity and respect in the workplace.
- Conducting regular workshops and training sessions for all employees to raise awareness and understanding of disabilities.

Number of disabled employees (FTE) 2023

	Men			Women		
	2021	2022	2023	2021	2022	2023
Managers	3	3	3	-	1	1
Team leaders	15	18	18	5	5	5
Blue-collar employees	247	200	200	44	32	32
Total	265	221	221	49	38	38



Comprehensive Human Capital Management and Development continued

Learning and development

We employ a dual approach to training that combines the structured environment of classroom training with the practical, hands-on experience of on-the-job training. Comprehensive, face-to-face classroom training is complemented by Microsoft Teams as a virtual training platform and is designed to equip employees with the necessary knowledge and skills in a structured learning environment. We emphasize the importance of on-the-job training which complements classroom learning and enables employees to develop practical skills and apply their knowledge in real-world scenarios.

Although most of our learning and development agenda is implemented through our in-house Panda Retail Academy, certain technical skills, certifications, or leadership development programs are provided by subject matter experts and third-party providers.

We believe that continuous learning and development are critical to our success, as well as to the personal growth of our employees. To this end, we have established clear expectations for employee training and engagement to ensure everyone can continuously develop their skills, knowledge, and behaviors.

Average number of training hours per employee

	Total Hours of Training	Average Hours of Training per Employee
Total	71,423	5.3
Gender		
Male	66,423	5.3
Female	5,000	5.3
Employee Category		
Level 1 and 2*	64,281	5.3
Level 3 and 4**	7,142	5.3

* Level 1 includes Assistant Cashier, Barista, Customer Service Agent, Associates, Receivers, and Replenishers. Level 2 includes Bakers, Team Leaders, Customer Satisfaction Agents, and Supervisors.

** Level 3 includes Availability Manager, Customer Satisfaction Manager, and Deputy Manager. Level 4 includes Store Managers.

Performance and career development reviews

Panda recently revamped the full performance management system at the individual employee level, aiming to align corporate strategy with individual goals and objectives, providing line of sight with the organization's strategic direction and overall performance. It also aims to nurture employee development and career growth as a core part of the performance management system (PMS), which is linked to reward. Employee development and career growth are incorporated into ongoing feedback discussions and linked with other career and talent management processes.

Feedback and improvement mechanisms

The following comprehensive initiatives ensure that we foster a work environment that prioritizes the well-being, engagement, and professional growth of our employees, ensuring a happy and healthy workforce:

We maintain open communication channels to understand and address employee concerns through regular feedback mechanisms.

We hold informal coffee sessions with the CEO where employees can interact directly with him.

Employees are invited to talk with the Chief Human Capital Officer and discuss their concerns and suggestions.



Some of the mandated Panda training programs

Onboarding training programs:

(20 to 50 hours per year)



Comprehensive Human Capital Management and Development continued

Panda essentials training

 <p>Panda Retail Excellence program (PREP) 30 to 40 hours per year</p>	 <p>Coaching skills 5 to 8 hours per year per employee</p>	 <p>Managing workload 5 to 8 hours per year per employee</p>	 <p>Customer first 5 to 8 hours per year per employee</p>
 <p>Culture and communication 5 to 8 hours per year per employee</p>	 <p>Delivering quality 5 to 8 hours per year per employee</p>	 <p>Delivering great service 5 to 8 hours per year per employee</p>	



Occupational health and safety

Panda's occupational health and safety management system covers all workers, activities, and workplaces, i.e., head office, distribution centers, and stores.

At our head office (HQ), especially in Savola Tower, the most significant occupational health and safety risks stem from fire-related hazards. These include potential risks

such as smoke inhalation, burns, and the possibility of being trapped within the building during an emergency. To mitigate this risk, Panda HQ actively monitors and evaluates the effectiveness of our fire drill activities to ensure employee safety and to enhance awareness.

For our distribution centers, we identify and manage occupational health and safety (OH & S) risks through a structured framework, which includes the following key procedures and assessments:

1

Risk identification and assessment

- Risks and opportunities related to OH & S hazards that are outlined in the risk assessment format.
- The OH & S Legislation Register that ensures compliance with relevant laws.
- Context-specific risks that are documented in the Issues, Interested Parties Needs and Expectations, and Risk Management records.

2

Hazard identification and control

- The Procedure for Addressing Risks and Opportunities and OH & S Hazards defines hazard identification, risk assessment, and control measures.

3

Compliance and evaluation

- Panda adheres to legislative and stakeholder requirements related to OH & S, as set out in the Procedure for Determining Context of the Organization and Interested Parties.
- Periodically we evaluate ongoing compliance with these requirements.

Emergency preparedness

- Procedures for emergency preparedness and response are outlined in the relevant standard operating procedure.

4

Objective setting and monitoring

- The National HSE Manager sets measurable and time bound OH & S objectives. These objectives are monitored by the HSE line manager to ensure they align with the relevant legal requirements and Panda's OH & S policy.
- OH & S objectives and plans are regularly reviewed and updated to reflect new or modified situations.

5

Key occupational health and safety risks

- Injury risks may include slips, trips, falls, manual handling injuries, and machinery-related accidents, given the retail environment and logistics operations.
- Illness risks include potential exposure to hazardous substances, ergonomic issues from repetitive tasks, and work-related stress.

6

Comprehensive Human Capital Management and Development continued

Distribution Centers' Occupational Health and Safety Management System

We have implemented a comprehensive Occupational Health and Safety Management System (OH & SMS) for the Panda Retail Company's distribution centers. This system is designed and maintained according to ISO standard 45001:2018 and ensures the highest level of safety for all workers, activities, and workplaces within the organization. This system includes:

1. Hazard identification and risk assessment
2. Compliance with legal and other requirements
3. Planning and implementation
4. OH & S objectives and continuous improvement
5. Support and training

Reporting, identifying, and addressing risks

Employees can report potential hazards or hazardous situations for immediate attention via multiple channels, including a 24/7 hotline managed by the Facility Management Unit. In addition, on each entrance door, there is a daily survey link that can be accessed via a QR code posted, which offers a convenient and consistent method for employees to report concerns in confidence and without fear of reprisal.

Risks are identified and addressed through advanced technological systems and proactive monitoring using the relevant standard operating procedures. Our fire alarm system and CCTV are essential tools for promptly detecting safety incidents, ensuring immediate awareness and response.

In the distribution center, the National Health, Safety and Environment (HSE) Manager is responsible for timely investigation and documentation of the results. If the investigation must be conducted by external authorities, all further actions must follow their requirements.

Communicating occupational health and safety matters to workers

We ensure the dissemination of important safety guidelines using regular announcements to keep all employees informed and aware of essential health and safety information. Health, safety, and environment (HSE) information is disseminated through email bulletins, newsletters, notice boards, intranet forums, and regular meetings. All of this communication is clear and traceable.

Employees who have concerns about occupational health and safety matters can direct these to the National HSE Manager via their line managers, committees, suggestion boxes, emails, and meetings, with changes to policy communicated by line managers through emails and meetings. Reports that employees submit are treated as confidential.

External HSE inquiries are managed by line managers, who inform top management. Examples of these inquiries include:

- What safety measures are in place to prevent accidents in the workplace?
- Are there regular safety drills for fire emergencies?
- What is the procedure for reporting a safety hazard?
- Where are the first aid kits located?
- Who are the trained first aid responders in the office?
- What is the procedure for handling medical emergencies at work?

Communication that involves subcontractors, visitors, emergency services, and authorities is managed by the National HSE Manager.

Participation, consultation, and training

Line managers inform employees about how they can participate in HSE consultations, and how to access training. They are involved in HSE policymaking, risk assessments, setting objectives, and improvement processes.

Our safety training for employees includes comprehensive internal training sessions specifically designed for fire wardens. These programs cover a wide range of critical topics, including emergency response procedures, fire safety protocols, and evacuation plans.

Employees at our distribution centers have participated in the following training:

**Safer Operation training**

Focused on general safety practices and protocols to ensure a safe working environment across all operations.

**Manual Handling training**

Specific training on safe manual handling techniques to prevent injuries related to lifting, carrying, and moving goods.

**Hazards of Slip and Trip training**

Training to identify and mitigate slip and trip hazards, reducing the risk of related accidents in the workplace.

**Fresh Food Handling training**

Specialized training for employees handling fresh food, ensuring safe handling practices to prevent contamination and foodborne illnesses.

**Safety Induction**

Comprehensive induction programs for all new employees, introducing them to Panda's safety policies, procedures, and expectations.

**Emergency Evacuation training**

Procedures and drills for emergency evacuation, ensuring that employees are prepared to respond quickly and safely in case of an emergency.

