



APPROVED  
by the Board of Directors  
of PJSC "Rostelecom"  
April 11, 2025  
Minutes No 05 of April 11, 2025

## **PUBLIC JOINT STOCK COMPANY "ROSTELECOM"**

### **DIVIDEND POLICY**

(Issue 7)

Moscow  
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## 1 GENERAL PROVISIONS

- 1.1. This Dividend Policy of Rostelecom (hereinafter – the “Policy”) has been developed pursuant to applicable Russian Law, the Charter of PJSC “Rostelecom” (hereinafter sometimes to be referred to as the “Company”) and other internal regulations of the Company, the Russian Government Directive No 774-r of May 29, 2006, the Code of Corporate Conduct as approved by the Board of Directors of the Bank of Russia on 21.03.2014, Methodological recommendations for development of dividend policy in joint stock companies with state ownership interest provided by the Federal Agency for State Property Management approved by the Order No 524 of 29.12.2014, Methodology Recommendations of PJSC “Moscow Exchange” on shaping and implementation of dividend policies by public companies, developed in 2017, Additional rules, requirements and recommendations concerning disclosures of information by issuers who have their shares listed in the First and Second Tiers as approved by Order No MB-P-2024-3132 of 24.09.2024 issued by PJSC “Moscow Exchange”.
- 1.2. By approving this Policy, the Company Board of Directors seeks to ensure for investors predictability and transparency of the Company dividend payments mechanism.
- 1.3. The Policy establishes the basic principles and procedures applied by the Company’s governing bodies to determine the recommended dividend amount, make a decision on the dividend amount and dividend payment procedure.

## 2 TERMS AND DEFINITIONS

- 2.1. Terms and definitions used herein shall have the same meaning as when they are used in applicable law, rules and regulations, unless otherwise is expressly stated in this Policy.
- 2.2. For the purpose of this Policy, the following terms and definitions shall apply:
  - **“Shareholder”** or **“Eligible for Dividend Person”** shall mean a person who is an owner of shares of a certain class (type) or a person exercising rights attached to the relevant shares according to applicable federal law, as at the end of the banking day which is determined according to the dividend payment decision as the date to finalize the list of persons eligible to receive dividends;
  - **“Meeting in Person or Absentee Voting”** shall mean an annual or extraordinary meeting held in person or by absentee voting of a shareholders' meeting of PJSC “Rostelecom”;
  - **“Rosimushchestvo”** shall mean the Federal Agency for State Property Management of the Russian Federation;
  - **The “Board of Directors”** shall mean the Board of Directors of PJSC “Rostelecom”;
  - **“Dividend Payment Term”** shall mean the time interval within which the dividend payment obligation shall be discharged according to applicable law and the Company’s Charter;
  - **The “Charter”** shall mean the current issue of the Charter of PJSC “Rostelecom” as amended from time to time;

- **“Net Debt/OIBDA”** shall mean a performance indicator to be calculated as the ratio of: 1) the Net Debt as of the reporting date (non-current and current Loans and borrowings plus non-current and current Lease liabilities net of Cash and cash equivalents and Other financial assets\*), to 2) OIBDA over the 12 months preceding the reporting date (operating earnings before depreciation and amortization, non-cash expenses under a long-term program of management motivation and expenses related to non-government pension benefits); with all these amounts to be determined pursuant to the Company financial statements according to IFRS;
- **“RAS Net Profit”** shall mean the Company net profit after tax to be determined according to the Company financial statements for the relevant year in accordance with requirements of applicable Russian law (RAS), as stated in line 2400 Net profit (loss) of the Profit and Loss Statement;
- **“IFRS Net Profit”** shall mean after tax profit to be determined pursuant to consolidated financial statements for the relevant year according to IFRS requirements;
- **“Adjusted IFRS Net Profit”** shall mean IFRS Net Profit adjusted pursuant to the Russian Government Directive No774-r of May 29, 2006.

### 3 KEY DIVIDEND PROVISIONS

- 3.1. The Company shall be entitled to pass a decision on to pay (declare) dividends on the outstanding shares as at the end of a reporting year as well as at the end of the first quarter, a half year and nine months of a relevant reporting year unless otherwise is prescribed by applicable Russian law.
- 3.2. The date on which, in accordance with the decision on payment (declaration) of dividends, the list of persons eligible to receive dividends is finalized, cannot be fixed earlier than 10 days after the date of passing a decision on payment (declaration) of dividends or later than 20 days after passing such a decision.
- 3.3. Dividends are paid to a nominal holder and beneficial owner who is a professional securities market player registered in the shareholders register, within 10 business days, and to other persons registered in the shareholders register – within 25 business days after the date on which the list of persons eligible to receive dividends is finalized.
- 3.4. The Company's net profit including the undistributed profit of the past years is the source of the dividend payments. According to the Company's Charter dividend shall be payable in cash funds except situations where the Company makes a decision regarding dividend on ordinary shares to pay out dividend in other form of assets. Dividend on the Company's preferred shares shall be payable in cash funds only.
- 3.5. Payments of the declared dividend shall be the Company's obligation, except cases specified in Article 43 of the Federal law "On Joint-Stock Companies" No 208-FZ of 26.12.1995 (hereinafter the “Federal Law on Joint-Stock Companies”). The Company shall be liable to shareholders according to applicable law for failure to perform this obligation.
- 3.6. This Policy, as well as other documents and information related to payment of dividends and their taxation, are posted on the Company official website in the Internet.

