

23 June 2021

The Board of Directors
Ambev S.A.
Rua Dr. Renato Paes de Barros, 1017, 3rd floor
04530-001 São Paulo, SP, Brazil

Dear Board of Directors,

ESG

Talaria Capital manages AUD 450m in its global equity fund. Over the last decade it has delivered compound annual returns of more than 10% with lower average market exposure than is usual.

Talaria owns 2,967,700 Ambev ADRs. Our holding is based on strengths including market position and competitive advantage, growth potential, balance sheet strength, excellent reporting standards, and outstanding management. We believe these are not reflected in the share's valuation and think that some of the discount relates to ESG.

Engagement

As part of our investment process, we consider various ESG factors. We believe that risks associated with ESG can, amongst others, affect profitability, cost of capital and shareholder return. We also believe that these risks are growing as stakeholders become increasingly aware.

Governance

Although garnering less attention than environmental impact and sustainability, governance is an important factor when considering whether or not to invest in a share.

As you point out, Ambev adheres to Brazilian corporate governance guidelines and highlights the significant differences between these and the rules required by the NYSE's regulations for US practices.

We would vote for resolutions moving Ambev's governance towards NYSE regulations and likely against those that do not move in this direction. We recommend a move to full adherence, but we would prioritise a majority of board members that is independent, and independent board committees in charge of audit, remuneration and nomination.

Although Ambev's status as a foreign private issuer and a 'controlled company' may mean these are not required, we believe such status makes them even more desirable for minority shareholders.

We look forward to hearing your thoughts on these matters.

Yours sincerely,

Max Welby
Senior Investment Analyst



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