

ABOUT MAHOU SAN MIGUEL: THE COMMITMENT OF A **LEADER**





01

WHAT WE ARE

WE'RE AN INDEPENDENT, 100% SPANISH, FAMILY-OWNED BEVERAGE COMPANY AND A LEADER IN THE BREWING SECTOR IN SPAIN. WE ALSO HAVE A SOLID INTERNATIONAL PRESENCE, A STRONG SENSE OF SOCIAL RESPONSIBILITY AND A DETERMINATION TO HAVE A POSITIVE IMPACT WITH EVERY ONE OF OUR ACTIONS.

In our over 130 years of history, we have pursued our business thanks to the hard work, passion and dedication of a team made up of more than 4,000 professionals. Our employees are motivated by the responsibility to have an impact on people and on the planet, and by the desire to do things well at every point in the value chain.

It all began in 1890 with the birth of Mahou in Madrid. Since then, we have never stopped growing and diversifying our business. In 2000, we added San Miguel to the mix, enriching our Company with its restless and international spirit. In 2004, we added the Canary Islands brand Reina; in 2007, we acquired Cervezas Alhambra; and, in 2011, we expanded our portfolio with the iconic blue of Solán de Cabras natural mineral water. In 2014, we dove head first into the *craft* universe by partnering with North American craft brewers Founders Brewing and Avery Brewing, of which we are majority shareholders. A year later, we became shareholders of La Salve, the iconic Bilbao beer par excellence, also a centenary brand. Additionally, thanks to our marketing agreement with the Belgian multinational AB InBev, in place since 2020, we are the Spanish distributors of beers of the calibre of Corona, Budweiser and Stella Artois. More recently, in 2022, we acquired a 100% stake in the *premium* beer brand Brutus and in the craft brand Nómada Brewing, becoming the sole owners of both.

We are leaders in the Spanish brewing sector, with a production share of over 31%, and our products are present at nearly 200,000 points of sale in our country. We have 10 breweries — eight in Spain and two in the United States — and four natural mineral water springs, with their associated bottling plants and an extensive distribution network. Furthermore, to consolidate our position as a strategic partner in our entire supply chain, we pursued other business lines that contributed value to the sector, such as Taisa, our end-to-end logistics operator, and Voldis, our in-house distribution business.

Also noteworthy is our solid international presence, given that we brew 70% of the Spanish beer consumed in the world and our brands can be found in over 70 countries, including the United States, the United Kingdom, Italy, Germany, Portugal and the Scandinavian countries.



We have an extensive portfolio of domestic beers, notably including Mahou Cinco Estrellas, San Miguel Especial and Alhambra Reserva 1925, as well as international beers. We have innovative category-creating products like San Miguel 0,0, Mahou Barrica and Mahou 0,0 Tostada; natural mineral water brands, like the iconic Solán de Cabras; and products that explore categories beyond beer, like our La Prohibida *cider* and Bendito vermouth. We've also been pioneers in the sector through the launch of our *online store*, Tienda Mahou San Miguel.



But, above all, we are a company focused on people and firmly committed to our role in society and to our responsibility to contribute meaningfully to the communities we are part of. This is a responsibility that we also channel through the activity of the Mahou San Miguel Foundation, created in 2013.

WHAT DEFINES US

We're defined by our passion for what we do, quality, tradition, brewing mastery passed down from generation to generation, as well as the desire to do things well to add value wherever we are present. We're also defined by our capacity to learn and transform ourselves, in the humble awareness that we can always improve and that we need to be prepared for the challenges of the future.

But, above all, we are characterised by the values that have gotten us to where we are today and which guide us every day. That's because, as Mahou San Miguel professionals, we promote innovation, believe in people, seek excellence, enjoy doing things well, and contribute to creating sustainable businesses and environments.

As a result, we always act to promote the advancement of the communities we belong to, and we will continue working, faithful to our legacy and to our history, to cultivate prosperous relationships between people.

OUR PURPOSE

To create moments of unity and connection to improve the lives of people and our planet.

OUR VISION TO 2030

We are an international brewer, a clear leader in the beer sector in Spain, with selective diversification and vertical integration.

We are a Company with a soul (people) that uses its cultural transformation (play to win), sustainability, digitalization, innovation, as well as a focus on the consumer and the customer, as levers.

We also generate value for our shareholders and for all our stakeholders.

OUR VALUES

The values that set Mahou San Miguel professionals apart are the foundation on which our corporate culture is built, as they guide us by contributing to our purpose, mission and vision and prepare us for the future.

WE PROMOTE INNOVATION

- We seek out and apply the best practices in the market.
- We innovate in the processes and in all the ways of getting closer to the end consumer.
- We learn from our mistakes.

WE BELIEVE IN PEOPLE

- People are the driving force of the Company (employees, customers, distributors, suppliers, consumers).
- People are much more than just a resource.
- Decisions are taken thinking about how they affect people and their surroundings, not just about profits.

WE AIM FOR EXCELLENCE

- We anticipate changes in the market quickly and agilely.
- We are self-critical and unconventional.
- We look for new ways of doing things that will enable us to improve continuously.

WE ENJOY DOING THINGS WELL

- We are a great team that passionately enjoys its work.
- We are proud to work at Mahou San Miguel.
- We have an unwavering focus on quality.
- We don't look for shortcuts.

WE CREATE SUSTAINABLE BUSINESSES AND ENVIRONMENTS

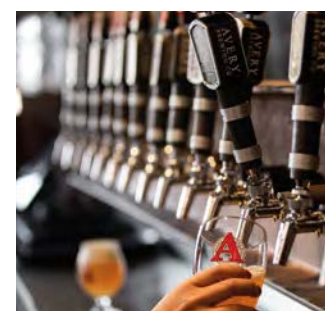
- We look after the business as if it were our own.
- We take prudent decisions considering the long-term results.
- We anticipate and satisfy the needs of consumers by creating more sustainable and differential products, services and experiences.

