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For allocation rules regarding each cost section, please check the [Working File 4 model](#).

## SFGB - SECTION OF BUSINESS OVERHEADS

### 180. Impairment on Trade Receivables

For registering impairment and reversals on trade receivables (R33330).

### 181. Sales force

Main activities of representatives and contacts with customers, i.e.:

- Present and sell various qualities of products
- Determine and select contacts in order to ensure the best possible coverage of the market in harmony with the commercial strategy
- Identify customers' needs and formulate answers in agreement with the commercial strategy
- Implement the commercial strategy in order to meet the objectives defined in term of market shares and customer satisfaction
- Collect and inform the GBU of all market trend and help them to determine the necessary action plans as well as the product/market strategy

### 182. BU management

BU Management (including the Supply Chains), and their secretarial staff:

- the BU Management includes costs whatever the localization where the BU develop their activities (SCH, Region, subsidiaries).

Liaison Production-Sales (LVP)

Actions allowing to stay on the market (e.g.: protective action for some products)

Product liability insurance

### 183. Operational logistic management

The responsibilities of this C/C, related to the supervision of distribution costs, are a.o. the following:

- Optimization of the logistic network, by making the most of all possible synergies
- Management of the logisticians network in running the operational flows, using resources efficiently, in order to achieve the objectives set up by the BU
- Development of a strategic plan for the BU activities of the "supply chain" or similar, by their optimization and by the introduction of new technologies, calling on the Competence Centers
- Coordination of transports and of external warehouses
- Management of transport tariffs
- Forecasting and control of the logistic budget

### 184. Local commercial management and Marketing

Commercial Management and its secretarial staff,

Marketing activities, i.e.:

- Segmentation, classification of customers
- Elaboration of basis sales conditions
- Methods of prospecting the market
- Analysis, synthesis and distribution of information related to the markets and sales of products
- Definition of product strategies and of commercial objectives
- Development of product-mix
- Setting-up of the sales plan
- Advertising actions
- Contacts with the 'key accounts'

Management of the subsidiaries and their secretarial staff.

Note: Distinction can be made, if needed, in order to segregate the commercial management C/C and the marketing C/C.

### 185. Commissions expenses on sales

To collect expenses of commissions paid on sales, using the interco procedure

## 186. GBU R&I intercos

To collect intercompany invoicing related to Research & Innovation services, including R&I Royalties.

## 187. Pricing

To collect the Group services charge by entity

## 188. Technical Assistance to Customers (ATC)

Activities of technical support to the customers in the aim of optimizing and diversifying existing products

Technical coordination of products

Note that the ATC function of NOH is invoiced under RECH.

## 189. Order Fulfillment

Activities of management, follow-up and control of the good execution of orders

Set-up and follow-up the manufacturing activities and programs (production-sale interfaces)

Customer-care service (CCS)

- The front office, also named sales desk is in charge of the order fulfillment, the delivery and the invoicing follow-up.
- The back office is in charge of verifying the product availability and of distributing the products.

Follow-up of claims

A more detailed breakdown can be necessary. In this case, in addition to a 'shared activities' C/C, there could be more detailed C/C such as the customer-care service, that in turn can be subdivided into front office and back office.

# SFDI - SECTION OF DISTRIBUTION COSTS

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## 191. Shared distribution costs (sales logistics)

Activities associated with packaging, warehousing and loading of finished products, carried out in the production site by the same service (manpower, energy, maintenance and depreciation of premises and equipment: machines, etc., various related costs, etc). The related costs are difficult to dissociate in terms of each activity, partially or in full.

**Group(s) of activities under the same cost driver:**

- Packaging of finished products
- Warehousing and loading of packaged finished products
- Loading of bulk finished products

## 192. Shipping department - packaged & bulk

Activities related to the shipping of bulk or packaged finished products, to customers or to commercial platforms, starting from the production site (site platform), or possibly from external logistics platforms.