**Toolbox Talks (TBT)**

Regular safety briefings and discussions to reinforce safety practices, address emerging concerns, and keep safety top-of-mind for all employees.

**Emergency Response Team (ERT) training**

Training for designated emergency response teams, equipping them with the skills and knowledge to handle various emergencies effectively.

**ISO 45001 Awareness training**

Training programs related to ISO 45001, the international standard for occupational health and safety management systems, to ensure that employees are aware of and comply with these standards.

Comprehensive Human Capital Management and Development continued

Participation in health and safety training

Topic	Participants	Division	Total Training Hours
1-Safety induction 2-Manual handling 3-Safe operation	630	Panda - KAEC DC*	5,316
Safety representatives preparation	20	Panda - HQ	2

*King Abdullah Economic City Distribution Center

Legal requirements, standards, and guidelines that govern Panda’s occupational health and safety practices include:

- A combination of legal requirements and external standards, including Occupational Safety and Health Administration (OSHA) guidelines. A key aspect of our compliance is the certification of all fire wardens through OSHA.
- Panda’s OH & SMS aligns with ISO 45001, the international standard for occupational health and safety management systems. This standard provides a framework for improving employee safety, reducing workplace risks, and creating safer working conditions.

- Risks and opportunities related to OH & S hazards are identified and assessed using the Risk Assessment Format. This process is guided by the Procedure for Addressing Risks and Opportunities and OH & S Hazards.
- Panda considers the context of the organization and the needs and expectations of interested parties while planning the OH & SMS. These factors are documented in Issues, Interested Parties Needs and Expectations, and Risk Management records, as per the Procedure for Determining Context of the Organization and Interested Parties.

Work-related injuries among Panda employees

Topic	2022	2023
Number of fatalities	-	-
Number of high-consequence work-related injuries (excluding fatalities)	2	1
Number of recordable work-related injuries	190	160
Number of cases of recordable work-related ill health	10	-

None of the workers who are not Panda employees, but whose work is controlled by Panda, suffered any fatalities or work-related injuries in 2023.



Diversity, equity, and inclusion

Panda has a large, diverse employee complement of 13,941 people. We are conscious of having to accommodate various backgrounds, cultures, and values.

Panda Retail Company is committed to maintaining a diverse and equitable workplace through bias-free hiring processes and diverse interview panels.

We ensure inclusivity and support for all employees through our Ata’a Volunteering and Makeen programs, which we discussed on pages 43.

We intend hiring **25 female** store managers by the end of 2025.

Mowaamah certification

In 2023, Panda Retail Company was awarded the Mowaamah Bronze Certificate for providing an inclusive and supportive environment for persons with disabilities in recognition of our ongoing efforts to create a workplace that is accessible and welcoming to all employees. This aligns with our broader commitment to corporate social responsibility and our support for the KSA’s 2030 Vision goals, which emphasize the importance of inclusivity and empowerment for all citizens.

Diverse hiring practices

Panda strongly believes in diversity as a competitive advantage. We actively recruit employees from various backgrounds, including different nationalities and genders. In addition, we are proud to have 200 employees with disabilities, who are deployed across our stores. Since 2010, we have focused on women empowerment by recruiting female workers from across the Kingdom, providing them with equal job opportunities and enabling them to contribute to the communities we serve.

Inclusive work environment

We prioritize creating a work environment in which everyone feels welcome and respected. This includes a supportive workplace culture where all employees are treated with dignity and respect, regardless of their background. Through regular training sessions and workshops on inclusion, we educate employees about the importance of these values and how to practice them in the workplace.

Should employees feel discriminated against, there is an official platform for reporting incidents that are escalated through appropriate channels.

Empowering team members

We provide the necessary assistance and resources to help our team members reach their full potential by ensuring that our facilities and resources are accessible to everyone, including those with disabilities, and by providing additional support when they need it.

People diversity on the Panda Board of Directors

	Number	Percentage
Gender		
Male	7	100%
Female	-	0%
Age		
Under 30 years old	-	0%
30-50 years old	2	29%
Over 50 years old	5	71%
Nationality		
Saudi	5	71%
Non-Saudi	2	29%

Panda’s diverse workforce

	Number	Percentage
Gender		
Male	12,777	92%
Female	1,164	8%
Age		
Under 30 years old	3,477	25%
30-50 years old	9,564	69%
Over 50 years old	900	6%
Nationality		
Saudi	4,529	32%
Non-Saudi	9,412	68%

Comprehensive Human Capital Management and Development continued

Ratio of the basic salary and remuneration of women to men (Saudi Arabia only)

Employment Category	Female	Male
L5 - Senior management	85%	91%
L4 - Middle management	85%	82%
L3 - Officer/Specialist	85%	80%
L1/L2 - Associate/Supervisor	89%	89%
Total workforce	1,115	3,592

Total female employees in Panda

2018	765
2019	1,195
2020	1,230
2021	1,254
2022	1,290
2023	1,162

Number of disabled employees (FTE)

	Men		Women	
	2022	2023	2022	2023
Managers	3	3	1	-
Team leaders	18	18	5	6
Blue-collar employees	200	200	32	32
Total	221	221	38	38



Panda Saudization initiatives

Panda continues to make great strides in providing Saudi nationals with the skills and knowledge that will make them invaluable employees at the company. Through development programs, internships and on-the-job training with the Tamheer program, Panda’s investment in the Saudi workforce is paying dividends in terms of productivity and project management. In partnership with universities and government departments to further enhance Saudi potential, Panda has renewed its association with the Human Resources Development Fund (HRDF) to promote the hiring and development of Saudi nationals.

We are committed to contributing to Saudi Arabia’s national goal of economic diversification and development by increasing the percentage of Saudi nationals employed within our organization. Our approach to achieving this objective focuses on the following key areas:

- Proactive recruitment strategies to attract Saudi talent, including participation in job fairs and partnerships with local universities.
- Training and development programs dedicated to enhancing the skills of our Saudi employees ensuring they are well-prepared for their roles within the company.
- Career development opportunities (promotion and continuous development) via clear pathways for career advancement and fostering professional growth and retention.
- Supporting employment of women by offering flexible work arrangements as well as facilities such as childcare so that female employees can thrive and contribute meaningfully to our organization.

Future human resource goals

In the coming year, we will transition our on-site human resources management system (HRMS) into the cloud and will undertake a revamp of our talent acquisition process. In the medium-term - to 2027 - we intend to increase the number of women in leadership and develop the Ready-now Successors program for the Panda leadership team. Our performance management process and the compensation and benefits framework will also be revamped.

Panda’s goal, by 2030, is to be the retail industry Employer of Choice in Saudi Arabia.



	Non-Saudi Nationals	Saudi Nationals	Total Workforce	Saudization Percentage
2019	11,739	6,558	18,297	35.84%
2020	11,057	6,294	17,351	36.27%
2021	10,639	5,944	16,583	35.84%
2022	9,947	5,909	15,856	37.27%
2023	9,412	4,529	13,941	36.53%

Ensuring Product Safety, Quality, and Health Benefits

We are committed to ensuring that products delivered to our customers are of the highest quality, safe, and where appropriate, offer health benefits. The company's King Abdullah Economic City Distribution Center (KAEC DC) is accredited with the ISO 45001:2018 (occupational health and safety) standard. In addition, we engage with relevant regulatory bodies and stakeholders to stay updated on legal requirements and industry best practices which helps us align our operations with the highest standards of compliance. Our detailed policies and procedures cover all aspects of our operations, including labor laws, environmental regulations, health and safety standards, and data protection laws. Our strong focus on compliance protects Panda from legal risks and builds trust with customers, employees, and the communities we serve.



Corporate Social Investment

Our social initiatives are divided into two broad pillars. One focuses on our employees and is discussed above, while the other reflects our partnerships with communities, which include empowering people with disabilities as well as seasonal and philanthropic initiatives.

Empowering and supporting people with disabilities

Purple Saturday

This is a Saudi Authority of Persons with Disabilities initiative that is supported by the Ministry of Human Resources and Social Development. Our participation means that every year, on the last Saturday of July, Panda Retail Company grants persons with disabilities an exclusive discount (10%) in all stores, across all regions of the Kingdom.

Recognition of people with disabilities

Since 2019, Panda Retail Company has observed the International Day of Persons with Disabilities as part of its longstanding commitment to employing persons with disabilities. This group is rewarded and recognized through special events and activities celebrating them, or by rewarding them with symbolic gifts in recognition of their contributions to Panda's success and growth.

Leave the Change for Them

This charitable initiative was launched in 2006. Panda's customers donate the remaining Halalas - small change - from their store purchases. Since its launch this project has raised more than SAR 89 million.