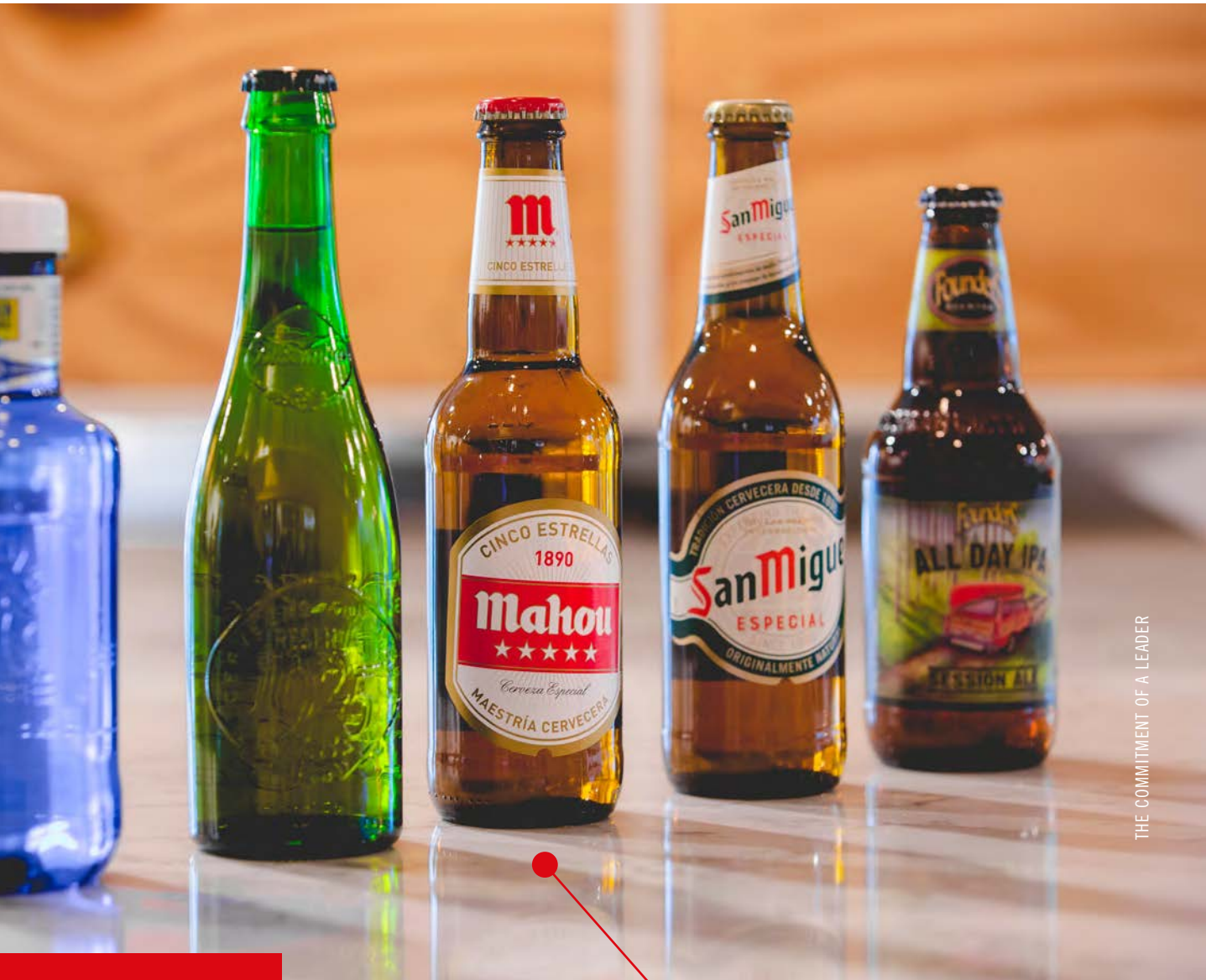
2022, A YEAR OF CHALLENGES

Two years after the start of the health crisis, we faced a tremendously complicated year marked by rising prices, tensions in the supply chain and significant geopolitical instability that led us to make a significant effort to adapt and prioritise.

Despite the countless challenges, **2022 was a good year for Mahou San Miguel**. Thanks to the solidity of our Company and the work of a great team, we were able to continue pursuing our business and building top-quality brands, experiences and services that contributed value to our customers, distributors, suppliers and consumers, both inside and outside Spain.

We did all this without losing our long-term vision, which we made tangible in our **2022-2024 Strategic Plan, "The Value of Change"**, or losing our culture of continuous improvement, which leads us to evolve to make our Company even more robust, sustainable, profitable, diversified, efficient and innovative, and strengthens and better prepares us to compete in the new context and to operate in uncertain times.





THE COMMITMENT OF A LEADER



**DESPITE THE COUNTLESS CHALLENGES,
2022 WAS A GOOD YEAR FOR MAHOU
SAN MIGUEL**

A complicated year in which we achieved unprecedented investment figures, making our **role as an economic and social engine in our country**, as well as our important contribution to the communities we are a part of clearer than ever. Thus, we continued cultivating prosperous relationships with the community based on what is important for people, thanks to our sustainability roadmap, **“Vamos 2030”**, which is organised around the

lines of Socioeconomic Progress, Natural Environment and Well-being.

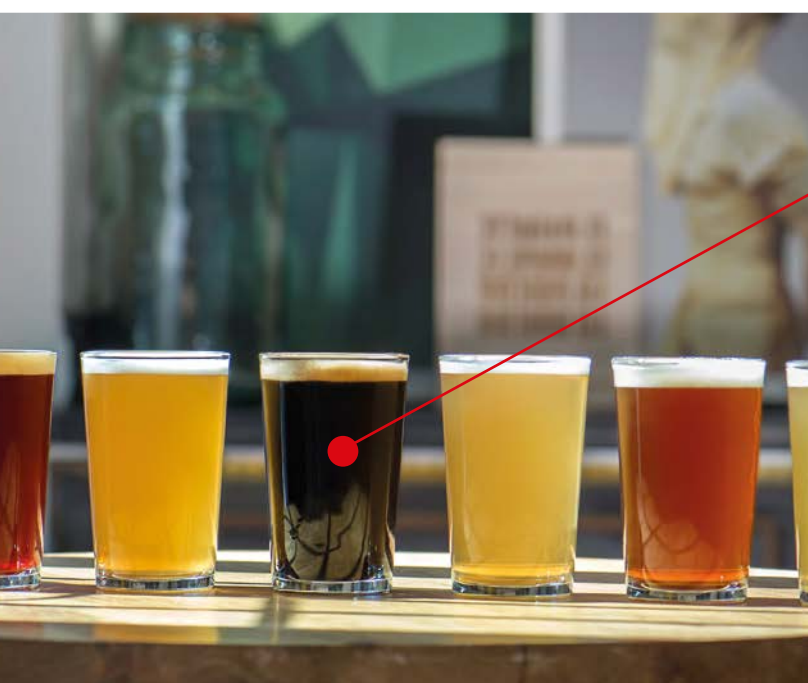
Along these lines, **we continued creating sustainable businesses and structures**, consolidating ourselves as a partner of reference for our entire value chain so that, together, we can improve the lives of people and the planet.