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\* Other financial assets are determined as the line of the same name in Current assets section of Consolidated statement of financial position prepared in accordance with IFRS

#### 4 PRINCIPLES OF THE COMPANY DIVIDEND POLICY

4.1. This Policy prescribes the following principles of determining the recommended dividends amount and making dividends payments:

- observance and protection of shareholders' rights conferred by applicable law, and ensuring compliance of the dividend payment procedure with best corporate governance practices;
- ensuring financial stability of the Company, obtaining the highest possible credit rating assigned by the Analytical Credit Rating Agency (ACRA), National Credit Ratings (NCR) and maintaining debt burden level in terms of Net Debt/OIBDA ratio not greater than 3.0x on an annual basis;
- ruling out dividend payments where such payments might lead to showing some signs of insolvency (bankruptcy) according to the Russian law on insolvency (bankruptcy);
- achievement of a balance between the Company's plans for its further growth and shareholders' expectations regarding dividend payable on the Company shares;
- enhancing the investment appeal of the Company securities for current and potential shareholders, and as a consequence, growth of the Company capitalization;
- ensuring transparency of the arrangements for determination of the amounts and making payments of dividends;
- priority to be assigned to ensuring financial stability and long-term sustainable growth of the Company given the effects of macroeconomic factors;
- ensuring equal conditions for receiving dividend payments by the Company shareholders owning shares of the same class (type) throughout the Dividend Payment Term.

#### 5 DIVIDEND AMOUNT DETERMINATION PROCEDURE

- 5.1. The Company's Board of Directors shall make recommendations on the amount of dividend payable on the Company's shares based on principles specified in Article 4 of this Policy.
- 5.2. The Company will aim to pay dividends on all placed shares for any reporting year<sup>†</sup> in the amount not less than the level recommended by Rosimushchestvo for companies with state ownership interest<sup>‡</sup>; as on the date of approval of this Policy this level is equal to 50% of the Adjusted IFRS Net Profit in the reporting period.
- 5.3. In accordance with the Charter, the total amount paid as an annual dividends for each preferred type A share is set as 10 (ten) percent of net profit under the RAS standard as at the end of the last reporting year divided by the number of shares making 25 (twenty five ) percent of the Company registered capital. Thus, dividends per one preferred share shall be calculated using the following formula:

<sup>†</sup> in total according to the results in the reporting year and upon results of the first quarter, half-year, nine months of the reporting year, where relevant decisions were made.

<sup>‡</sup> should such requirement be applicable to the Company.

$$D = \frac{10\% \times NP}{OS \times 0.25}, \text{ where}$$

D shall mean dividends per one preferred type A share;

NP - net profit under RAS standard as at the end of the last reporting year;

OS – total number of outstanding ordinary and preferred Company shares (information about the number of outstanding ordinary and preferred shares of the Company is disclosed on the Company website in the Internet).

In this case, if the amount of dividends paid by the Company per each ordinary share in a certain year exceeds the amount payable as dividends per each type A preferred share, the dividend payable on the latter should be increased to the amount of the dividend paid on ordinary shares. The amount of accrued dividends per one Company shareholder shall be calculated with accuracy of one kopeck.

- 5.4. In some special cases where certain individual one-off transactions in the relevant reporting year materially affected the Company's operation results or its financial position, the calculated recommended payable dividend amount may be adjusted by the Board of Directors given the amounts of cash flow in such specific transactions, or it may be proposed to pay no dividends for the relevant reporting year.

Such certain individual transactions include:

- significant capital expenditures made in connection with compliance with requirements of law, implementation of instructions of the Russian President and Russian Government, and projects that may have top priority importance for ensuring the Company's long-term continuing operation;
  - significant merger and acquisition transactions;
  - transactions that resulted in or may in future result in increasing the debt level exceeding the value of 3.0 in terms of Net Debt/OIBDA ratio on a yearly basis;
  - other transactions that materially affected the Company's operation results.
- 5.5. The Board of Directors' Strategy Committee shall initially review information provided by the management on the Company's financial results upon the end of the relevant reporting year, including existence/non-existence in the reporting period of transactions listed in Par. 5.4 of the Policy, materially affecting the operation results, and arrange for preparation of recommendation to the Board of Directors concerning distribution of profit and losses, including recommended dividend amount payable on the Company shares and dividend payment procedure.
- 5.6. Information to be provided to shareholders in the course of preparations for holding a Meeting in Person or by Absentee Voting that will consider the issue of dividend payment shall include contain the text of a draft resolution on the dividend payment issue, rationale behind the proposed net profit distribution, including dividend payment and expenses to cover the Company's own needs alongside explanations and economic justification of the need to allocate certain portion of the net profit to cover own needs, and assessment of its compliance with this Policy, detailed information about the

procedure used to calculate the amount of dividends payable on preference shares, in respect of which the procedure of their determination is established in the Charter, as well as a notice of the importance of timely notifying the Company registrar or depository keeping records of rights to shares owned by shareholders, of any changes in their data required for making dividends payments (bank account details, postal address, etc.), as well as the consequences and risks associated with late notification of any changes in such data.

## **6 FINAL PROVISIONS**

- 6.1. This Policy is designed to be applied for three years and shall apply to dividend payments in 2025, 2026 and 2027 (i.e. upon results of 2024, 2025 and 2026).
- 6.2. This Policy is to be approved by the Company Board of Directors and shall become effective upon its approval. Introduction of any changes or additions to this Policy or recognizing it void shall be effected by a relevant decision of the Board of Directors, in which case the Company will seek to inform shareholders about the reasons and rationale for making any changes in this Policy.
- 6.3. If, as a result of any changes in the Russian Federation law or the Charter, some provisions of this Policy happen to be in conflict with them, such provisions shall become invalid, and the Company shall be guided by the Russian Federation law and the Charter until relative changes are introduced in this Policy.
- 6.4. The invalidity of certain provisions of this Policy shall not entail invalidity of any other provisions of this Policy and/or this Policy as a whole.