Customers Tower

In partnership with the Disabled Children Association (DCA), we are building the Panda Customers Tower in Makkah which is in its final stages. This year, we collected a total of **SAR 1,605,138** towards the project, which will be an endowment (Waqf) for customers. The Tower officially opened in 2024, after the reporting period for this report concluded.

Helping children and families of prisoners

We believe in creating unforgettable memories for children suffering from chronic illnesses by providing unique experiences for them to explore. Panda arranges special store tours during which they learn about the different departments and interact with Panda employees.

A percentage of the donations from the Leave the Change for Them initiative also supports different charitable projects such as the Tarahum Association which received **SAR 544,212** to support families of people in prison.



Corporate Social Investment continued

Seasonal initiatives

Panda Caravan

Panda Caravan is an initiative that collects donations from our own employees and our suppliers. In 2023, these donations were converted into a total of 298 Sallati Cards (Panda vouchers) that were distributed to selected underprivileged families. They were also distributed to accredited charities across different cities in the Kingdom so that they, in turn, could provide their beneficiaries with Ramadan necessities.

Ramadan Boxes

In 2023, during the holy month of Ramadan, Panda offered Ramadan Boxes to all customers and employees across our stores. These boxes are competitively priced and reflect our commitment to supporting customers while providing them with the best value.

Through our Ramadan Boxes, we hope to enhance the spirit of sharing and solidarity in the community: customers can purchase and distribute them to families in need.

This year, we sold 162,967 Ramadan Boxes containing a variety of basic products such as rice, sugar, oil, dates, and other consumables.

Yumnak program

Through the Yumnak program, selected participants receive hands-on support and technical tools for expanding their businesses. They benefit from this program by sharing their business plans and products with sector experts with a view to either establishing partnerships or securing investment, and by upgrading their administrative, strategic, planning, financial, marketing, and relevant technical skills.

Sponsoring the Elite Cup School League

Panda sponsored the school football league's Elite Cup to align with our Ministry of Sports commitment, to partner with communities for a better life as well as to promote healthy living. The league took place over two weeks in June and featured 16 teams and 32 matches, attracting 60,000 spectators.

Panda Hajj Express Store

During the Hajj season from 13 June to 24 June 2023, as part of our commitment to providing outstanding customer service, we launched our Panda Express Stores catering to the needs of pilgrims.

Our Panda Express Stores team worked tirelessly to ensure the success of this project, serve pilgrims, and provide them with special items at competitive prices. They selected 50 items, ranging from personal care items to food and beverages, to ensure that pilgrims' journeys were comfortable and fruitful.

Philanthropic initiatives

Panda's collaborative initiatives with suppliers

Our collaboration with suppliers is not just a charitable act, but an opportunity to build bridges of cooperation and solidarity between Panda, our suppliers, and our customers to make a positive and sustainable impact on the lives of many needy families.

This year, we collaborated with SADIA to donate 2.5% of the total sales of their products to the Saudi Food Bank (Ita'am Association). We encourage customers to participate in these charitable efforts by purchasing SADIA products, which also raises awareness about the importance of supporting families in need.

Special discounts for charities - Sallati Card

In 2023, a number of accredited charities benefited from discounts to the value of SAR 1.6 million on daily necessities purchased with our Sallati Cards (Panda vouchers).





Customer Experience and Satisfaction

As a leading grocery retailer, we manage our customer relationships and marketing strategies through various departments. Panda's shopper marketing team handles the promotional cycle, media awareness, and social media platforms to communicate the brand's positioning and offerings. Our in-store communication team develops below the line communication, while the CRM team manages the loyalty program, and pricing. Panda's promotional team analyzes competition and pricing before developing appropriate pricing strategies.

The private label team creates brand guidelines and helps design items, while the e-commerce team manages the entire e-commerce channel. In addition, our dedicated research team engages with external suppliers such as Nielsen and IPSOS, to monitor information and data flows.



Awards

In a competitive retail market, Panda has been awarded numerous customer-centric awards, including IPSOS placing us among the top 10 most influential brands. In addition, Panda was recognized through the following awards:

Excellence in Environmental Sustainability - CHEP

Most Admired Value Retailer in the Food Sector - IMAGES RetailME Awards

Most Admired Emerging Tech Adopter of the Year - IMAGES RetailME Awards

Implementing Strategic Partnerships - Best Grocery Retailer - IPSOS

Ensuring customer satisfaction

Panda maintained its customer-centric category management strategy in 2023, putting the consumer at the center of product choices with an emphasis on convenience and availability. The installation of enhanced forecasting and replenishment technology supported supply chain management to provide greater product accessibility to our clients.

Customer satisfaction is a key focus for Panda and in 2023 our Net Promoter Scores (NPS) improved significantly to 74 (an improvement of 9 points), performing above the Supermarkets Global NPS benchmarks.

Overall customer satisfaction reached 95% with improved ratings in its different store sections.

Customer satisfaction by store section

Bakery	93%
Deli	92%
Butchery	92%
Produce	92%
Fish	83%

These positive results demonstrate our commitment to transparency and customer satisfaction as well as to environmental concerns and promoting sustainable practices in the Saudi Arabian market (discussed below).

We have created a dedicated customer communication channel so that customers can directly escalate complaints and in the last year recorded a closure rate of over 90%. Furthermore, we have developed a social media listening tool to capture customer ideas, inquiries, complaints, as well as requests for new services.

In addition, we developed Panda Connect, an internal customer portal that facilitates the collection of customer data. It enables us to research customer's most popular products and associated behavior and connect customers with suppliers when appropriate.

Panda also focuses on customer satisfaction through various initiatives at store level. Our loyalty program has 14 million members, with 15% of these among the most frequent visitors to our stores.

To enhance customer satisfaction, Panda constantly communicates with customers who have not visited our stores in the previous 30 to 60 days, ensuring they receive either the right offers or rewards that will

see them return. In addition, we conduct customer satisfaction surveys to track NPS scores and identify other areas needing improvement.

Complaints management

Panda customer complaints are managed by Hulool call center agency. In 2023, 99% of the tickets were successfully resolved, indicating effective problem-solving and efficient ticket management. The 1% not resolved by the end of the year under review represents more complex issues that require additional time or resources to address.

Complaints Received		Complaints Resolved	
2022	2023	2022	2023
20,000	6,352	96%	99%

Building and maintaining a loyal customer base

Panda is further enhancing customer satisfaction by transitioning to customer data profiling through Salesforce software, redefining the value proposition of our loyalty program for its 14 million members, and offering services beyond retail.

To track and monitor customer purchase patterns, Panda uses a unique verification system using the customer's unique mobile number, which can be accessed in-store, at cashier level or through our online app. By enrolling in the program, customers receive targeted special offers or discounts on a range of goods and services.

Managing pricing challenges

The rise of discount channels that offer cheap, often counterfeit branded items have impacted customer loyalty and satisfaction in the price-sensitive consumer market over the last years, directly affecting Panda's bottom line. This challenge is mainly price driven, with customers switching to these channels for non-food grocery items, such as cleaning materials. Many of these items are manufactured in the Kingdom of Saudi Arabia.

We have addressed this by:

- Educating customers about quality and the importance of purchasing from the right source.
- Working with both suppliers and the government in developing initiatives and policies to combat counterfeit goods.

Panda now price matches the top 1,000 stock keeping units (SKUs) with the lowest basket to ensure future and sustainable growth.

Customer Experience and Satisfaction continued

Customers driving Panda's sustainability

The company has seen a 20% to 30% drop in sales of certain categories in recent years, highlighting the importance of ensuring that customers buy products from the right source. Consequently, sustainability is driven both by our customers and by in-house initiatives.

We have embarked on collaborations with suppliers like L'Oreal so that our customers have access to eco-friendly products in sustainable packaging.

In-house projects contribute to Panda's sustainability narrative. These include converting shopping bags into biodegradable bags and recycling cartons and plastics at store level. Panda was the first retailer in the Kingdom to launch 100% biodegradable bags.



Case study

Driving sustainability in Saudi Arabia

Panda's partnership with Garnier GCC

Saudi Arabia generates significant quantities of plastic waste, with each person producing 1.5 to 1.8 kg, daily.

In 2023, Panda partnered with Garnier GCC in a significant safety campaign to reduce plastic waste and enhance consumer awareness about sustainable practices.

The campaign was designed around a free, reusable tote bag with every purchase of a Garnier product, and cash back offers that incentivized customers to return - and re-use - their tote bags. This promoted the habitual use of reusable bags and the reduction of single-use plastic. To maximize reach and engagement, the campaign was promoted through digital platforms and on-ground activities that included education about the environmental benefits of reusable bags.

Significant results

Panda and Garnier distributed 150,000 tote bags thus replacing an equivalent number of single use plastic bags and contributed to a substantial reduction in plastic waste and CO₂ emissions.