MAIN INDICATORS FOR THE YEAR

MAIN FIGURES	2022	2021	2022 vs 2021
Sales volume (millions of hectolitres)	20.9	18.7	11%
Turnover (millions of euros)	1,743.32	1,472.20	18%
Main investments (millions of euros)	121.46	89.6	40%
Pre-tax profit (millions of euros)	123.68	143.6	-14%
Operating result (millions of euros)	116.32	136.7	-15%
Production share in Spain	31.30	31.48%	0%

CONTRIBUTION TO SOCIETY	2022	2021
Contribution to the Spanish economy	1,535.7	1,303.7 million euros
Spanish suppliers	93%	94%
Support to the on-trade sector	197.9 million euros	183.50 million euros
Hours of volunteer work donated	2,270 hours	4,079 hours
Social action and other donations	3.1 million euros	3.1 million euros

2022 STATEMENT OF NON-FINANCIAL INFORMATION



QUALITY OF OUR PRODUCTS

ISO 9001, FSSC, ISO 22000, AOECs Crossed Grain (ELS) standard (Gluten-Free), Procedure PRG-Q01_02 for Management of Complaints. Food crisis management procedure PPC-01

Our goal is to continue passing the audits we are subject to with flying colours.

TRANSPARENCY AND CORPORATE GOVERNANCE

We have nearly thirty policies focused on establishing ethical and transparent processes in four major blocks: business, corporate responsibility, corporate governance and risk.

To date, no complaints of human rights violations have been received.



TALENT ATTRACTION AND RETENTION	2022	2021
Workforce (people)	4,068	3,876
New hires (people)	342	194
Communities where we create employment	11	11
Investment in training	1,723 thousand euros	912,000 thousand euros
Merco Talento	9 th place	13 th place
Dialogue with employees	In 2022, the OHI Culture Survey was not carried out, but, through the "For a WOW experience" action, different surveys and focus groups were conducted in which over 1,700 experiences were collected to better understand the needs of the employees and to identify new levers of professional development. The result of this action was a score of 7.7 out of 10 in overall employee satisfaction, and that 91.6 of those surveyed were not planning to change companies, and 8.5 out of 10 in their degree of engagement.	OHI cultural survey that measures the Company's organisational health index and its development. With a participation rate of 75%, we saw very high scores for satisfaction, 8.5 out of 10, and for commitment to the organisation, with a degree of identification with the organisation of nearly 9 out of 10 and an intention to stay with the company of greater than 95%.

ENVIRONMENT	2022	2021
Investment	15.13 million euros	7.3 million euros
% reduction of water consumption compared to 2000	47%	44%
DIRECT POWER CONSUMPTION BROKEN DOWN BY PRIMARY SOURCES	78.99% NATURAL GAS	7.2% BIOGAS
% of electricity from renewable sources	97%	96%
Revalorisation rate	99%	96%

“VAMOS 2030”: OUR PLAN TO PROMOTE SUSTAINABILITY



2022 was the first year “Vamos 2030”, our strategic plan for promoting sustainability, was implemented. With the focus on both Spain and its principal markets, this roadmap for the coming decade has three main lines of action—**Progress, Natural Environment and Well-being**—that are made concrete in 15 commitments aligned with the Sustainable Development Goals promoted by the United Nations.

Through our strategic framework for sustainability, we want to position ourselves as a leader in this area in the consumer goods sector. Our goal is to become an agent of social transformation that evolves based on what is important for people by setting **ambitious and measurable targets** that help us realise our fundamental purpose: to create moments of unity and connection to improve the lives of people and the planet.

2022 STATEMENT OF NON-FINANCIAL INFORMATION



MATERIALITY ANALYSIS

To make this report a **useful consultation tool**, for both our stakeholders and society as a whole, in 2022 we conducted the corresponding **materiality analysis** regarding the environmental, governance, social and economic issues that we consider important.

In identifying the key aspects for the Company and carrying out the Materiality Analysis, we used our strategic framework for sustainability, “Vamos 2030”, which was developed in a collaborative and transversal way with all our stakeholders, including, naturally, our employees.

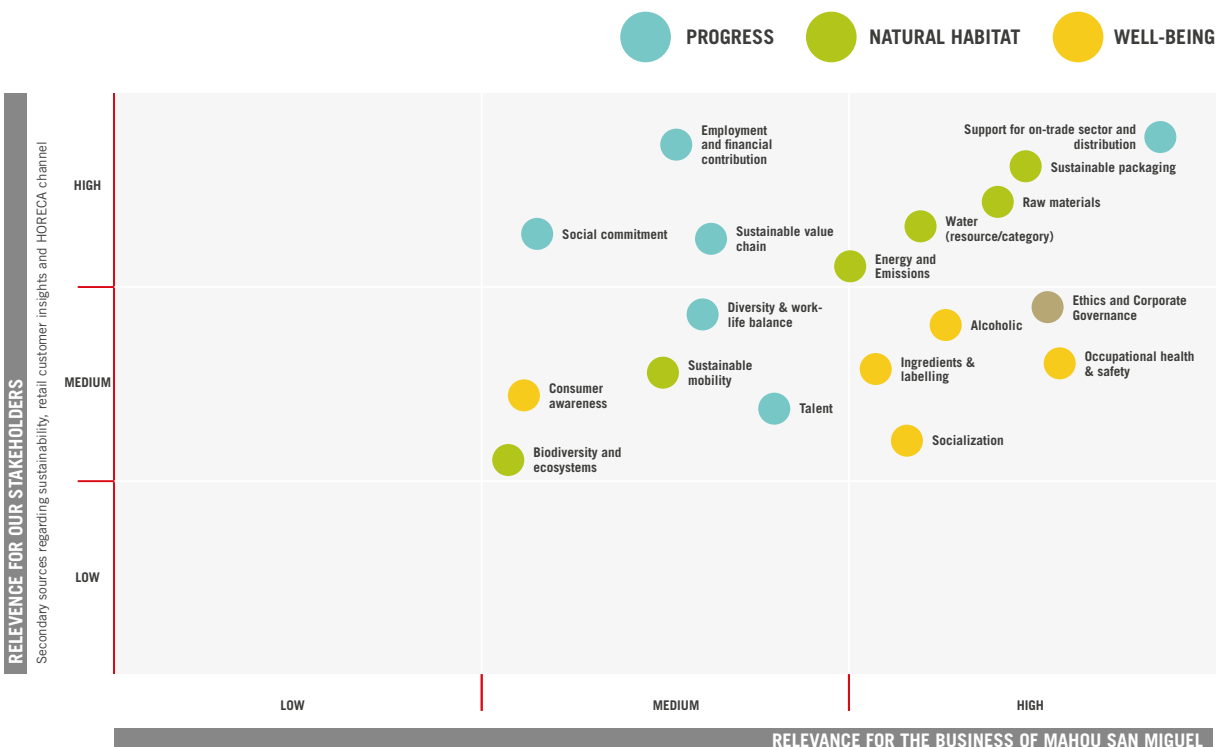
Furthermore, the Materiality matrix has been enhanced with specialised secondary sources in the area of sustainability, as well as *insights* from customers in the *retail* and *HORECA* channel. The most noteworthy issues are related to accompanying the on-trade sector in the post-pandemic transition, reducing plastics use and managing water. On the other hand, they also highlight emission reduction, energy efficiency and product quality and, to a lesser extent, transparent labelling.