**Group(s) of activities under the same cost driver:**

- Freightage of vehicles
- Reception and control of vehicles on site
- Weighing operations
- Administrative tasks (preparing dispatch documents, orders, etc)
- Vehicle dispatch

## 193. Finished goods packaging department

Packaging operations on finished goods (in bags, bulk-bags, octabins, etc), made on the production site or on an external logistics platform, for warehousing or direct loading on means of transport, and shipping to customers or to a commercial platform.

**Group(s) of activities under the same cost driver:**

- Managing and keeping inventories of new and used packaging items (removal of packaging at the end of the life cycle, managing shuttle packaging: Collection, sorting and storage, cleaning and repair, etc)
- Cleaning and maintenance of equipment
- Transfer of bulk products to the packaging line
- Packaging operations (packaging, marking, weighing, pallet loading, covering, etc)

**Remarks:**

- Tanks are included in the production cycle. The starting point for packaging or loading bulk products will therefore be the outlet device from storage tanks or silos, with the exception of some particular cases.
- The terminology "packages" and "containers" are used to designate recipients intended to contain the finished product, and hence, also designate grouping (and/or cohesion) accessories of individual packages to make up ship load units (pallet loading, covering, belting, etc.): the general term is "packaging".
- Recipients such as containers, tanks, and tubes that are fixed to remain on a transport vehicle are considered as forming an integral part of this vehicle. However, if it is required to separate them from this vehicle in order to fill them, they are considered as packaging.

## 194. Warehousing & loading costs of packaged products

Activities related to the following operations:

- Warehousing of packaged finished goods on the production site
- Storage of these products
- Movement from the warehouse and loading onto a transport vehicle (railcar, truck, boat, transport container, etc) for shipping to customers or to commercial platforms outside the production sites.

**Group(s) of activities under the same cost driver:**

- Packaged products returned from a packaging line and transferred to warehouses
- Warehousing
- Return of stock for loading
- Stock-keeping (incl. inventories)
- Cleaning and maintenance of installations, particularly silos or tanks which, by exception, are not included as part of the production (incl. waste treatment).
- Label operation of products, titration and sampling of products.
- Items returned to storage
- Inspection of vehicles
- Loading onto transport, weighing where necessary.
- General handling
- Handling of containers (storage and presentation of empty containers at the loading point; handling of loaded containers)

## 195. Loading costs of bulk products

Activities related to loading operations in the production site onto a transport vehicle (railcar, road truck, boat, transport container) of bulk finished goods from silos or bulk storage warehouses.

**Group(s) of activities under the same cost driver:**

- Recovery of stock for loading
- Cleaning and maintenance of equipment, particularly of silos or tanks that, by exception, do not form part of the production
- Titration and sampling of products
- De-bagging operation
- Inspection of vehicles
- Loading onto transport
- Handling

## 196. External non-commercial platforms

These are logistics platforms outside production plants, generally subcontracted (i.e. managed by third parties but under the responsibility of the production site), and intended to offset the lack of storage and/or packaging capacity on the production site.

Note that in Sales system, these logistics platforms are characterized by the fact that products stored there are not yet allocated to a specific market and are consequently included in the dynamic management of inventories.

**Group(s) of activities under the same cost driver:**

- Packaging of bulk products or repackaging of packaged products
- De-bagging of packaged products for conversion to bulk
- Warehousing and loading for dispatch of packaged finished products
- Loading for shipment of bulk products
- Shipment of finished goods to customers or to a logistic or commercial platform

**Remarks:**

In addition to the costs of the various activities mentioned above, the following transport costs of finished goods are included:

- From the production site to the external warehouses (614.5)

- Among external logistic platform

Inversely, packaging or repackaging costs of finished goods to record under this C/C do not include the cost of the container, i.e. the packaging itself that is directly allocated to the C/C "finished goods packaging department" (193).

