

3.4. THE COMPANY'S BUSINESS MODEL¹

The business model is a schematic description of the Company's activities designed to help assess the key factors of its success. It describes a system for managing available resources in order to achieve the goals set (achieve the results desired). The business model dynamically reflects the Company's activities, being focused on the transformation of the "capitals", which are the sources of resources. The company uses the capitals to create products. At that, the capitals are not only consumed, but built up, improved and modified as well. The Company's sustainable development

strategy ensures efficient use of the capitals taking into account the risks and opportunities in the long term.

Building up the capitals in the medium and long term implies the "value creation". This process implies implementation of projects aimed at achieving the Company's strategic and tactical objectives, increasing efficiency in all areas of its activity and creating new development opportunities.

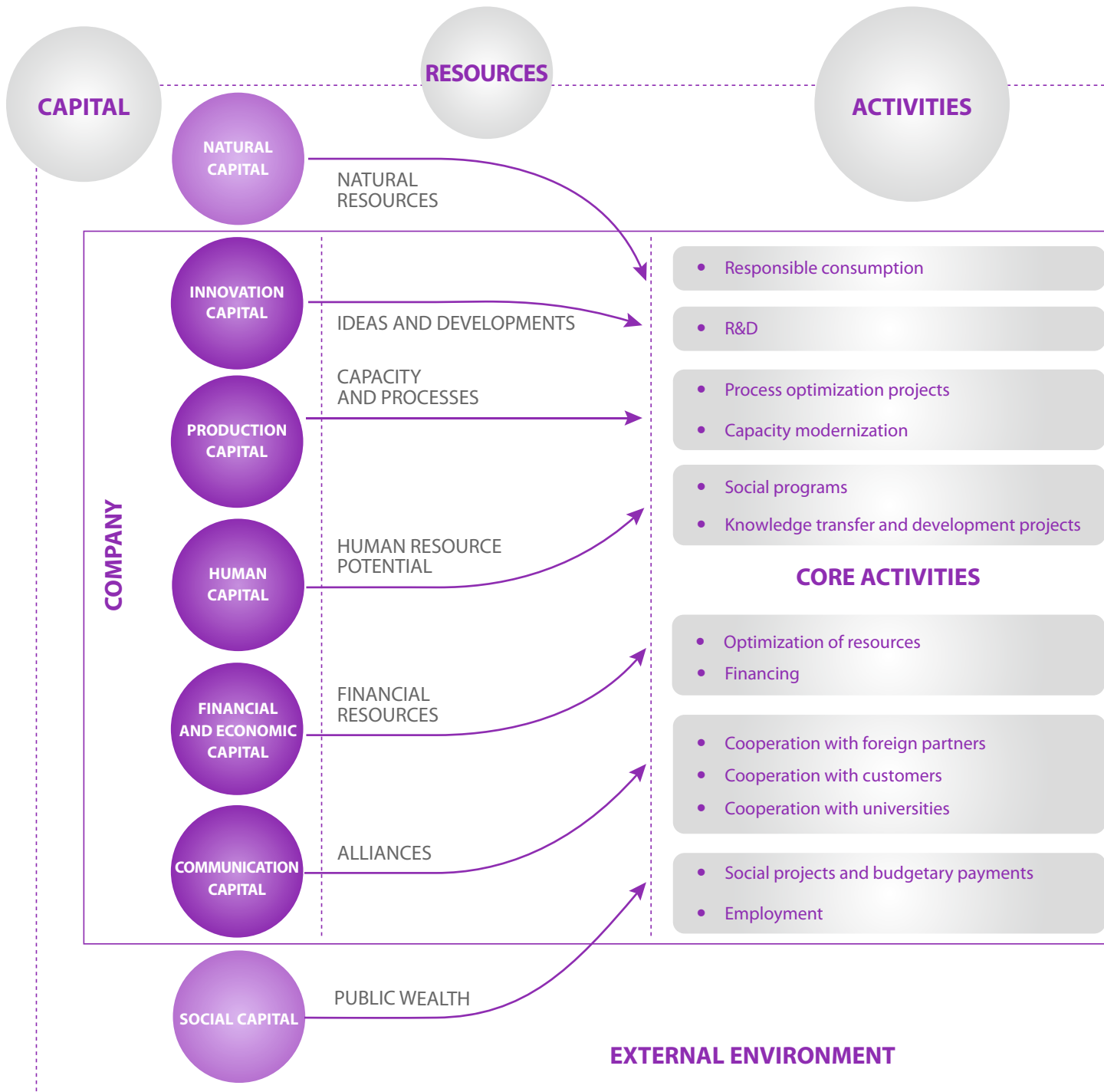
The Company creates value not only for itself but for external stakeholders as well, because it interacts with the external environment and, for the purposes of its activity, operates public capitals, i.e. those not belonging (or partially belonging) to the Company.