MAHOU SAN MIGUEL STAKEHOLDERS:

- Employees
- Distributors and dealers
- On-trade customers
- Off-trade customers
- Suppliers
- Consumers
- Government and public administration
- Industry and business associations
- Tertiary sector
- Media
- Universities, business schools and training centres

ITEMS WITH THE GREATEST IMPACT ON OUR BUSINESS 2022



Source: qualitative analysis of the possible impact on business (sales, market share, investments, regulation, etc.)

OUR GOOD WORK PAYS OFF

In 2022, we received **numerous distinctions** that highlighted our efforts and good work and reflected favourably on Mahou San Miguel's reputation and, therefore, on our business.

For another year, we were named the **brewer with the best reputation in Spain** according to Merco's 2022 Companies and Leaders ranking, which analyses business reputation in Spain and Latin America. Also, according to this monitor, we were the most responsible brewer and one of the ten best companies to work for nationally.

In the city where we were born over 130 years ago, we were proud to receive the **Medal of Madrid** from the City Council in recognition of our long and distinguished business history associated with the city. This medal took its place beside other awards from previous years, such as the **Grand Cross of the Order of the Second of May**, the highest honour granted by the Community of Madrid, and the **Gold Plaque of the Royal Order of Sporting Merit** from Spain's High Council on Sport.

Likewise, we were recognised by a variety of organisations for our work in the area of sustainability. The regional government of Castilla-La Mancha, for example, valued our **efficient management of water** in the production process at our Alovera plant, the largest in Spain and one of the technologically most advanced in Europe. Marca España, for its part, awarded us the **Sustainability Prize in the Multinationals category for our track record**; ADEFAM (Family Business Association of Madrid) recognised the value of our **"Vamos 2030" Sustainability Plan**; and ANFAC (Spanish Automobile and Truck Association) gave us the award for the **Best Local Sustainable Initiative** for our promotion of urban mobility at our Production Centre in Granada.

Similarly, in the **Promarca Innovación awards** from the Spanish branded goods manufacturers' association, we were winners with **UNE al día** and finalists with **Mahoufulness**, two pioneering initiatives focused on health and well-being.



IN 2022, WE WERE
ONCE AGAIN CHOSEN
AS THE BREWERS WITH
THE BEST REPUTATION
IN SPAIN



MAHOU
SANMIGUEL

GOVERNANCE BODIES

BOARD OF DIRECTORS

Composition of the Mahou San Miguel Board of Directors, the company's highest authority in the decision-making process, with the power to allocate resources to segments and evaluate their performance.

BOARD MEMBER	POSITION
Mr José Antonio Mahou Herráiz	Chairman
Mr Gerardo Fernández Calvo ⁽¹⁾	First Vice Chairman
Mr José A. Togores Mahou	Second Vice Chair
Mr Eduardo A. Petrossi Valdés ⁽²⁾	CEO
Mr Alfredo Mahou Herráiz	Member
Ms Alicia Mahou Parra	Member
Ms Ana Francisca Gervás ⁽⁴⁾	Member
Ms Fátima Mahou Herráiz	Member
Ms Germina Christelle Eva Gervás ⁽⁵⁾	Member
Ms M ^a del Carmen Mahou de la Torre	Member
Ms Mercedes Calvo Caminero ⁽⁶⁾	Member
Mr Pablo Usandizaga Usandizaga ⁽³⁾	Member

¹ Representing Mosquililla, S.L.U.

² Representing Tamarinver, S.L.U.

³ Representing Inversiones Múltiples, S.L.U.

⁴ Representing IPL Gala International, S.L.

⁵ Representing Sociedad Gala de Inversiones, S.L.U.

⁶ Representing Altinver, S.A.U.

EXECUTIVE BOARD

The company's Executive Board, supported by the management team, has the role of implementing business management decisions. It has the following members:

BOARD MEMBER	POSITION
Mr Eduardo A. Petrossi Valdés ¹	Chairman
Mr Alfredo Mahou Herráiz	Vice Chair
Ms Carmen Mahou de la Torre	Member
Mr Pablo Usandizaga Usandizaga ²	Member
Mr Gerardo Fernández Calvo ³	Member
Mr José A. Togores Mahou	Member

¹ Representing Tamarinver, S.L.U.

² Representing Inversiones Múltiples, S.L.U.

³ Representing Mosquillilla, S.L.U.