Remarks:

- Transport costs of bulk products to the external non-commercial platforms keep the axis "bulk" for the transfer within BFC, even if the product in question is intended to be repackaged in the platform.
- The choice exists:
  - To create a sub-C/C by external logistic platform
  - To group all these platforms under a single common C/C. However, this solution can only be considered if the type of information available for each of the platforms involved is identical, meaning that the same hypothesis among the 4 mentioned in [appendix A](#) can apply to all these platforms.

With the exception of any work invoiced to third parties or Group companies, costs accounted for here are allocated at the end of the month:

- To the cost prices "finished goods packaging department" for costs corresponding to this activity
- To the BFC heading R25500 - Plant storage and loading costs and, in accordance with the required axes (particularly the packaging type) for the other costs, including transport costs to or among logistic platforms.

## 197. Commercial platforms

They relate to external platforms that are generally subcontracted.

Unlike logistic platforms, the products stored on commercial platforms are already assigned to a market and are therefore not integrated into the consolidated management of dynamic stocks in sales system.

**Group(s) of activities under the same cost driver:**

- Packaging of bulk products or repackaging of packaged products
- De-bagging of packaged products for conversion to bulk
- Warehousing and loading for shipping packaged finished goods
- Loading for shipping bulk products
- Shipment of finished goods to customers (or possibly to other commercial platforms)

# SFTA - SECTION OF ADMINISTRATIVE AND MISCELLANEOUS OVERHEADS

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## 16. ADMINISTRATIVE FUNCTIONS

### 160. Bonus / PSU

To register the credits of Bonus and Profit sharing that will be treated at consolidated level for the GBU. Should be at company / division level.

### 161. Information system and Technology

In addition to Management and its secretarial staff, this C/C covers the activities and expenditure relating to:

- IS network, i.e.:
  - Business data processing,
  - Telecommunications (voice and data), other than the telephone operators reported under C/C 162,
  - Office automation (including help desk).
- Various projects,
- Applications (development, availability, coordination and maintenance of the information processing systems),
- Technology.

### 162. Management and miscellaneous administrative services

- General Directions others than Sectors and other than those specifically reported under other C/C
- Plant Management, Regional Directions and their secretarial staffs
- Institutional relations (official representations, professional organizations, etc): **Linked to Public Affairs and as such moved to C/C 166.**
- International Business Services.

### 163. Finance & Corporate Development

- Finance Management + secretarial staff
- Financial and cost accounting (closing activities, valuation of finished goods inventories, set-up of cost prices of production, reporting, verification/assignment and payment of debtors invoices)
- Cash management

- Credit management
- Controlling
- Audit
- Tax activities
- Corporate Development

## 164. Personnel administration service

- Management and its secretarial staff
- Organization, coordination and supervision of the various activities within the framework of the personnel strategy
- Personnel administration (payroll, management of the presence/absence, legal formalities and all administrative work related to the personnel)
- Expatriates management
- Liaison activities of Industrial Relation Officers with personnel, management, trade-unions and accounting (excluding personal cost of employees being work council representatives ★)
- Selection and recruitment
- Activities related to teaching and training of staff: Technical and professional training (salaries + lodging/traveling of trainers, meeting rooms, various supplies, participation of the employers in the effort of continuous training, etc). Excluding expenditures related to trainees and apprentices ★.

★ Personal cost of workers representatives, trainees, apprentices, are preferably reported in the cost center of their department. If not possible, should be reported in cost section 173 (social benefits).

## 165. Legal

- Prevention activities (respect of laws and settlements as well as ethic and code of good behavior)
- Management of litigation (proposal and assistance with setting-up of legal solutions within the framework of discussions and conciliation)
- Preparation of Boards of Directors and General Board Meetings
- Legal guidance related to transfers, acquisitions, merging and reorganization into subsidiaries
- Legal treatment of rejects
- Permits to run an exploitation

## 166. Communication

- Tasks of defining and distributing the policies of internal and external communication
- Centralized maintenance of advertising budgets, should this arise
- Institutional communication
- Business communication

## 167. Total Quality

Covers the activities of the TQM coordinator, of his service (improvement of quality), of the external consultants he may require.