By making reusable bags accessible and economically incentivizing their use, this partnership significantly reduced plastic waste and fostered a culture of sustainability among Saudi consumers.

In addition, this campaign between Panda and Garnier GCC successfully drove sustainability and influenced consumer behavior in Saudi Arabia more broadly.

Digitization

Customers are continuously asking for more green initiatives and environmentally friendly products. By introducing digital leaflets that are distributed online and not door-to-door, we have reduced our paper consumption and printing volumes by 60% to 70%.

We have also been actively implementing sustainability initiatives through our WhatsApp channel.

Feedback from customers has been extremely positive, particularly in the grocery market.

This has led to an increase in our NPS scores as well as improving our customer's understanding of Panda's environmental and social responsibilities.

Customer privacy, segmentation, and targeted pricing

As noted, we are increasingly utilizing customer segmentation and profiling to target the right customers so that our customers have access to the most appropriate items, services, and best-fit offers.

Other digital initiatives include e-commerce sites, WhatsApp messages, and digital storage and validation of customer information. To ensure the privacy of customer data, we have implemented aggressive cybersecurity measures, including encryption of customer data so that only essential information is used for personalized marketing. This includes understanding customer preferences, shopping frequency, and SKUs.



Looking to 2024

In the coming year, Panda plans to launch several new initiatives, including a new end-to-end e-commerce model as well as an enhanced value proposition loyalty program. To achieve this, we are collaborating with Ocado to provide the best platform in terms of user experience, with the goal of achieving a 99.9% fulfillment rate. This, together with the widest possible range of products, will offer us significant market differentiation.

Simultaneously with the re-launch of our loyalty program, we will be automating the customer data profiling (CDP) system. This will help us to understand and more effectively segment customers as well as automate communication with our customers.

In 2024, we will also be launching several projects to improve our retail presence and customer experience. These include a new value proposition based on segmentation, an AI-powered system for dynamic pricing, and a project to remodel our hyper stores.

From hyper to compact

Panda will be introducing a new and compact 800m² to 1,000m² neighborhood store format. Our new Panda Fresh store concept will specialize in the daily basket of bakery, butchery, deli, food, and non-food items and will be located in high density neighborhoods. Each compact super store's range will consist of 80% fixed products with a 20% variable based on the catchment area.

Current Hyper store layouts will be revamped, accompanied by the introduction of a shop-in-shop concept that will include partnerships with professional brands and introduces a food and beverage (F & B) concept.

Smart trolleys

We are piloting an innovative smart trolley, which will connect with customers' loyalty apps on their mobile phones. They will be able to scan items directly and will also receive personalized offers while in specific store aisles, thus adding value to their shopping experience. Other innovations integral to the smart trolley are our innovative shelf labels and in-store digital screens. These capture information about customer's experience at various touch points. We hope this project will go live towards the end of Q3 in 2024.



05

Governance

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As a 46-year-old organization, Panda must keep up with market changes and stakeholder expectations. The biggest challenge is aligning stakeholder expectations with the company's current operating model and complying with best practices. We have in the region of 400 standard operating procedures (SOPs), 18 policies, and numerous delegations across the organization. Ensuring employee awareness and compliance with these policies is crucial for maintaining harmony across the organization, which can perform as many as 100 million transactions annually.

Panda's governance framework is based on a system called Hawkama, the Arabic word for governance, which documents all policies across the organization and disseminates them by function and department.

The Board set a KPI for management to develop the company's first ESG Report. This initiative is a significant component of the overall company KPIs, underscoring the Board's commitment to integrating sustainable and responsible practices into the company's core operations.



Overview

Panda, a leading company in the retail industry, has a robust corporate governance framework that consists of four elements: Board oversight, ethics and compliance, operations, and responsibility to internal and external stakeholders. The Board of Directors is responsible for setting out the overarching charters and policies that govern the various committees that fall under its purview.

Governance falls into two departments: Board-related corporate governance under the Chairman of the company and operational corporate governance falling under the Governance, Risk, and Compliance (GRC) department. The GRC department has a dual reporting line to both the CEO and the Board, ensuring transparency and accountability.

The Board also oversees the following policies within Panda:

- Compliance
- Panda Safety
- Information Security Enterprise
- Information Technology Service Management Standards
- Data Protection
- Media Selling (In-store sampling and promoters)



Overview continued

Board of Directors

Panda Retail Company's Board of Directors consists of five non-Executive, one independent, and one industry expert all of whom hold tenure for between one and three years. Annual remuneration for members is SAR 200,000 with committee members receiving an additional SAR 100,000. Fees for attending meetings is set at SAR 5,000 per meeting.

Isam Majid Al-Muhaidib - Chairman

Non-Executive member

With extensive management experience spanning retail, food, and contracting sectors, Isam Majid Al-Muhaidib currently serves as Vice President of Industrial & Infrastructure Investments at the Al Muhaidib Group. His expertise is further demonstrated through his board memberships across several listed and unlisted companies.

His educational background includes a Bachelor's and a Master's degree specializing in Industrial Engineering from the University of Texas, USA.

Waleed Khalid Fatani - Vice-Chairman

Non-Executive member

NRC and IC member

With over 28 years of experience in banking, finance, and investments, Waleed Khalid Fatani has built a diverse career spanning various business sectors and financial services. While currently serving as the CEO of Savola Group, he also sits on the boards of several listed and unlisted companies.

He holds a Bachelor of Science degree in Accounting from California State University, USA.

Fahad Abdullah Al Kassim - Director

Non-Executive member

AC member

A versatile professional with expertise in financial, administrative, and auditing consultancy, executive management in healthcare institutions, and leadership in retail and wholesale industries. He currently serves on various boards and committees, leveraging a wealth of experience.

His educational background includes a Bachelor of Science degree in Management with a major in Accounting from King Saud University, KSA, complemented by advanced training through the Management and Leadership Program at Oxford University, UK.

Bader Abdullah Alissa - Director

Non-Executive member

NRC Chairman, IC member

A seasoned professional with extensive experience in finance, administration, portfolio management, and corporate analysis. He currently serves as the CEO of Assila Investments and Chairman of Savola Foods Company, while also holding board positions in various listed and private companies.

His educational background includes a Master's degree in Business Administration from Rice University and a Bachelor's degree in Economics from the University of Virginia, both in the USA. He is also a Certified Financial Analyst.

Ahmed Waza Al Qahtani - Director**Non-Executive member**

IC Chairman

With over 15 years of experience in managing public and private investments, Ahmed Waza Al-Qahtani has extensive expertise in restructuring, mergers, and acquisitions. Currently serving as the Chief Investment Officer for Regional Markets at Hassana Investment Company since June 2018, he oversees a team of experienced portfolio managers and investment specialists. Their focus spans public equity, fixed income, private equity, infrastructure, and real estate investments in local and regional markets.

In addition to his primary responsibilities, he serves on the boards of several public and private companies, including National Medical Care Company "Care", Savola, Maarif Education, Saudi Medical Care Group, and Osool Integrated Real Estate Company.

He has a Bachelor's degree in Finance from the King Fahad University of Petroleum and Minerals, KSA.

Jean-Marie Pean - Director**Independent**

A seasoned consulting partner at Bain & Company with over 18 years of experience. He joined Bain's London office in 1983 and was elected partner in 1988. After opening and managing the Brussels office from 1990 to 1994, he established and led the Paris office until 2001. Subsequently, he spearheaded Bain's expansion into the Middle East, opening the Dubai office in 2005. He currently serves as an Advisory Partner and Chairman in Dubai.

He has a Master's degree in Business Administration from HEC University, France.

Jean-Pierre Bienfait - Industry Expert

With extensive international experience, Jean-Pierre Bienfait has served as CEO and C-level executive in multiple retail companies across China, Egypt, Indonesia, and the Netherlands. His diverse background also includes roles as non-executive director in various food and beverage companies, as well as successful ventures as an entrepreneur and investor.

His qualifications include a Master's degree in Business Administration from the Utrecht University, Netherlands, and a Master's degree in Law with a dual major in Corporate and Civil Law.

Overview continued

Executive leadership

Bander Hamooh

Chief Executive Officer

Bander Hamooh has over 30 years of leadership experience in retail, pharmaceuticals, and FMCG industries. He has led strategic business transformations at the Saudi Ministry of Health and Nahdi Medical Company. Since 2017, as CEO of Panda, he has driven growth and transformation, repositioning the company as a leader in Saudi retail.

He holds a Bachelor's degree in Pharmaceutical Science from King Saud University, KSA

Mohammed Khorshid

Chief Financial Officer

Mohammed Khorshid has over 20 years of experience in accounting and financial planning. He has held several key financial roles at Panda, including Financial Controller and Director of Finance, and has also worked at Ewaan Global Residential Company and Waly Sait Audit Firm.