MANAGEMENT TEAM

It provides leadership in Mahou San Miguel's daily activity and work

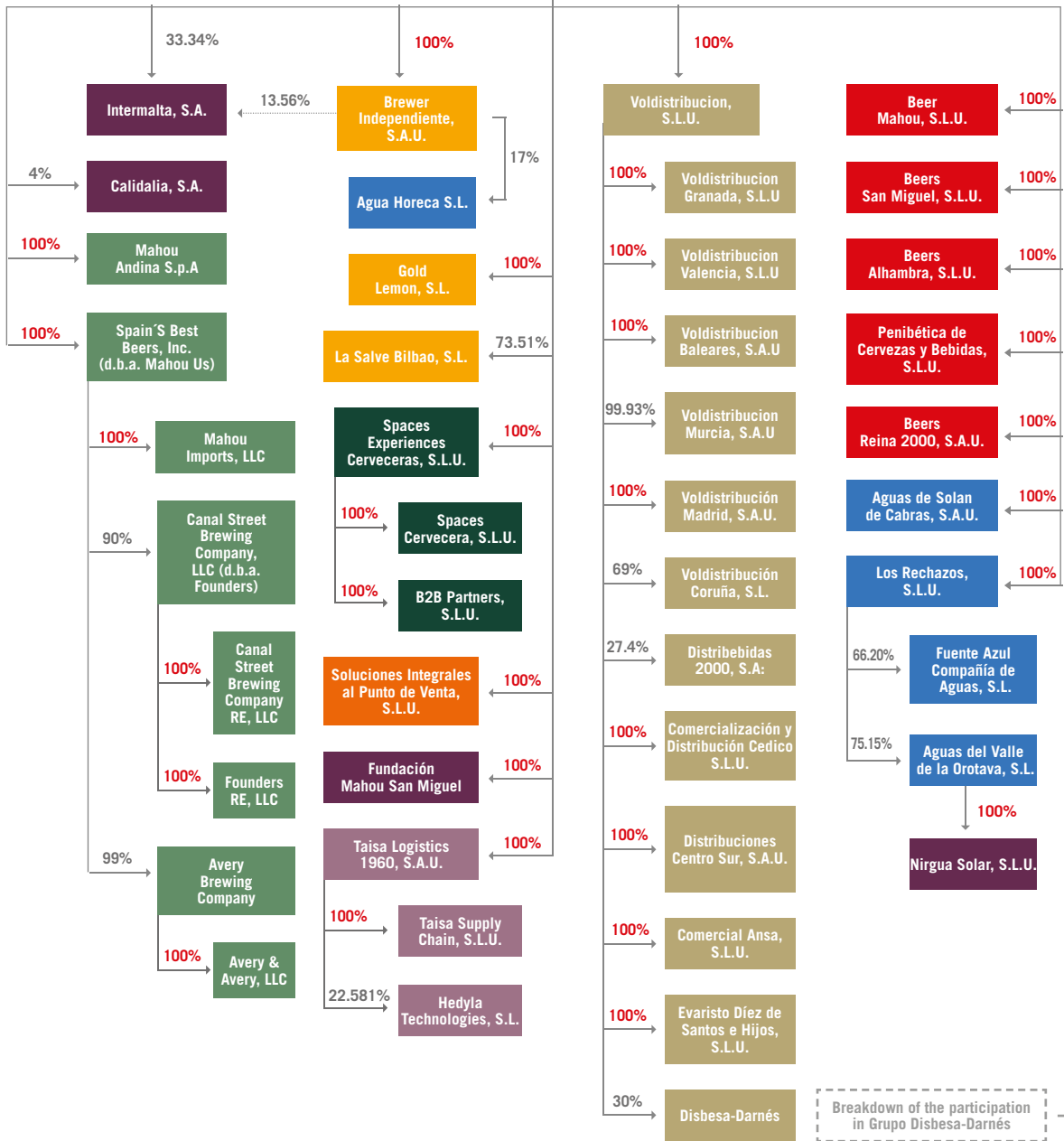
NAME	POSITION
Mr Alberto Rodríguez-Toquero	Managing Director
Mr Peio Arbeloa	Managing Director of the Spain Business Unit
Mr Elton Andrés	Chief Executive Officer Mahou USA
Mr Jesús Núñez	Managing Director of the Water Business Unit
Mr Miguel Ángel Miguel	Managing Director of Transformation
Mr Javier Guerrero	Managing Director of the Own Distribution Business Unit
Ms Elena Reviriego	Managing Director of the Export & License BU
Mr Benet Fité	Managing Director, Quality, R&D&I and Environment.
Mr Emmanuel Pouey	Managing Director of Marketing
Mr Jesús Domingo	Managing Director of People and Organisation
Mr Mariano Navarro	Managing Director of Finance, Strategy and Purchasing
Mr Nicolás Castrejón	Managing Director of Operations
Ms Beatriz Martínez-Falero	Director of the Legal Area
Mr Antonio Jiménez	Auditing and Internal Control Director
Ms Natalia González-Valdés	Director of Corporate Communication, Institutional Relations and Sustainability

CORPORATE STRUCTURE



Mahou, S.A.

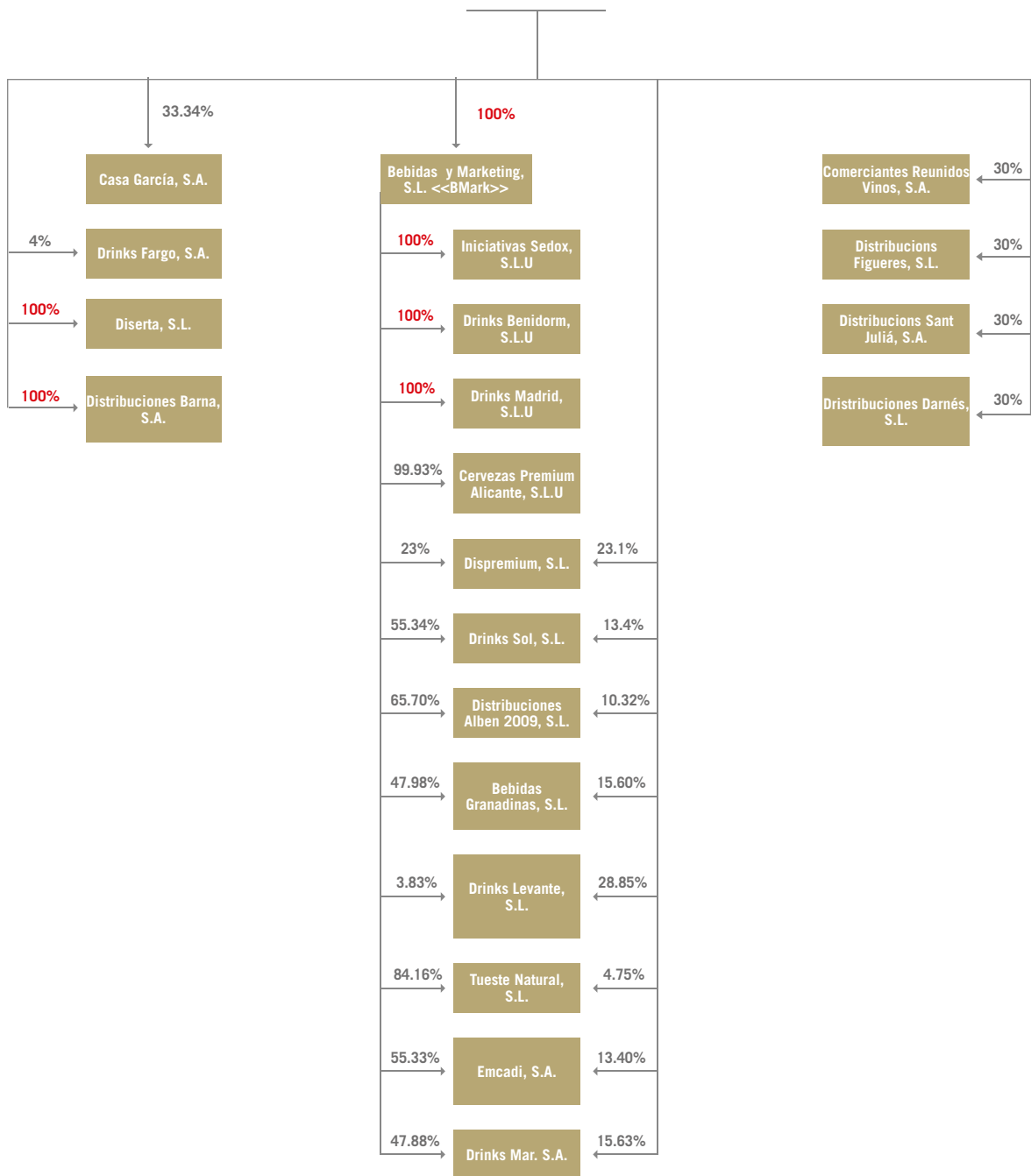
2022 STATEMENT OF NON-FINANCIAL INFORMATION