The TQM coordinator:

- Advises the Regional Director or the Director of the site in the setting-up of TQM/insurance quality policy
- Manages the processes of setting in certifications and the maintenance of certifications acquired
- Directly intervenes in the step of continuous improvement which he attempts to promote

## 168. Support services for Holding and financial entities

Is the equivalent of 187 for commercial entities.

## 169. Technical services of DCRT

1. Spot support to a production site for solving technical problems. Generally this support is subject to an order-invoice specific to the related BU or SU (ETC = Studies and Work in process {in French = Etudes et Travaux en Cours}).
2. Process activities or specific technological activities.
  - Studies for the improvement of manufacturing process, of their control, of their materials, etc
  - Miscellaneous studies (discussion with competitors, studies of potential purchases, due diligence, etc)
  - Studies prior to investments projects (pre-studies leading to a record in the Plan).
3. ATCO (Common Technical Assistance {in French = Activité Technique Commune}). This relates to technological activities common to the BU as a whole (general services, environment and security, technical information systems, etc).
4. Support to research.
5. Guidance of big construction projects: specific contracts (ETC).
6. International Purchasing Management (DIA).

## 17. MISCELLANEOUS FUNCTIONS

### 173. Social benefits (oeuvres sociales)

- Activities and expenditure relating to the various infrastructures:

- Accommodations that are the company's property and related activities (maintenance, accommodations rented, loans for accommodations,...), i.e. houses in factories, ...
- Various company benefit scheme (canteen, drink distributors, library and other leisure)
- General teaching : intervention in study costs of personnel (excluding expatriates for whom school costs are part of personal costs), school allowances to the children of the personnel staff, school transports, etc.
- Jubilee related costs
- Personal cost of workers representatives, trainees, apprentices, are preferably reported in the cost center of their department. If not possible, should be reported in this cost section 173.

## 174. General services – facility management

Includes expenses relating to shared installations (exploitation and maintenance of the central building, parking places, roads, lighting, etc)

# SFGT - SECTION OF TECHNICAL OVERHEADS

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## 10. MAINTENANCE & CONSTRUCTIONS

### 104. Engineering (Study office)

Activities of designing and carrying out fixed assets projects, maintenance, research and development, clearance and demolition projects, etc, including:

- General preliminary or feasibility studies in the context or not of a budget request
- Studies and performance of fixed assets (normal or special budget), maintenance, clearance and demolition projects, etc
- Administrative management of the engineering service
- Services provided to third parties
- External engineering service operating on the request of a study office of the production site
- Technical control: fix Assets management (technical inventory) and investment bugeting.

**Group(s) of activities under the same cost driver:** All activities or costs mentioned above.

### 105. Maintenance

#### WOKSHOPS

Activities of all workshop personnel, i.e.:

- Personnel performing its work on sites
- Personnel running the logistics
- Supervision

and involved in activities such as mechanical, building, construction, chemical products, electricity and Instrumentation (AMRA) ★

★ For some sites, a difference must be made between the AMRA proportion and the IS proportion included elsewhere in the C/C "information system and technology".

Remarks:

Sub-C/C workshops can be opened if necessary (e.g. in Rb: Building workshop, railway workshop, etc)

Work at fixed prices does not flow through this C/C and is treated as maintenance "external services" of the relevant receiver C/C.

**Group(s) of activities under the same cost driver:**

Within the same group of homogeneous activities (i.e. the workshops taken as a whole or for each type of specialized workshop: mechanical, construction, instrumentation, electrical, etc):

1. Work performed by personnel clocking in and out (registered or not) and other services identified (workers, employees and support staff members assigning their activity to a C/C).
2. Non-identified work by support staff members ensuring the technical and administrative logistics, as well as the other operating costs (including lighting, heating of the premises, utilities, depreciation, etc).

#### OTHER EXPENDITURES

Collects:

Costs involved in maintaining installations, machines, material, and furniture in good condition, as well as the repair costs, allowing their optimal use until the end of their normal life.