He holds a Master's degree in Business Administration from the University of Manchester and a Bachelor's degree in Accounting from the University of Aleppo. He is a CPA and CMA.

Abdullah Al Sabban

Chief Operating Officer

With over 25 years of experience, Abdullah Al Sabban's areas of expertise are operational excellence, supply chain management, and people development. He joined Panda as Vice President for Transformation & Operational Excellence in 2017 and became COO in 2022. He has a strong background in strategy, logistics, and organizational excellence.

He holds a Master's degree in Business Administration from Maastricht School of Management.

Ghazi Alem

Vice President of Store Expansion and Network Development

Ghazi Alem has over 16 years of experience in banking and retail and has led transformative programs at Panda. He has held roles such as Head of eCommerce Strategy and Director of the Customer Experience Revival Program.

He holds a Master's degree in Entrepreneurship from the University of Jeddah.

Eric Bertrand Deliers

Chief Commercial Officer

Eric Bertrand Deliers has over 30 years of retail experience, with extensive knowledge in merchandise, sales development, and smart retailing. He previously held senior roles at Carrefour Group, including COO in China and various leadership positions in France, Indonesia, and Thailand.

He holds a Master's degree from IMD, Lausanne.

Wassim Al Tahawi**Chief Governance, Risk,
and Compliance Officer**

With over 20 years of GRC and auditing experience, Wassim Al Tahawi has held leadership roles in retail, FMCG, and financial services. He oversees Panda's GRC strategy, focusing on risk management, compliance, and quality assurance.

He holds a Bachelor's degree in Economics and certifications in Risk Management and Fraud Examination.

Bandar Al Saidi**Vice President for Commercial
Food**

Bandar Al Saidi has been with Panda since 2003, progressing from Division Manager to Vice President of the Commercial Division for Grocery Food.

He holds a Bachelor's degree from King Fahad University, KSA and a Management diploma from the University of Leicester. He holds certification from INSEAD and IMD Business Schools.

Zuhair Al Maghrabi**Chief Human Capital Officer**

With over 27 years in human resources, Zuhair Al Maghrabi has held senior roles at National Housing Company, Almajal Group, Mohamed Yousef Naghi Group, and Bupa Arabia. He has chaired and served on nomination and remuneration committees at various organizations.

He has a Master's degree in Philosophy, an Executive MBA, and a Master's in Education & Human Development.

Ahmad Chehade**Chief Marketing Officer**

Ahmad Chehade has extensive experience in retail marketing, having served as Marketing Consultant and Marketing Director at Panda. He is known for his customer-focused approach and has led various marketing initiatives at Panda.

He holds a Bachelor's degree in Business Marketing from the Lebanese American University.

Hesham BaEissa**Director of Public Affairs and
Board Secretary**

Hesham BaEissa joined Panda in 2012, serving in various roles, including Secretary of the Board and Head of Social Responsibility and Public Relations. His background is in corporate governance and social responsibility.

He holds a Master's degree in Business Administration from UBT and a Bachelor's degree from King Abdulaziz University.

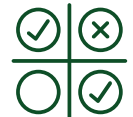
Governance Road Map and Targets

1
Phase

Aug 2024

Status assessment and validation

Assess current CG framework requirement implementation gap status, ranging from the Board policies, delegations of authority (DOA), and Panda internal divisions policies to departmental standard operating procedures (SOPs), that will be validated by our Internal Audit department.



2
Phase

Dec 2024

Currency review of documentation

Determine current documentation (DOAs, policies, and SOPs) validity and needs across all divisions.



3
Phase

Mar 2025

Implementation, approval, tracking, and compliance

- Complete the “metrics determined” and approved using the appropriate process.
- Activate and track implementation.
- Review the implementation effectiveness by the GRC Compliance.



Anti-corruption and Anti-competitive Behavior

At Panda, we are committed to the highest standards of professionalism and ethics in our dealings with customers, partners, and suppliers. Everything we do is underpinned by these values:

- Succeeding with integrity.
- Acting ethically, honestly, and with integrity.
- Being accountable and speaking up if we suspect, see, or encounter any violation of our code of ethics.
- Declaring any conflicts of interest.
- Company Code of Conduct.

In 2023, we recorded 2,923 internal non-compliances, with no instances of anti-competition behavior.

Code of Conduct

The Panda Code of Conduct applies to every Panda employee, from the Board of Directors, suppliers, vendors, contractors, and consultants, to their agents and other representatives. All Panda Retail Company's employees must comply with the Code of Conduct, the company's policies, as well as all laws and regulations that govern our activities. The code both guides, and is a reference for, our day-to-day activities, decision

making and duties. It reflects our core values and commitment to honesty, integrity, and conducting our duties professionally, efficiently, and in the best interests of Panda Retail Company.

Our Code of Conduct serves as a foundation for all of Panda's policies, procedures, and guidelines, and provides additional guidance on how we conduct business, especially how we:

- Treat one another in the workplace.
- Manage our business responsibilities.
- Engage with competitors.
- Interact with authorities.
- Protect Panda's confidential information.
- Protect whistle blowers.

Panda Speak Up program

Panda operates the Speak Up program to enable all employees to report misconduct and unethical acts. This platform strengthens trust with our stakeholders, which forms a key aspect of Panda's strategy.

Number of cases reported and investigated:

	Number of Cases Reported		Number of Cases Investigated	
	2022	2023	2022	2023
Panda	1,423	2,371	1,423	2,371

In 2024, we will continue to empower our employees to exercise independent professional judgment and act according to our values and ethics.

Responsible Supply Chain

Panda views procurement from two perspectives: trade and non-trade items. The former includes all the products procured for sale to our customers, i.e. our stock in trade. Non-trade items refer to items that are not sold, but which support the selling process. These range from refrigeration and other equipment to shelving and shelving labels, as well as ingredients used in the production of our private label, bakery and deli products. In this report, we deal with trade and non-trade items separately.

Supplier Code of Conduct

All suppliers, regardless of commodity, must sign Panda's supplier Code of Conduct which is available through the procurement portal. As noted, suppliers include vendors, manufacturers, contractors, sub-contractors, and any other service providers that provide goods and services to Panda.

The code sets the standard and emphasizes compliance with laws, sustainability, ethical labor practices, confidentiality, fraud prevention, and the importance of maintaining professional and ethical relationships with suppliers:

- **Compliance with the laws and regulations** of the Kingdom of Saudi Arabia, including Competition Laws issued by Royal decree No. M/24 dated 11/04/1435H, as well as those of other territories in which they operate.
- **Maintenance of labor practices and standards** where suppliers respect human rights and are committed to work environments that are humane in which individuals' dignity is paramount, in which they are free from harassment, discrimination, victimization, and bullying. Workers should receive at least the minimum wage and be protected from undue exploitation.
- **Care for the environment and protection of health and safety** in compliance with all applicable laws and regulations in the country where products or services are manufactured or delivered. This includes meeting the quality and safety standards required by Saudi law and complying with the relevant security controls. We expect our suppliers to minimize their environmental impact and drive continuous improvement of environmental compliance.
- **Ethical business practices** based on mutual understanding and expectations in respect of the policies that guide Panda's employees as they conduct business with suppliers.
- **Gifts from suppliers are not accepted** for any reason whatsoever, whether pending contract negotiation, or as an incentive for awarding a future contract with a supplier. This also applies to special occasions, as gestures of goodwill can sometimes create misunderstanding or embarrassment.
- **Hospitality and entertainment costs** incurred while conducting business will be reciprocated e.g. when Panda meets with a supplier in their office and/or home country and vice versa. Additional entertainment such as sporting events, theatre, or fishing trips are not accepted.
- **Travel and accommodation costs** are covered by Panda when meeting with suppliers either in Saudi Arabia or abroad, whether for exhibitions, supplier sponsored events, visits to reference sites or to supplier locations. If travelling together, the supplier and Panda will each pay their expenses separately. Payment for private travel or accommodation for Panda staff is strictly prohibited.
- **Conflict of interest**, real or apparent, that exists or may exist on account of suppliers' participation in, or affiliation with other entities or members of their families, relatives, and friends as shareholders in Panda or any of its affiliates, must be declared.
- **Business is conduct based on these values:**
 - Fairness
 - Efficiency and effectiveness
 - Honesty and openness
 - Professionalism
- **Monitoring and auditing** may be conducted, at Panda's discretion to assess a supplier's compliance with this Code of Conduct, either by Panda or by a third party, which shall not be a direct or indirect competitor of the supplier, and subject to a non-disclosure agreement.
- **Fraud**, bribery, kickbacks, embezzlement, or any other form of corruption is not acceptable.
- **Respecting confidentiality** of suppliers and preserving all confidential information in trust and confidence. Neither Panda nor its suppliers will use, disclose, communicate, or convey, directly or indirectly, any such information, except as may be necessary for the conducting of business or as required by law.
- **Violations** are managed through the established channels managed by independent third parties, accessible via our website or the 24-hour hotline number in the Kingdom of Saudi Arabia.