■ Breweries
 ■ Water
 ■ Distribution
 ■ STP
 ■ Space
 ■ Lifestyle
 ■ International
 ■ Brewer
 ■ TAISA
 ■ Other



Voldistribucion, S.L.U.



THE COMMITMENT OF A LEADER

TRANSPARENCY AND GOOD GOVERNANCE

AN ESSENTIAL PART OF OUR CORPORATE CULTURE IS TO CONDUCT OURSELVES WITH RESPECT, HONESTY AND INTEGRITY. OUR OBJECTIVES IN THIS SENSE ARE CLEAR. TO ACHIEVE THEM, WE USE A VARIETY OF MECHANISMS AND CORPORATE POLICIES, SUCH AS OUR CODES OF CONDUCT, OUR ETHICS AND COMPLIANCE COMMITTEE, OUR WHISTLEBLOWER CHANNEL AND OUR CRIME-PREVENTION PLAN. ALL OF THEM ARE AIMED AT ESTABLISHING **ETHICAL AND TRANSPARENT PROCESSES**.

CODE OF CONDUCT

This establishes the guidelines, values and principles that must govern the conduct of the people in our organisation in their internal and external relationships, both in terms of professional activity and with stakeholders and society in general.

It also expresses the principles of not employing minors, freedom of association and the right to collective bargaining, and explicit rejection of forced or coerced labour, among others. This commitment is shared by all Mahou San Miguel employees, as well as by our suppliers and customers.

SUPPLIER CODE OF CONDUCT

We ensure that the companies that work with us conduct business in the context of proven framework of sustainability and business ethics. For this reason, we not only have a General Purchasing Policy but also a Supplier Code of Conduct.

The General Purchasing Policy establishes, among others, the following basic principles:

- Ensuring transparency and non-discrimination by establishing a series of honest and open professional standards.
- Promoting strict compliance with contract terms, laws in force, and applicable standards and procedures, particularly with respect to human rights, labour matters, occupational risk prevention, quality, food safety, and the environment.
- Promoting stable business relationships based on application of the highest quality standards, transparency, continuous improvement and mutual benefit, whilst pursuing activities aimed at innovation and development.

ETHICS AND COMPLIANCE COMMITTEE

The company has an Ethics and Compliance Committee with the following responsibilities, among others:

- **Developing and disseminating the content of the Irregularities Prevention and Regulatory Compliance Programme.**
- **Controlling and monitoring compliance with the general policies, the implementing rules, and especially, the law.**
- **Identifying company activities with a potential for criminal conduct.**
- **Acting as a whistleblower channel, leading internal investigations and proposing the application of disciplinary penalties.**
- **Putting in place a system of integration and correlation between the Mahou San Miguel Criminal and Reputational Risks Map and the controls and measures adopted to mitigate them.**



CRIME PREVENTION PLAN

In 2018, the Mahou San Miguel Board approved the Crime Prevention Plan, which is in addition to the general policies for fighting corruption, bribery, and money laundering, among other illegal acts.

Furthermore, we have a specific communication channel with the Ethics and Compliance Committee which serves as an instrument for escalating any irregularities, non-compliance or behaviours that are unethical, illegal or against the rules that govern our Organisation. Through this **Ethics Channel**, employees, suppliers, customers and society in general can easily and securely convey their concerns regarding conduct that could affect our Company or people's well-being. All communications are treated as strictly confidential.

We are part of the Executive Committee of the Spanish Network for the United Nations Global Compact and we are committed to:

- Sustainable management of natural resources.
- Equal opportunity and non-discrimination.
- Defence of human rights..
- Fighting business corruption.

All of these aspects are reflected in our general policies and Code of Conduct (published on our website and Intranet), and any violation can be reported through the whistleblower channel managed by the Ethics and Compliance Committee. Likewise, any incident reported is analysed and the corresponding investigation opened. **To date, no complaints of human rights violations have been received.**

In addition, Mahou San Miguel is subject to European regulations based on compliance with the fundamental conventions of the International Labour Organization referring to, among other matters, non-violation of human rights and respect for freedom of association and the right to collective bargaining.

CORPORATE POLICIES

At Mahou San Miguel, we put our principles and values into practice through a series of binding corporate policies. These establish the main conduct guidelines for everyone in the Company. They were developed entirely

by the different departments responsible for them, and their updated version was approved by the Board of Directors on 16 March 2016.

BUSINESS:

- Sales Policy
- Purchasing Policy
- Operations Policy
- Marketing Policy
- Product Innovation Policy

CORPORATE RESPONSIBILITY:

- People and Organisation Policy
- Corporate Social Responsibility Policy
- Quality and Food Safety Policy
- Environmental Policy
- Responsible Spending Policy

RISKS:

- Risk Control and Management Policy
- Customer Risk Policy
- Prevention, Health and Well-being Policy

- Investment and Divestment Policy
- Criminal Risk Prevention Policy
- Financial Risk Policy
- Reputational Risk Prevention Policy
- Tax Risk Prevention Policy
- Anti-corruption Policy
- Assurance Policy

CORPORATE GOVERNANCE:

- Mission, Vision and Values
- Code of Conduct
- Organisation and Corporate Coordination Policy
- Corporate Communication Policy
- Sponsorship Policy
- Policy on Dividends and Treasury Stock
- Information to Shareholders Policy



OUR OBJECTIVES ARE CLEAR AND WE HAVE A SERIES OF POLICIES THAT MARK OUT THE PATH TO ACHIEVING THEM

RISK CONTROL AND MANAGEMENT

At Mahou San Miguel, we have a risk management model based on COSO (*Committee of Sponsoring Organizations*) which facilitates both identification of risks to the company and assessment of their impact and likelihood of occurrence. This is implemented in a homogeneous manner in the main operations and business units. The heads of each area/business unit, in their action area, carry out timely identification, assessment, response and follow-up of the main risks.

