

# DIVIDEND POLICY AND INFORMATION ON THE DISTRIBUTION

OF PROFIT GENERATED DURING THE REPORTING YEAR

*The Regulation on the Dividend Policy of Zarubezhneft was approved by a resolution of the Board of Directors on January 30, 2015, Minutes No. 96. The new version of the Dividend Policy was approved by a resolution of the Board of Directors on February 16, 2017, Minutes No. 134.*

The main purpose of the Company's Dividend Policy is to ensure the greatest possible transparency for the Company's shareholder of the process of deciding on the payment of dividends, determining the amount of dividends, and the procedure for their payment in accordance with the requirements of the legislation of the Russian Federation.

Zarubezhneft strives to ensure that dividends paid to the Russian Federation grow each year in accordance with the Dividend Policy. The dividend growth rate is determined by the growth rate of the Company's net profit, its financial standing, and investment projects that have been implemented.

**55.5%**

*Net profit paid to the state as dividends*

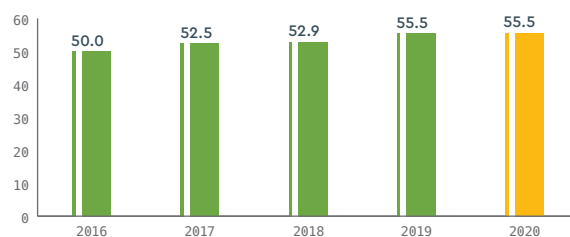
Basic principles of the Dividend Policy of Zarubezhneft:

- ▶ Observe the norms of the existing legislation of the Russian Federation, the Charter, and the Company's internal documents, including the compliance of the Company's practice of dividend accrual and payments with the legislation of the Russian Federation
- ▶ Observe the rights and interests of shareholders
- ▶ Strive to meet high standards of corporate governance
- ▶ Ensure that management and shareholders have an interest in increasing the Company's profit margins
- ▶ Enhance the Company's investment appeal
- ▶ Ensure positive dynamics in the amount of dividend payments based on growth in the Company's net profit
- ▶ Strive to ensure that shareholders can receive dividends in the most comfortable manner possible
- ▶ Strive to pay dividends in the shortest time possible
- ▶ Ensure the maximum transparency of the mechanism used to determine the amount of dividends

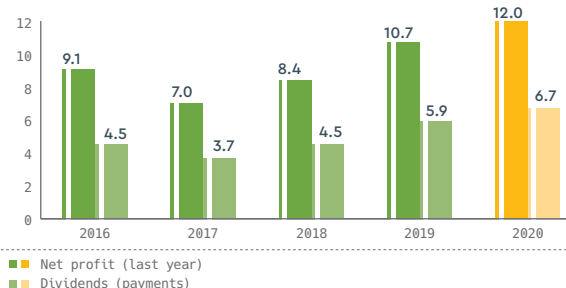
In order to ensure the transparency of the Dividend Policy, the Company places the Policy and any changes thereto on its official website:  
<https://www.nestro.ru/en/>



### PERCENTAGE PAYABLE AS DIVIDENDS VS NET PROFIT IN 2016–2020, %



### RATIO OF NET PROFIT OF ZARUBEZHNEFT OF PREVIOUS YEAR AND ACCRUED DIVIDENDS IN 2016–2020, RUB bln



Zarubezhneft's dividend history for the last five years shows that the Company has had a stable position among the leading Russian companies in terms of the amount of dividends paid to the budget of the Russian Federation.

In accordance with Directive No. 337-r of the Federal Agency for State Property Management dated August 27, 2020 "On the Resolutions of the Annual General Meeting of Shareholders of Zarubezhneft Joint-Stock Company", net profit was distributed as follows:

- ▶ Payment of dividends — RUB 6,655,000,000, or 55.471% of net profit (executed by Payment Order No. 5421 dated October 20, 2020)
- ▶ Formation of the reserve fund — RUB 1,199,721,000, or 10% of net profit
- ▶ Payment of remuneration to members of the Board of Directors — RUB 27,009,000, or 0.225% of net profit
- ▶ Payment of remuneration to members of the Revision Commission — RUB 200,000 or 0.002% of net profit
- ▶ Funding of the investment plan of Zarubezhneft approved by a resolution of the Board of Directors (Minutes No. 175 dated December 26, 2019) — RUB 4,115,282,000, or 34.302% of net profit

# 11,997,212,000 RUB

Based on its performance in 2019, Zarubezhneft had net profit of