

Petrobras on Severance Programs

Rio de Janeiro, July 2, 2020 –Petróleo Brasileiro S.A. – Petrobras, following up on the release disclosed on April 8, 2020, hereby updates the market on the Voluntary Severance Programs (PDVs) and Incentive Retirement Program (PAI) implemented by the company as part of its resilience actions aimed at maximizing value generation for shareholders.

In addition to the PAI, a severance program aimed at employees eligible for retirement effective until 12/31/2023, the company also implemented three other PDVs: (i) PDV 2019 for employees that retired under the INSS (Brazilian Social Security) according to the PEC 133 of 2019; (ii) PDV specific to employees allocated to assets/units under divestment process; (iii) PDV exclusive for employees working in the company's corporate segment.

PDV 2019, the program with the highest number of eligible employees, was the first to end the employee enrollment cycle on June 30 this year. To date, the package of programs has met a great employees' adherence and is being considered a success by Petrobras' CEO, Roberto Castello Branco. *“The Voluntary Severance Programs were designed to respect the free choice of our employees. The result of PDV 2019 was extremely positive with 94% adherence, from the 10,053 eligible employees, we had 9,405 registered. Consolidating the other programs, we reached 10,082 registrations, which represents 22% of the current workforce. So, we are contributing to the permanent reduction of the company's cost structure, which will help us to successfully face a scenario of lower oil prices in the long term”*

Petrobras estimates a reduction in personnel costs by 2025 of R\$ 4 billion per year with the withdrawal of the 10,082 enrolled in the programs. The additional return (avoided personnel cost of R\$ 22 billion minus the disbursement with the compensations of R\$ 4 billion) will be approximately R\$ 18 billion by 2025.

It should be noted that the expected impact of the indemnities on the company's cash flow will not be immediate in 2020, but rather diluted over the next three years. This is because at PDV 2019, there are categories with an expected outflow of up to 24 months, which will dilute the outflow over time. In addition, the company has chosen to defer the payment of the indemnities in two installments, one at the time of withdrawal and the other in July 2021 or one year after withdrawal, whichever is greater.

Petrobras reaffirms its commitment to transparency and respect for all its employees. These measures seek to maximize shareholder value and are aligned with the company's five strategic pillars: (a) maximizing return on capital employed; (b) reduction of the cost of capital; (c) relentless search for low costs; (d) meritocracy; (e) respect for people and the environment and focus on the safety of its operations.

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