

Participant (via webcast):

Good afternoon. When will we have the Net Carbon Zero plan communicated? Do they include decarbonization targets as well under Scope 3?

Rodrigo Figueiredo:

Thank you for your question. We have been working on that new definition of a commitment towards net zero, along with the whole Company across the world, our global ABI team. We are going to communicate that new target until the end of this year. I do believe in 4Q, that is when we should be communicating that. And it does fall under Scope 3, just as we did when we pioneered, back in 2017, our goal of reducing carbon emissions across the whole chain, across our own ecosystem, including Scope 3.

That is the first step we took. We have moved a long way. We are going to reach that goal, and very soon we will have that commitment communicated to the market.

Participant (via webcast):

Where does ESG come into the cultural transformation and/or the Company's strategy?

Jean Jereissati:

ESG is quite present throughout our cultural transformation. It is part of our purpose to gather people towards a better future. It is a fundamental pillar of our strategy.

I have been talking about it, and we see ourselves as more than a Company. We see ourselves as part of an ecosystem, including the farmer planting barley all the way to the waiters and consumers, including our associates, clients, partners. As we expand that field to encompass the whole ecosystem, that does expand our culture as well. And that includes Active Listening, collaboration in the work relations both inside and outside the Company, with the communities that surround us. And with that, we are able to cause a positive impact across the ecosystem.

And this places us along the right track on the journey. Last year, just to give an example, we put together the principles of our culture. Our leaders that before this, they were assessed by their results and quality of their teams, and now they are assessed based on results, on quality and based on diversity of their teams.

All our focus is on the clients, and the clients, of course, are at the center of this cultural transformation, and that also connects us with ESG. The S for social speaks volumes about our quality of service.

Also, transparency in the way we show that we are held accountable for what we do before society. For example, this event today with investors, that is an example of good governance. So our business strategy also takes into account the interests of shareholders, but also of other stakeholders and partners.

All of that has to do with ESG. ESG is a fundamental piece of our long term strategy and of our cultural transformation.

Participant (via webcast):

How and when will Board members and top executives have their compensation linked to green targets?

Letícia Kina:

Thank you for your question. That is already in place. Most of our executives on top positions do have ESG linked targets, of course, with focus on their respective areas, on top of our targets expressed by Rodrigo Figueredo just now, and those targets are related to global sustainability targets. Our Industrial VP, Mauricio Soufen, has targets related to water quality and climate change. Our People Officer has targets around inclusion and diversity. As Jean said, all leaders are assessed by diversity in their teams.

I have targets around compliance and ethics, and the Board also does. They have governance targets which involve the implementation of self-assessment on an annual basis, and the guarantee of consistency in executing the Company's long term plan, just as a definition and monitoring of the executive's targets, which are also linked to ESG.

Participant (via webcast):

What are the main sources of Scope 3 emissions? What programs do you have in place to reduce them, and how did each front contribute to achieve the goal of reducing carbon emissions by 25% by 2025?

Rodrigo Figueiredo:

As for Scope 3, we do have a long chain. So we want to talk about packaging suppliers, that is an important point for us to address. We also have agriculture. We use natural products, barley, hops, guarana, all of that comes from a very large agricultural network. We also focus on logistics, which has always been important for Scope 3, and also our eco coolers are very interesting. Additionally, we have been reducing emissions reduction, we are now working with renewable energy at our points of sales, in addition to all the development around our compressors.

We have been working hard across all those fronts, and now with this new Net Zero commitment, we will be increasingly engaging our ecosystem suppliers to continue not only to do our homework internally, but also so that we can share all that knowledge we have amassed throughout decades of water efficiency, technological efficiency, innovation, the different transportation modes that we have access to today. Shared logistics, in other words, are going to be sharing our trucks with other companies. All of that combined will allow us to take our consumers a better program and their scope free in what relates to packaging.

Specifically about agriculture, we have been working hard to develop regenerative agriculture. We have a very nice pilot program in Argentina, which started in 2019. We have been able to double our implementation area for more sustainable agricultural practices. I am quite sure all those actions will help us in this long journey towards Net Zero.

Participant:

In the current material matrix, there seems to be a very low weight for a climate change or emissions. We see that competitors seem to be giving more weight to this factor. Are there discussions in Ambev to reevaluate the importance of this aspect, especially given the fact that the Company has signed the business ambition for 1.5°C?

Rodrigo Figueiredo:

I think that materiality matrix, of course, is relevant. It may not be the most relevant, but it is relevant for sure. And in our report, we zoom in all the most critical points of the matrix, and that issue is on our radar.

We have been working for decades, as I said, on that journey. We started in-house and we are now taking it beyond our walls to affect the ecosystem. I do believe that Ambev is actually leading that agenda. We were one of the first, if not the first company in Brazil in the food and beverage industry to commit to specific Scope 3 emissions reductions. We will reach that target very soon with this new Net Zero target.

We were awarded by different programs, the Exams Sustainability Guide is one, we have also advanced in collaboration agenda developing national, local technology. A good example is our partnership with Volkswagen to build an electric truck, That is a project that has been in place for two years. We have just received the first electric truck last year, the first of 100 electric trucks we are about to receive.

So once again, we are leading on a positive agenda in Brazil, and I do believe that all actions around renewable energy at the breweries, at that distribution centers and with our trucks, our fleet, our commitments to have half of our fleet run on electric trucks, and they use renewable energy at our DCs. And now our plan is to take renewable energy to our points of sale to feed our coolers. That shows the leading role that Ambev is playing in this respect.

It may not be the most important point, as I said, but it is quite relevant, and we are also leading that in Brazil as well.

Participant (via webcast):

Do you plan to disclose the Group's ESG metrics beyond Brazil and SEZ? We noticed that you did not disclose for CAC, and in Canada's case you disclosed only GHG emissions.