Costs involved in overhauling old installations.

Any replacement of part in the broad sense of the term (mechanical, electrical, instrumentation, painting, etc) by another part identical or very similar to the original.

Refer to the note 2000-011-PPandE-E for the treatment related to maintenance costs to capitalize or to expense.

**Group(s) of activities under the same cost driver:**

Group 1: Hours of work performed:

- Maintenance activities provided by registered personnel: (wages and salaries).
- Maintenance activities provided by non-registered personnel: (external personnel).
- Use of handling machines during maintenance activities

Group 2: Costs invoiced:

- Purchases of any equipment necessary for the various maintenance activities
- Maintenance activities sub-contracted to external companies, on the basis of contracts or spot orders. Whenever possible, the proportion of the "external services" personnel is to be included in the non-registered personnel.

Group 3: Stock issues from procurement stores.

## 11. HANDLING & TRANSPORT

### 110. Shared equipment

Garages, greasing bay and fuel distribution station for common use during handling and transport.

Remark: The costs of the weighing bridge allocated to the shipping department are assigned to the C/C "shipping department" (192).

### 111. Automobiles, trucks & handling vehicles

Collects costs related to machines run by a centralized service (110) of handling and transport of persons and goods inside or outside the production site. **The C/C includes the management of handling vehicles.**

**Group(s) of activities under the same cost driver:**

The monitoring of operating costs (drivers' wages, fuel, servicing costs, depreciation, proportion of shared equipment, etc) is done at the level of the cost accounting, not by individual machine ★, but by homogeneous types of vehicles and machines, and by distinguishing the machines supplied with driver from those that are not.

★ The monitoring of maintenance costs for each machine can be done using the detailed description contained in the C/C "maintenance" (105).

### 112. Internal railroad transport

Operating and maintenance of the infrastructure and means of internal rail transport, including connections to the national network, as well as relevant weighing methods.

**Group(s) of activities under the same cost driver:**

Maintenance and control of the following equipment: Motorized tractors for moving purposes, railcars inside the production site up to the network + their garages, railcars remaining on the production site, infrastructure, railroads, signals, weighing devices

Use of this equipment for transport and handling.

### 113. External railroad & river transport

Transport of materials by railcars (including iso-tankers), by barge or riverboats that are the Group's property, used for transporting goods outside the production site, and the related maintenance.

Remark: The costs of this transport, using rental railcars or boats and that are invoiced by third parties, will be directly allocated to the relevant C/C or reporting headings (warehouse of raw materials or fuel, transport costs of products sold, etc)

**Group(s) of activities under the same cost driver:**

- External railroad transport and river transport for mono-products
- External railroad transport and river transport for multi-products
- separating external railroad transport from river transport.

### 116. Fixed equipment for handling raw materials, fuel & finished goods

Operating of fixed equipment (cranes, bridges, gates, aerial pipes, quays, piers, etc) for loading or unloading raw materials, fuel and finished goods.

**Group(s) of activities under the same cost driver:**

Sub-C/C by equipment / material.

Relevant activities including the maintenance and inspection of fixed equipment as well as the use of fixed equipment.

Remark: The costs related to transport by pipes are included in the C/C "pipes" (117).

## 117. Pipes

Operating and maintenance of underground or aerial pipes outside the site but going up to distribution station of the production site for products mentioned below. **The C/C includes the management of pipes**.

**Group(s) of activities under the same cost driver:**

This C/C is broken down into as many sub-C/C's as there are pipes.

1. Pipe systems for single products, i.e. fresh water, residual water, raw brine, purified brine, DS liquid, naphtha, hydrogen, ethylene, nitrogen
2. Multi-products pipes

Remark: pipes used for transporting residues (waste into the sea, etc) are not included in this C/C, but are reported as environmental costs.

## 12. HSE

This applies to sites concerned by the HSE cost center structure.

The sites NOT concerned by the HSE C/C structure should nevertheless be as close as possible to that structure.