Within Panda, the following escalation process applies:



Procurement of non-trade items

The Procurement department, which is centralized and serves all the stores in the Kingdom, regardless of how remote, is responsible for procuring non-trade items. It consists of three main divisions which report directly to the Chief Human Capital Officer:

1. **Governance** which is responsible for contractual matters, policy and procedures, as well as system enhancement.
2. **Operations** which, in turn, has four sub-divisions, i.e. store operations, supply chain, maintenance, and construction, each of which is led by a manager supported by an assistant manager and a team of buyers.
3. **Corporate** under which there are two managers. One is responsible for marketing, supplies, and packaging, and the second for information technology (IT) and human resources (HR).

Currently, we have around 220 contracts, and together with non-contracted suppliers, our procurement has an annual spend in the region of SAR 1 billion.

Supplier dashboard and assessments

All current and prospective suppliers must register via the Panda procurement portal, where they complete an online request for information (RFI). In addition to the information about the item or commodity and its price, suppliers must provide relevant information that enables our procurement staff to assess the suitability of goods and services in terms of quality and price as well as sustainability, i.e. compliance with our supplier Code of Conduct.

This data is then captured on a dashboard which was launched in November 2023. This tool, 60% to 70% complete, is a critical element in our journey to sustainable procurement, it enables us to assess and pre-qualify suppliers, their products, etc., in relation to relevant criteria and our Code of Conduct.

Individual suppliers can access the dashboard to monitor their own performance in relation to both Panda's criteria and invoice payments. This process promotes greater fairness and transparency.

The dashboard, and the data it contains, will form the foundation for supplier audits which we plan to institute from 2025. In the interim, and where possible, we conduct on-site inspections and, from major suppliers, where we have significant spend, we may request third party audit reports.

Local procurement - non-trade items

In line with Panda's Saudi localization policy, the majority of what we procure is from local suppliers with only approximately 16% of our spend on imported goods. We procure from outside the Kingdom as a last resort, usually when the required quality isn't available locally.

Examples of potentially imported items include shelving, display items, and labels. These "long lead" items are our greatest challenge because of the risks associated with suppliers located in other parts of the world. To manage this risk, we have a number of alternative suppliers in the database.

SMEs

Panda is committed to prioritizing and offering opportunities to SMEs. One of our major incentives for small companies to present their products is that we do not charge listing or additional display fees once we accept their offerings, recognizing that additional costs provide a barrier to engagement. In addition, we benchmark the prices of SMEs against the average for the relevant category so that they profit from higher returns.

Every year, we select two to three SMEs to whom we award certificates as part of an award ceremony, and in 2023 we launched our Annual Collaborative event which incorporates these awards.

Responsible Supply Chain continued

Setting the PACE launching Panda's Annual Collaborative Event

In 2023, we launched our first annual event for suppliers. This collaborative event is designed to facilitate engagement and collaboration around various topics related to the retail market including empowering society for a better life. It is also an opportunity to thank the Kingdom of Saudi Arabia's government for its initiatives to curb the impact of global inflation on consumers, which was also the key topic for our inaugural event.

Among the day's activities was the collaborative honoring of several national companies and SMEs in appreciation of their efforts and supportive contributions to the local economy, which is in line with the "Made in Saudi Arabia" initiative launched by His Highness the Crown Prince and Prime Minister Mohammed bin Salman in March 2021.

Panda plays a major role in this initiative by facilitating channels for selling and trading locally made products in all its branches throughout the Kingdom of Saudi Arabia. This year we acknowledged the work of two of our SME suppliers, Al Nafea Co. and Sarya Investment Company for their collaborative efforts and ongoing partnerships.

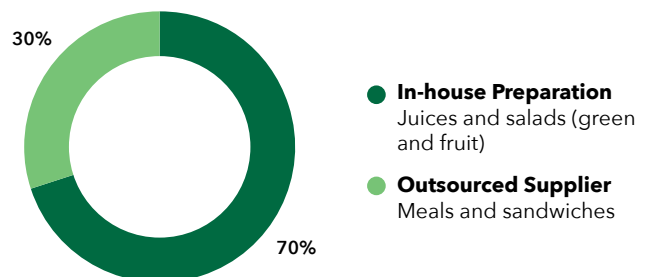
Through the PACE initiative, we are reinforcing the role we play in redefining the retail customer experience, thus contributing to our vision to lead sustainability in the retail market and win the trust of customers and the communities we are proud to serve.

Procurement of trade items

The Procurement department focuses on local procurement and sourcing to the best extent possible.

We source most of our products from local manufacturers and distributors. This includes food and non-food categories, including major international brands. Multinational companies producing FMCG goods have distributor operations in the Kingdom of Saudi Arabia, and they themselves may source products from Egypt and the UAE or beyond. The presence of these entities in-country is the result of Saudi Arabia recently granting free ownership to large investors and companies. As a result, 70% to 80% of all our non-food category items are sourced locally.

In addition to our separate bakery brand, Al Omraa, which sources locally as far as possible for supply to Panda's stores, Panda's Ready-to-eat department sources ingredients from both within the Kingdom and beyond, with a 50:50 ratio for fresh items. This includes two main segments:



Origins of a variety of our standard ingredients:

Locally Sourced Products	Imported Products	
Watermelons	Carrots - Australia	Raspberries - California
Sweet melons	Oranges - Spain	Strawberries
Papaya yellow	Pomegranates - Yemen	Blueberries
Honeydew white	Pomegranates - Peru	Pomegranates - Egypt
Honeydew yellow	Pomegranates	Mangos kit - Egypt/Yemen
Watermelons long	Mangos tommy - Jazan	Honeydew yellow
Mint	Mangos naomi - Egypt	Oranges navel
Parsley	Pineapples honey glow	Mandarins - Africa
Cucumber	Pineapples	Grapefruit
Tomatoes	Avocados	Pomelos
Lettuce iceberg	Kiwi fruit	Turmeric
Lettuce long	Blackberries	Ginger

Nationalization and local procurement - trade items

Panda offers equal opportunities to all Saudi and local suppliers. We encourage our suppliers to launch environmental care programs, which Panda recognizes through annual awards.

Made in Saudi

This year, in line with our commitment to encouraging localization, we signed an agreement with Made in Saudi to support and promote local brands - in addition

to Panda's private label - in our stores. The Made in Saudi logo guarantees that the product is 100% local. Additionally, we signed a joint cooperation agreement with the Saudi Export Development Authority to support local companies in enhancing the national economy and highlighting its potential. This not only reflects Panda's vision to positively influence society by driving economic progress but also our commitment to supporting local companies to increase sales. We offer a variety of facilities, such as displaying their products in Panda stores and preferential pricing structures.

Supplier count and spend value distribution for trade items

	2023	
	Supplier Count	Spend Value
Local suppliers	84%	96%
Foreign suppliers	16%	4%

Responsible Supply Chain continued

Labeling

All products, both under our private label and sourced from elsewhere, must be approved by the Saudi Food and Drug Authority and must be registered accordingly. All product labels include, for example, the name of the product, the composition of the product, the active ingredient, the use of the product, the storage conditions, as well as relevant precautions. If, through the procurement process, we come across products that do not comply, we reject them.

In addition, products that make health claims must be supported by the relevant certification and/or evidence of the product's efficacy. Products that do not comply with these regulations may not be sold in the Kingdom of Saudi Arabia.

Future plans

Going forward, we will continue:

- Supporting SMEs.
- Introducing sustainable or eco-friendly shopping bags to our stores.
- Increasing the percentage of private label items from 3% to 5%.
- Driving more sustainability-focused initiatives with some of our international brand suppliers, specifically, Procter and Gamble (P & G), Unilever, and L'Oréal.

Supply chain sustainability initiatives

In addition to the Code of Conduct, we are committed to ensuring that the packaging that Panda uses is sustainable. Where that is not possible, we ensure that we source the highest quality plastic product possible from suppliers with the best ratings in terms of Panda's supplier Code of Conduct.

Collaborations with international brands

Last year, we partnered with L'Oréal to transform all bottles to environmentally friendly materials and worked with Procter and Gamble on recycling waste and old textiles.

In addition to our obligations in terms of Saudi law, to work with suppliers that are appropriately registered, we are actively exploring suppliers that can help us in strengthening our social responsibility and environmental awareness initiatives. This includes discussions with Unilever to transform some of its packaging, for certain products, to recycled bottles and environmentally friendly materials.