Letícia Kina:

Thank you for your question. Granted, this year's report focused more on Brazil, but we do have metrics and we monitor Ambev's structure across the globe. In every country, we have a project to recover water basins. In Panamá, we are migrating all of our units to 100% solar power. In Canada, we have a target and we are migrating to 100% renewable energy by 2023. In the Dominican Republic, we introduced a project to recover all plastic we put on the market. And we were awarded the Latam 2020 Positive Environmental Impact category.

We also plan to give more details about other regions in our next report.

Participant (via webcast):

Do you feel that Ambev's ESG initiatives are already reflecting in the financial universe? Was there an increase in demand to the Company for ESG funds in the last 12 months?

Lucas Lira:

Thank you for your question. Yes, we have seen an increased interest from our current and potential investors about ESG. And I would go one step further: since last year, we have decided not to wait, whether on buy side or sell side, to come to us or show interest in talking about ESG with the Company. We have decided to be proactive.

We have started a dialog with international and Brazilian funds that care about ESG as much as the Company does. And ever since we have shared with them what we have been doing in that sense. And we have also been hearing from these funds and receiving feedback from them about what we should be paying more attention to, or what we should be doing to help build our ESG journey moving forward.

So it is a real interest, and we have tried to be more proactive as opposed to waiting for the market to bring those agendas. This is something we are embracing and we are trying to be more transparent about that in our relationship with the market.

Participant (via webcast):

How does Ambev ensures or oversees that their suppliers are in line with the Company's responsibility culture and policy?

Rodrigo Figueiredo:

As I said earlier, we have a huge value chain with over 5,000 suppliers, and our suppliers must absolutely share our same ethics and integrity policies we adhere to here at the Company. That is very clear in our contracts, but not only that, also in our skills building and training sessions we have across our ecosystem, that is made very clear.

Over the years, we have learned that we have to reinforce that very often. So at least once a year, we reinforce that during training and pass that along to our suppliers. We monitor that using technology, which not only overseas, but also guides our suppliers from the most basic issues regarding slave-like work or child labor in every labor contracts that we adopt. Even talking about mental health safety, the pandemic has taught us a lot about that, and we are sharing all of that knowledge that we have acquired over the years.

And also within our operations with them, we are now developing a number of programs to take that in a more comprehensive way, making even more sure that our suppliers are adhering to all of them.

We have also been conducting more audits and checks, both virtually and in person. Conducting in-person audits with most of our suppliers. We have this commitment to take everything that we have learned to our suppliers and ensure that they embrace them as well.

This is no simple feat. It is a huge number of locations and a huge number of suppliers. We have a footprint in a number of countries. So it goes from logistics to civil construction, agriculture, small, medium and large sized packaging provider suppliers. And so I believe Ambev is learning as years go by, and everything we learn, we incorporate into our policy and that is unfolded into our chain of suppliers.

Participant (via webcast):

Could you give us more details about the rationale behind the change in the Board?

Letícia Kina:

Of course. Thank you for the question. Our Board conducts an annual review, as I said earlier. And with that review, they assess both the makeup of the board and the strategic decisions that are made for the Company.

With regard to the makeup of the Board, one opportunity that had already been looked over by the board itself would be to add to their skills with ESG technology and new economy. Once the opportunity presented itself earlier this year, those skills were addressed.

Participant (via webcast):

What steps has the Company been taking to increase its share of returnable bottles and reduce the aluminum consumption?

Rodrigo Figueiredo:

That is a great question. This is an issue we have been working on for several years. The first major initiative we have is to adapt the size of the bottle to different consumption opportunities. A few years ago, if you are a bit older, you know that the 600 ml bottle was the only one we had. So first we developed the 1 liter bottle and then the 300 ml bottle to cater to different consumption moments.

With new partnerships, we have been creating something that is easier for our consumers to take those products home. We have been developing partnerships with points of sales so that the customer does not have to go far to take the bottle crate to the store, but actually can acquire the product in an easier and more sustainable way. And that also makes it easier for him to purchase because it becomes more affordable.

So we have developed a number of initiatives with our marketing and suppliers. We are about to release a new longneck bottle, which is a sustainable one, that you can return, and it creates a benefit for consumers.

It is no easy feat. It is a trend for us to have everything disposable. But with the purpose of sustainability in mind, and with innovation and technology at our disposal, we are developing a lot of new ideas. We have even come up with discounts for consumers whenever they return those bottles.

So we are putting those incentives in line and creating this trend for the market to migrate to more sustainable bottles, which helps everyone. It is better in terms of sustainability, it is better for customers and it is better for our market share, bearing in mind that our market share in this line of bottles is a lot better than that of the competition. And we want to increase that gap even more.

Operator:

Thank you. So now we end our question and answer session. The questions that remain unanswered live will be answered subsequently via e-mail. I will now turn the floor over to Jean Jereissati for his final remarks.

Jean Jereissati:

I believe this concludes our session. I would like to thank my team for keeping up with all of these ESG initiatives and conducting them. I would like to thank for all the analysts that participated in this call. I believe we are on the right path.

We are very much on the same page in terms of our ESG pillar's. This is part of our strategy, it is part of our cultural transformation, not only here in Brazil, but also in our international operations. These are continuous changes, and they take time.

They also never end. We stay steady on our path despite the challenging times we have lived during this pandemic. Even throughout this process, it became clear for us that we were able to slow down the pace that we had been keeping and becoming an ESG aligned company, and a responsible company.

Thank you for your time, and you can count on us for anything you may need. In other events and other earnings calls, this is an issue that will be increasingly more important to us. Thank you to everyone.

Operator:

Thank you, Ambev's ESG update is now concluded. Please disconnect your lines and have a great afternoon.

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