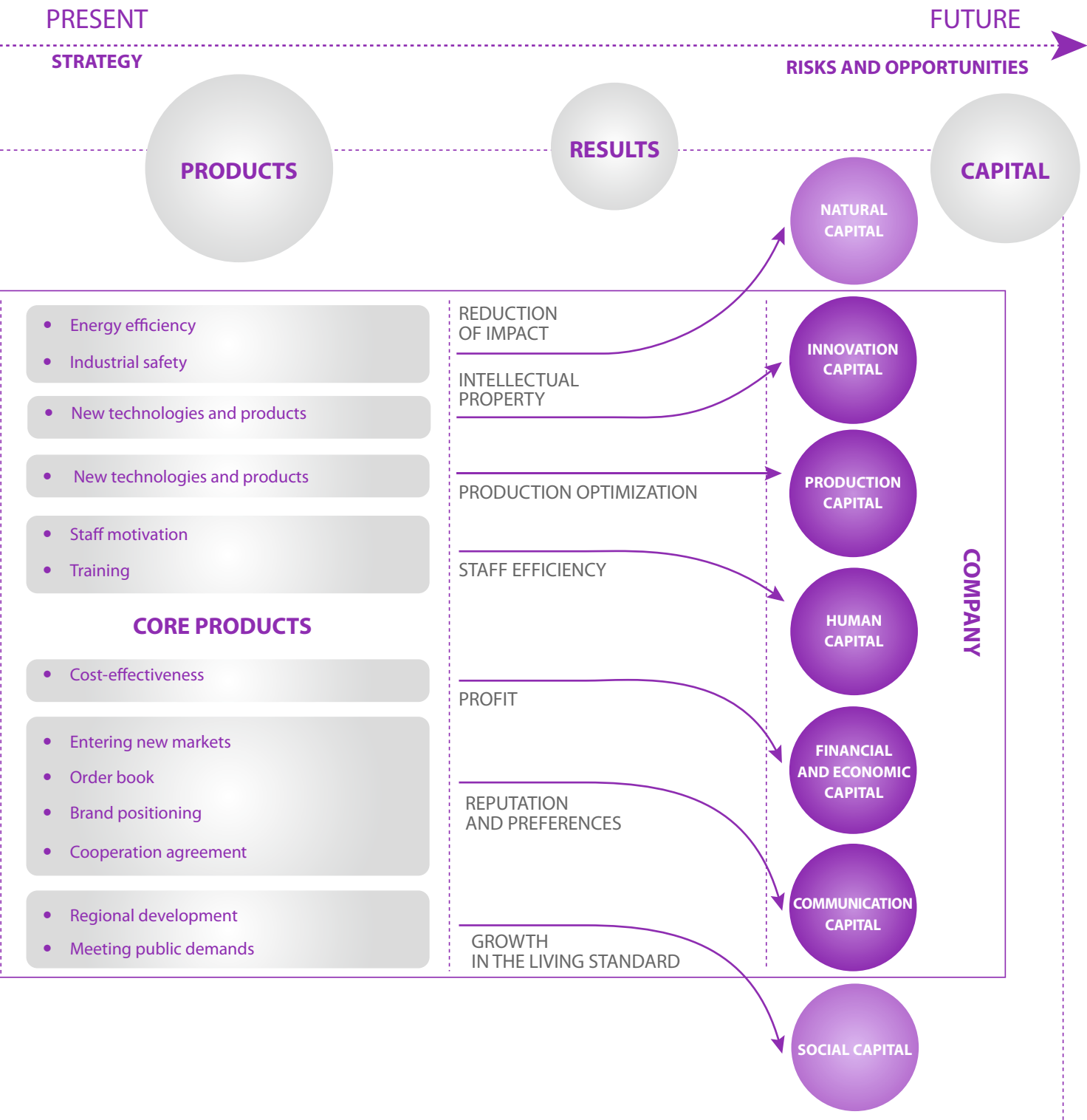


¹ To create a business model of OJSC Atomenergomash as shown below, recommendations from International Integrated Reporting fundamentals were used.

BUSINESS MODEL OF THE ORGANIZATION

PAST





We have identified 7 types of capitals involved in the activities of OJSC Atomenergomash:

No. Capital	Description of capital	Development priorities
1 Natural	All natural resources and processes: the environment, including its condition and reproductivity	The Company responsibly monitors compliance with all environmental requirements and implements projects to minimize the impact: to reduce energy consumption and improve industrial safety.
2 Innovation	Intellectual property, including patents, know-how, engineering achievements, new technologies and products	One of the Company's strategic goals is technological leadership. Therefore an important task to finance R&D, including under joint projects with universities and international partners.
3 Social	Public well-being, living standard	Many companies of the Division are located in regions. Therefore, social programs for the population, creation of stable jobs for local population and payments to local budgets are important areas of the Company's activity.
4 Human	Human resources, including availability of personnel and its efficiency, including qualification, experience, knowledge and motivation	The main objective of the Company is availability of skilled personnel in the long term. Therefore, to ensure availability of replacement personnel, young specialist training and knowledge transfer projects are being implemented, employees undergo training; in order to retain and motivate employees, comfortable and safe working conditions, stable fair salaries and social programs are provided.
5 Relationship	Alliances and cooperation agreements with stakeholders, including the order book, and the reputation and brand of the Company.	Joint projects with stakeholders are implemented, for example, joint R&D with universities. Cooperation agreements concluded with international partners enable development of production and innovation capitals of the Company as well as entering new markets. Customer management enables expansion of the order book. Internal communications are aimed at improving motivation and efficiency of personnel.
6 Financial and economic	Financial resources, level of economic efficiency	To improve the economic efficiency, resources and processes are optimized in the first place. Also, profitability growth due to entering new markets and extending the order book.
7 Manufactured	Production capacity and infrastructure, equipment, production processes	The Company is implementing RPS and the comprehensive efficiency improvement program aimed at optimizing production processes and product quality improvement. In addition, modernization of the production sites is under way.