Our risk management and control model rests on a set of common principles, an integrated risk culture, a solid governance structure, and a series of risk management processes and tools. This model, inspired by best practices, facilitates the prioritisation and development of coordinated actions to address risks, from the perspective of the Company and business units and that of processes.

Our risk control and management function strives to identify, manage and adequately disclose the main risks to which the Company is exposed. The Auditing and Internal Control Department is responsible for this function, under the direct supervision of the Executive Committee, which operates in accordance with the following principles:

CONTROL ENVIRONMENT

Creating a body of standards, processes and structures to serve as the basis for exercising internal control in accordance with the standards of conduct expected of companies and the organisation's ethical values.

RISK ASSESSMENT

- To identify and assess the different types of risks associated with Mahou San Miguel's operations, organising these into four major blocks: Strategic, Operational, Financial and Regulatory.
- Involving all company managers in identification, management and proper quantification of all major risks, as well as requiring that this information be used in decision-making.

CONTROL ACTIVITIES

Establishing the necessary measures to mitigate the impact of the risks identified, were they to materialise, by defining and implementing controls (preventive,

detective, corrective, automatic, and/or manual), as well as the necessary contingency plans for achieving the objectives.

INFORMATION AND COMMUNICATION

- To provide relevant and high-quality information about risk control and management, along with the corresponding controls and contingency plans.
- Promoting knowledge within the company of internal control and management of risks.
- Communicating the key aspects that affect the functioning of the control system to external stakeholders.

OVERSIGHT ACTIVITIES

- Ensuring that the risk control and management systems function properly by conducting continuous or periodic evaluations and communicating the recommended improvement measures to the responsible parties for implementation.
- Ensuring that the risk control and management system reasonably mitigates risks within the framework of the defined policy.

Our Auditing and Internal Control Department uses a systematic and disciplined approach to assess and improve the effectiveness of the risk management, control and governance processes. Likewise, it reviews the Company's Internal Risk Control and Management System

The analysis of risk exposure continued to improve in 2022, thanks to a joint and continuous review of the main risks and controls affecting the business units/processes. This, along with a review of the self-assessment exercises and the regular monthly tests to assess controls, was undertaken with the participation of the three lines of defence.

Additionally, in 2022, the Auditing and Internal Control function further developed the process for defining *Key Risk Indicators*. These serve as an early warning signal regarding the evolution of and growing exposure to risk that enable us to detect risks and prepare the necessary response plans before these have a chance to materialise. This process complements our Internal Control System.

IDENTIFICATION OF RISKS

At Mahou San Miguel, we have 20 defined risk categories which give us a grouped view of all the risks and events that might affect us. This model facilitates the prioritisation and development of coordinated actions, from both the perspective of the Company and business units and that of the different processes and activities.

Our Risk Control and Management Policy is based on “involving all Company managers in the proper identification, management and quantification of all significant risks, as well as requiring that this be used in decision-making”, which means that the entire organisation has the responsibility to contribute to identifying and managing risks.

We operate our business in a prudent manner, seeking a well-rounded balance sheet and a recurring and healthy income statement in order to maximise the Company’s long-term value. In no case will critical risks be accepted, even if we have the capacity to absorb them.

There is currently a Risk Map with over 90 risks defined covering the different potential risks which could affect the processes carried out in the business. Associated with each risk, there is series of events that could trigger its materialisation. This catalogue is updated regularly and makes it possible to standardise and consolidate the information and address internal and external reporting requirements for the main risks. This risk identification process considered both risks associated with the Strategic Plan and potential “emerging risks”, with these understood to be risks that may eventually have an adverse impact on future performance although their results and time horizon are uncertain and difficult to predict. The risks are prioritised according to their criticality level, which is arrived at based on the Total Risk, which is the product of combining the rating of the three risk types: inherent, internal control and reputational.

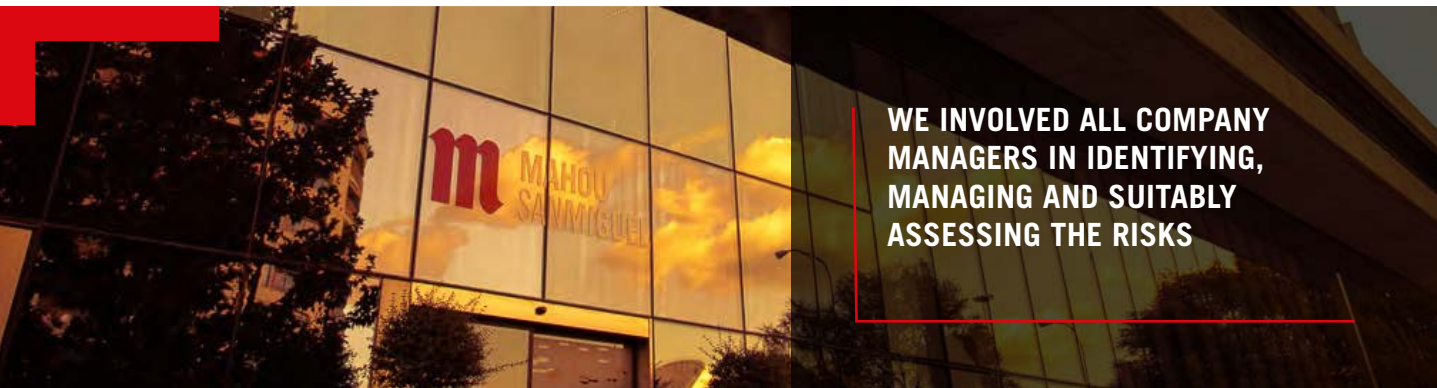
The main objective of execution of the Controls Test Plan is to guarantee that the internal control system functions properly based on a periodic evaluation of the controls defined in the Mahou San Miguel control activity matrix. Thus, it is possible to detect situations of ineffectiveness, that is, situations in which a risk may not have adequate coverage due to lack of a control

activity or incorrect execution of same. Although an effective internal control system does not in itself guarantee control, it does make it possible to ensure that Executive Management makes its decision within the framework of guidelines and criteria from the Board of Directors. In 2022, the Test Plan was executed according to the internal control annual plan. The internal control tests are run in all areas of the Company on a monthly basis.

A turbulent economic climate, with the geopolitical instability related to the conflict in Ukraine and the positioning of the different countries playing a large role, has led to higher energy costs, a shortage of raw materials, and higher prices, as well as tensions in the entire supply change that have marked the most important risks in 2022.