We reiterate that suppliers not adhering to, or signing, our Code of Conduct are not utilized.



Digitization and Innovation

Since 2019, Panda has been transitioning from outdated information technology (IT) systems to modern technologies like Oracle RMS and Oracle Fusion. We are focusing on digital transformation and cloud-based databases to gain a market-leading advantage. During the pandemic we launched PandaClick in our 187 stores across Saudi Arabia, which transitioned Panda from a purely brick-and-mortar store model to an omnichannel model. We plan to transition to Ocado for better technology and we are collaborating with Hunger Station and Jahez, to expand our sales channels.

Panda's digitization and innovation have been significant achievements, with one example being the successful completion of our remote monitoring systems (RMS) project - within two years.

We have integrated our applications using modern integration layers through Oracle OCI and Apache Nifi. All integrations are via our application programming (API) and bulk data (BDI) interfaces and monitored by the Panda team. For internet privacy reasons, we are also increasing the use of artificial intelligence (AI) and are in the process of moving our data in-country.

Moving to the cloud

Our data warehouse, running on Microsoft Azure cloud has been modernized and digitized. As part of the process of digitizing our systems we have already transitioned critical systems such as merchandising, financial, procurement forecasting, as well as replenishment and customer engagement, to the cloud.

The remaining on-premises applications such as distribution solutions, space range and display, as well as point-of-sale systems will be moved to the cloud in the next two to three years.

Panda is also investing in artificial intelligence (AI) technologies to assist with pricing management and promotion optimization tools and using Azure to maximize the opportunities presented by machine learning (ML).

Cybersecurity

To stay ahead of our competitors, Panda is investing heavily in data governance and cybersecurity. This is one of our greatest challenges and consequently a major focus for the CEO who has set up, and leads, our cyber governance board, Ibtikar. This group, which includes all C-level stakeholders, is responsible for selecting cybersecurity solutions and developing a roadmap for Panda's internet security protocols.

To implement new solutions, Panda is building a robust integration layer and a robust business intelligence (BI) data layer. As noted, we're also investing heavily in data governance to ensure that customer data is secure and encrypted. End-to-end encryption is designed to secure data and prevent unauthorized access. Our sales and IT staff can only access encrypted customer data, with high level authorizations required to access specific customer data.

Third party responsibility

Panda's cybersecurity has been awarded to an independent contractor that can impartially observe any contract or data decisions. This function is supported by our migration to Salesforce for contracting and to monitor the number of attacks and attempted phishing scams.

Innovative customer-centric offerings

Trolleys for people with disabilities

We continue to specialize in catering for our customers with disabilities, including shopping trolleys designed specifically for people with special needs, to ensure all customers can enjoy the Panda experience. People with disabilities face a number of challenges when shopping, such as navigating aisles, carrying heavy bags, and maneuvering through checkout lanes. Our unique trolleys have a mechanism to attach to any type of wheelchair and have spacious, easily accessible compartments to accommodate mobility aids such as walkers or crutches.

Bench seating

As with many of its innovations, Panda has moved away from the traditional school of thought, which suggests all available retail space should provide an opportunity to make a purchase. In order to improve our customers' comfort and satisfaction, our bench seating initiative also has the potential to increase sales and add to the overall aesthetic of the store.

Although bench seating reduces the stores' overall retail area, the investments have already proved beneficial in terms of enhanced customer experiences and added spending. The seating provides a comfortable and convenient place for our customers to rest, charge their electronic devices and navigate our weekly offers by scanning QR codes, while waiting for their orders to be prepared from fresh sections, such as fishery, butchery, and bakery.

Looking ahead

Although we anticipate that the journey towards digitization will take another three to four years, Panda is committed to moving forward in terms of a comprehensive roadmap.

Our IT team is focused on two areas: strategy and customer engagement. It aims to build an IT strategy that supports the company's pillars and create a roadmap for the future. In the short-term (over the next two years), IT will upgrade our merchandising system, investing heavily in customer engagement. This includes evaluating customer databases, CDPs, and Salesforce,

as well as implementing a central system for customer engagement.

In the future, Panda plans on hiring data scientists who will help to manage large data volumes and AI-enabled technologies. Simultaneously, we intend moving our IT operations to India, specifically Global Capability Center Project, and will outsource some day-to-day tasks to that center for technical support.

From an enterprise perspective, as noted, we still need to implement distribution center solutions, point of sale (POS) systems, and a store management system, which will be a focus for the next two years.

In the coming five years, we will seek out new and appropriate technologies, and plan to build a research and development function within IT. This will involve hiring top-end talent and exploring new technology with IT behemoths such as Microsoft.

Finally, we plan to build an AI department within IT to ensure that AI capabilities are designed and embedded in our functions.





06

Appendices

GRI Context Index	76
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GRI Context Index

GRI Content Index		
Statement of use	Panda Retail Company has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	Pages 6-7 (Panda at a Glance)
	2-2 Entities included in the organization’s sustainability reporting	Page 6 (Panda at a Glance)
	2-3 Reporting period, frequency and contact point	Page 4 (About this Report)
	2-4 Restatements of information	There are no restatements of information from the previous year.
	2-6 Activities, value chain and other business relationships	Pages 6-7 (Panda at a Glance) Pages 14-21 (Our Approach to ESG)
	2-7 Employees	Pages 39-53 (Comprehensive Human Capital Management and Development)
	2-8 Workers who are not employees	Page 39 (Comprehensive Human Capital Management and Development)
	2-9 Governance structure and composition	Page 17 (Sustainability, Governance, and Leadership Responsibilities) Pages 65-69 (Governance)
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 17 (Sustainability, Governance, and Leadership Responsibilities) Pages 65-69 (Governance)
	2-13 Delegation of responsibility for managing impacts	Page 17 (Sustainability, Governance, and Leadership Responsibilities) Pages 65-69 (Governance)
	2-14 Role of the highest governance body in sustainability reporting	Page 17 (Sustainability, Governance, and Leadership Responsibilities) Pages 65-69 (Governance)
	2-15 Conflicts of interest	Page 71 (Anti-corruption and Anti-competitive Behavior)
	2-16 Communication of critical concerns	Page 71 (Anti-corruption and Anti-competitive Behavior)
	2-17 Collective knowledge of the highest governance body	Page 17 (Sustainability, Governance, and Leadership Responsibilities) Pages 65-69 (Governance)
	2-18 Evaluation of the performance of the highest governance body	Pages 65-69 (Governance)
	2-21 Annual total compensation ratio	Page 52 (Ratio of basic salary and remuneration for women to men (in Saudi Arabia only))
	2-22 Statement on sustainable development strategy	Pages 8-9 (CEO’s Statement)
	2-23 Policy commitments	Page 16 (Alignment with Saudi Vision 2030)
	2-24 Embedding policy commitments	Page 16 (Alignment with Saudi Vision 2030)
	2-25 Processes to remediate negative impacts	Page 71 (Anti-corruption and Anti-competitive Behavior)
2-26 Mechanisms for seeking advice and raising concerns	Page 71 (Anti-corruption and Anti-competitive Behavior)	
2-27 Compliance with laws and regulations	Page 71 (Code of Conduct)	
2-29 Approach to stakeholder engagement	Pages 18-19 (Stakeholder Engagement)	