Additionally, the relaxation of the measures taken to curb the spread of COVID-19 and a series of favourable climate conditions, with one of the warmest winters in recent years, have had a positive effect on the on-trade sector. This has enabled a better recovery than predicted, although at the cost of high variability in demand, with 2022 having been one of the tensest years in terms of management of the supply chain. This obliged us to activate contingency plans at certain points in the year. In 2022, we developed the second phase of our Business Continuity Plan to ensure the continuity of business processes in the case of a possible disaster or serious incident.

The main risks identified in 2022 and the main control activities and measures implemented to prevent and/or mitigate their impact, were as follows:



WE INVOLVED ALL COMPANY MANAGERS IN IDENTIFYING, MANAGING AND SUITABLY ASSESSING THE RISKS

RISK TYPE	RISK SCENARIO(S) IDENTIFIED	MANAGEMENT AND CONTROL MEASURES IN PLACE IN 2022
External Factors Context and Market Dynamics	Negative impacts triggered by external socio-political and macroeconomic factors, significant changes in demand and/or changes in the structure or composition of the market (competitors).	At Mahou San Miguel, we regularly perform monitoring of the main macroeconomic indicators and general market trends in the different sectors in which we operate, segmented market evolution analyses and recurring tracking of our brand health.
Human Capital and Talent Management	The Company lacks suitable personnel profiles for achievement of its objectives.	In order to spur evolution of the Company culture, in 2021 we launched the Avanza Programme, one of the objectives of which is to amplify and consolidate a winning corporate culture and ensure that we have the capacities that will allow us to remain leaders in the future. To this end, we have developed a new performance management model and a more rigorous talent map, incorporating the latest trends in talent prediction, as well as a new leadership model focused on the challenge and the example.
Supply Chain and Third Parties	Tensions and/or inability to ensure smooth operation in the face of an upturn in demand and of inflationary pressures linked to economic reactivation.	The Company has a Risk Management and Commodity Hedging Policy which defines the action strategies for the most volatile procurement and supply categories. In order to mitigate the supply risk, we have established contingency plans and medium- and long-term contracts for certain critical categories in our business. At the start of the year, aware of the difficulties that lay ahead in 2022, we set up the Inflation and Supply Observatory. Through regular meetings, this body has been analysing supplies, materials and suppliers that might have difficulties providing regular service. Actions plans aimed at guaranteeing the supply were established for each situation and thereby ensuring production. Additionally, Mahou San Miguel has policies and procedures, as well as a <i>Commodity</i> Risk Management Committee that defines the action strategies for the most volatile categories by analysing and monitoring the variability of the results, without missing the opportunity to perform hedging at opportune moments.
Liquidity and Credit Risk	Potential risk of cash-flow imbalance.	Mahou San Miguel actively monitors liquidity and liquidity projections. The Company has continued to work to review spending and contain costs in 2022 by conducting regular monitoring of our cash position in alignment with our policy of financial prudence. Moreover, there is a Customer Risk Committee whose procedures, protocols and operating standards establish and regulate management of the customer risks associated with the activity of all the Companies that form part of Mahou San Miguel.
Sales and marketing risk	Risks arising from the marketing of our products and relationships with our customers and consumers.	New trends are transforming the on-trade sector, generating increasing competition between the usual competitors but also entry opportunities for new ones, which may play an important role, fundamentally in digital connections with customers. As for the off-trade sector, specific propositions have been defined for customers in the <i>Hyper, Super, Discount, Convenience</i> and <i>e-Commerce segments</i> with the aim of leading the purchasing models in the future.
Information Technology Risk	Management of information systems, development and implementation of technological systems and security.	The company directs the strategy in order to address this risk by promoting and leading initiatives aimed at mitigating it. This investment in the structure helps to intensify the focus on the subject and to strengthen the defence systems for a more effective response to any threats that might arise. We are also working to strengthen the digital risk culture through different training and awareness-raising measures, as well as by conducting internal audits and other work by the Systems team with support from Auditing and Internal Control.
ESG Risks	Governance Model, Environment Sustainability and Corporate Social Responsibility.	Mahou San Miguel has defined and communicated to the different stakeholders its Mission, Vision and Values, evidencing its commitment to good governance, sustainability and continuous improvement. The Company's ambition is based on promoting sustainability as a lever of transformation for the business by involving the key <i>stakeholders</i> (employees, customers, distributors and consumers), generating reputational benefits and value for our Company. To that end, we have recently defined a new sustainability plan in our Strategic Plan: "Vamos 2030".
Legal and Compliance Risk	Possibility of incurring legal or administrative penalties, significant financial losses or reputational losses due to failure to comply with laws, regulations, internal rules and codes of conduct.	Growing regulation in a variety of areas (data protection, competition, taxes, ESG...) directly impacts the risk profile, obliging us to perform continuous review to ensure compliance in the conduct of our business. Mahou San Miguel has a Compliance Department with a strategy and culture that provides for a strong and rigorous commitment to compliance, establishing zero tolerance for both compliance and conduct risks, with the aim of minimising the probability of any economic, regulatory or reputational impact. Our Compliance function regularly reports to the Company's Ethics and Compliance Committee and is responsible for promoting and achieving the highest levels of compliance with legislation and professional ethics within Mahou San Miguel. In addition to the Code of Conduct and the Anti-Corruption Protocol, we have a system of monthly alerts through which we collect and report on any current and future regulatory matters which could impact us. Additionally, the Legal Affairs Department analyses regulatory changes and proposes the necessary controls for the different areas to ensure compliance with new legal requirements.
Company Image	Damage to the image or valuation of Mahou San Miguel as an organisation.	To protect the Company's reputation through proper identification and communication of risk situations that might affect its image, Mahou San Miguel has defined a body, the Crisis Secretariat (SECRI), which is responsible for assessing and managing each case, with the support of the functions that it deems necessary, to ensure adequate coverage in each of them. In 2022, SECRI handled various incidents, all classified as being of medium-low impact, demonstrating that it is prepared to react quickly and efficiently and activating the preventive monitoring channels it considered necessary.
Tax Risk	Failure to comply with current regulations or improper and/or inefficient management of taxes.	The Company has a Tax Policy that incorporates the recommendations of the Code of Tax Best Practice of the Large Companies Forum and which is committed to applying a prudent tax policy that promotes practices aimed at prevention and reduction of significant tax risks. Likewise, tax planning is carried out based on an analysis of endogenous and exogenous factors and monitoring of monthly risk indicators that make it possible to carry out preventive management.