GRI Standard	Disclosure	Location
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Pages 20-21 (Materiality)
	3-2 List of material topics	Page 21 (Final material issues)
GRI 201: Economic Performance 2016	3-3 Management of material topics	Pages 6-7 (Panda at a Glance)
	201-1 Direct economic value generated and distributed	Pages 6-7 (Panda at a Glance)
	201-2 Financial implications and other risks and opportunities due to climate change	Page 28 (Climate Change and Emissions)
	201-3 Defined benefit plan obligations and other retirement plans	Page 61 (Employee benefits)
GRI 202: Market Presence 2016	3-3 Management of material topics	Pages 6-7 (Panda at a Glance)
GRI 203: Indirect Economic Impacts 2016	3-3 Management of material topics	Pages 55-56 (Corporate Social Initiatives)
	203-1 Infrastructure investments and services supported	Page 55 (Customer's Tower)
	203-2 Significant indirect economic impacts	Pages 55-56 (Corporate Social Initiatives)
GRI 204: Procurement Practices 2016	3-3 Management of material topics	Pages 72-76 (Responsible Supply Chain)
	204-1 Proportion of spending on local suppliers	Page 75 (Supplier count and spend value distribution for trade items)
GRI 205: Anti-corruption 2016	3-3 Management of material topics	Page 71 (Anti-corruption and Anti-competitive Behavior)
	205-1 Operations assessed for risks related to corruption	Page 71 (Anti-corruption and Anti-competitive Behavior)
	205-2 Communication and training about anti-corruption policies and procedures	Page 71 (Code of Conduct)
	205-3 Confirmed incidents of corruption and actions taken	Page 71 (Anti-corruption and Anti-competitive Behavior)
GRI 206: Anti-competitive Behavior 2016	3-3 Management of material topics	Page 71 (Anti-corruption and Anti-competitive Behavior)
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Page 71 (Anti-corruption and Anti-competitive Behavior)
GRI 301: Materials 2016	3-3 Management of material topics	Page 29 (Packaging and Product Impact)
	301-1 Materials used by weight or volume	Page 29 (Packaging and Product Impact)
	301-2 Recycled input materials used	Page 29 (Packaging and Product Impact) Pages 30-33 (Waste and Circular Economy)
	301-3 Reclaimed products and their packaging materials	Pages 30-33 (Waste and Circular Economy)
GRI 302: Energy 2016	3-3 Management of material topics	Pages 26-27 (Clean and Efficient Energy)
	302-1 Energy consumption within the organization	Page 28 (Climate Change and Emissions)
	302-2 Energy consumption outside of the organization	Page 28 (Climate Change and Emissions)
	302-3 Energy intensity	Page 26 (Clean and Efficient Energy)
	302-4 Reduction of energy consumption	Page 28 (Climate Change and Emissions)
	302-5 Reductions in energy requirements of products and services	Page 26 (Clean and Efficient Energy)
GRI 303: Water and Effluents 2018	3-3 Management of material topics	Page 34 (Water Stewardship)
	303-5 Water consumption	Page 34 (Water Stewardship)
GRI 304: Biodiversity 2016	3-3 Management of material topics	Page 34 (Biodiversity)

GRI Context Index

GRI Standard	Disclosure	Location
GRI 305: Emissions 2016	3-3 Management of material topics	Page 28 (Climate Change and Emissions)
	305-1 Direct (Scope 1) GHG emissions	Page 28 (Climate Change and Emissions)
	305-2 Energy indirect (Scope 2) GHG emissions	Page 28 (Climate Change and Emissions)
	305-4 GHG emissions intensity	Page 28 (Climate Change and Emissions)
	305-5 Reduction of GHG emissions	Page 28 (Climate Change and Emissions)
GRI 306: Waste 2020	3-3 Management of material topics	Pages 30-33 (Waste and Circular Economy)
	306-1 Waste generation and significant waste-related impacts	Pages 30-33 (Waste and Circular Economy)
	306-2 Management of significant waste-related impacts	Pages 30-33 (Waste and Circular Economy)
	306-3 Waste generated	Pages 30-31 (Waste generation)
	306-4 Waste diverted from disposal	Page 31 (Waste generation)
	306-5 Waste directed to disposal	Page 30 (Waste and Circular Economy)
GRI 308: Supplier Environmental Assessment 2016	3-3 Management of material topics	Pages 72-76 (Responsible Supply Chain)
	308-1 New suppliers that were screened using environmental criteria	Pages 72 (Responsible Supply Chain)
GRI 401: Employment 2016	3-3 Management of material topics	Pages 39-53 (Comprehensive Human Capital Management and Development)
	401-1 New employee hires and employee turnover	Page 40 (Comprehensive Human Capital Management and Development > New employee and staff turnover)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 41 (Comprehensive Human Capital Management and Development > Employee benefits)
	401-3 Parental leave	Page 41 (Comprehensive Human Capital Management and Development > Parental leave)
GRI 402: Labor/Management Relations 2016	3-3 Management of material topics	Pages 39-53 (Comprehensive Human Capital Management and Development)
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	Pages 47-50 (Occupational health and safety)
	403-1 Occupational health and safety management system	Pages 48-49 (Distribution Centers' Occupational Health and Safety Management System)
	403-2 Hazard identification, risk assessment, and incident investigation	Page 47 (Occupational health and safety)
	403-3 Occupational health services	Pages 42-43 (Human Capital well-being)
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 48 (Communicating occupational health and safety matters to workers) Page 49 (Participation, consultation, and training)
	403-5 Worker training on occupational health and safety	Page 49 (Participation, consultation, and training) Page 50 (Participation in health and safety training)
	403-6 Promotion of worker health	Pages 42-43 (Human Capital well-being)
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 72-76 (Responsible Supply Chain)
	403-8 Workers covered by an occupational health and safety management system	Pages 48-49 (Distribution Centers' Occupational Health and Safety Management System)
403-9 Work-related injuries	Page 50 (Work-related injuries among Panda employees)	

GRI Standard	Disclosure	Location
GRI 404: Training and Education 2016	3-3 Management of material topics	Pages 44-46 (Learning and development)
	404-1 Average hours of training per year per employee	Page 45 (Onboarding training programs)
	404-2 Programs for upgrading employee skills and transition assistance programs	Pages 45-46 (Learning and development)
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 44 (Learning and development)
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	Pages 51-53 (Diversity, equity, and inclusion)
	405-1 Diversity of governance bodies and employees	Page 51 (Diversity, equity, and inclusion)
	405-2 Ratio of basic salary and remuneration of women to men	Page 52 (Diversity, equity, and inclusion)
GRI 406: Non-discrimination 2016	3-3 Management of material topics	Pages 51-53 (Diversity, equity, and inclusion)
GRI 413: Local Communities 2016	3-3 Management of material topics	Pages 55-56 (Corporate Social Investment)
	413-1 Operations with local community engagement, impact assessments, and development programs	Pages 55-56 (Corporate Social Investment)
	413-2 Operations with significant actual and potential negative impacts on local communities	Pages 30-33 (Waste and Circular Economy) Pages 55-56 (Corporate Social Investment) Page 75 (Responsible Supply Chain > Nationalization and local procurement -trade items)
GRI 414: Supplier Social Assessment 2016	3-3 Management of material topics	Pages 72-76 (Responsible Supply Chain)
	414-1 New suppliers that were screened using social criteria	Page 72 (Responsible Supply Chain)
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	Page 54 (Ensuring Product Safety, Quality, and Health Benefits)
	416-1 Assessment of the health and safety impacts of product and service categories	Page 54 (Ensuring Product Safety, Quality, and Health Benefits)
GRI 417: Marketing and Labeling 2016	3-3 Management of material topics	Pages 58-61 (Customer Experience and Satisfaction)
GRI 418: Customer Privacy 2016	3-3 Management of material topics	Pages 78-79 (Digitization and Innovation)

Acronyms

Acronym	Meaning
ESG	Environment, Social and, Governance
GRI	Global Reporting Initiative
SAR	Saudi Riyal
KSA	Kingdom of Saudi Arabia
IPO	Initial Public Offering
LED	Light Emitting Diode
CSR	Corporate Social Responsibility
AC	Air conditioning
HVAC	Heating, Ventilation, and Air Conditioning
BMS	Building management system
LEED	Leadership in Energy and Environmental Design
IoT	Internet of Things
DC	Distribution Centre
MW	Megawatt
kWh	Kilowatt-hour
EUR	Euro
GHG	Greenhouse Gases
SUVs	Sport Utility Vehicle
RTC	Reduced to Clear
LCA	Life Cycle Analysis
ISO	International Organization for Standardization
ORP	Oxidation-Reduction Potential
CEO	Chief Executive Officer
BMI	Body Mass Index
FTE	Full-time employees
PMS	Performance management system
PREP	Panda Retail Excellence program
HQ	Head Office
OH & S	Occupational Health and Safety
HSE	Health, Safety, and Environment
OH & SMS	Occupational Health and Safety Management System
QR Code	Quick Response code
CCTV	Closed-Circuit Television

Acronym	Meaning
TBT	Toolbox Talks
ERT	Emergency Response Team
OSHA	Occupational Safety and Health Administration
HRDF	Human Resources Development Fund
HRMS	Human resources management system
DCA	Disabled Children Association
CRM	Customer Relationship Management
NPS	Net Promoter Scores
CDP	Customer data profiling
AI	Artificial Intelligence
KPI	Key Performance Indicator
GRC	Governance, Risk, and Compliance
USA	United States of America
UK	United Kingdom
FMCG	Fast-Moving Consumer Goods
COO	Chief Operating Officer
MBA	Master of Business Administration
CG Framework	Corporate Governance Framework
DOA	Delegations of authority
SOPs	Standard operating procedures
IT	Information Technology
HR	Human Resources
RFI	Request for information
SME	Small and Medium Enterprises
UAE	United Arab Emirates
RMS	Remote monitoring systems
API	Application programming
BDI	Bulk data interfaces
ML	Machine learning
C-level	Chief-level
BI	Business intelligence
POS	Point of sale



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