**Foreword:**

The same cost center codes are to be used for current expenditures (which generally end up in production costs) and expenditures related to the past.

The cost price items that are mentioned below, and where the costs are to be reported, refer to the [cost price layout](#).

**Rules:**

### 1. CURRENT EXPENDITURES common to several production units (production costs)

A cost center should be used every time possible for these activities so that costs can be allocated between the different beneficiaries. In particular for:

- HSE departments,
- sewerage networks including neutralization,
- biological treatment units.

The costs charged to the cost centers will be allocated (most often by pricing) to the different production units and/or cost centers that use this activity. In their production costs reports, the production units will then show their share of the total amount under items 5.3 'HSE'.

### 2. CURRENT EXPENDITURES specific to a single production unit (production costs)

With regard to effluent treatment units linked to a single production unit, an environment cost center will be used only if it involves significant expenditures and this, only in agreement with the BU/R&T concerned. This relates, for example, to the Solox (RB) unit and waste water biological treatment units.

In their production costs reports, the production units will show the costs under item 2.4 'Environment BU' or 5.3.0 'Environment' (depending on whether the management of the treatment plant is under the responsibility of the production manager or of a service unit, such as the environment department).

The costs linked to small units such as strippings, UTEG (Unité de Traitement pour Effluents Gazeux), absorptions, bag filters, flocculations and demercurisation units, should be accounted for directly in the main production cost center of the corresponding production unit.

The sites which want to follow the costs relating to a specific activity by means of a cost center can do this as an exception by managing this cost center by detailed distribution (or an equivalent allocation structure). This allows keeping unchanged the nature of the costs on the production cost centers.

### 3. PAST CHARGES (not in production cost reports)

Unlike current expenditures which end up in the production costs, past charges (e.g. historic pollutions) require special treatment:

If environmental provisions have been constituted in relation to these charges, and after agreement from the BU and DCRT-HSE on the expenditure, the costs will be charged to one or more cost centers specific to the provision. The short text of the costs centers will include the identifier for the provision defined by DCRT-HSE. More information on the management procedures for HSE provisions.

If not, they will be charged to a cost center settled to CPNFO or AREX depending on whether they are recurrent items or not. On this topic, the approval procedure for non-recurring items is to be referred to.

**Standardized coding of HSE Cost Centers:**

Cost centers relating to HSE activities, which must meet one of the criteria included in points 1 to 3 above, will be coded according to the rules listed in the tables below. Comments:

The « X » in the table corresponds to a choice of letters. This allows several CC to be created for the same type of activity if necessary.

With regard to the 3 positions following the code 126/127/128:

- for a CC relating to an activity common to several production units (see rule 1): use the code « 000 ».

- for a CC specific to a single production unit (see rule 2): use the first 3 characters of the production cost code .
- for a CC specific to a past charge (see rule 3): use the first 3 characters of the production cost code if possible, if not "000".

As usual in SAP, the codes below will be preceded by the 2 positions identifying the establishment.

Furthermore, we insist that the text adopted for the cost centers be understandable to people outside the site.

**Note:**

Unless otherwise indicated, all of the relevant operating costs will be charged to HSE cost centers, i.e.: personnel, maintenance, purchase of goods and services, utilities and depreciation costs, and, if applicable, the shared services (pricing). The preferred cost tracking template is the one used for the production cost reporting.

## 126. Environment

**Nomenclature of cost centers:**

|                                                                                                              |     |  |  |  |   |   |      |
|--------------------------------------------------------------------------------------------------------------|-----|--|--|--|---|---|------|
| Environment department (1)                                                                                   | 126 |  |  |  | 0 | X | (AZ) |
| Taxes (2)                                                                                                    |     |  |  |  |   |   |      |
| <ul style="list-style-type: none"><li>Water consumption</li></ul>                                            | 126 |  |  |  | 1 | X | (AE) |
| <ul style="list-style-type: none"><li>Water emissions</li></ul>                                              | 126 |  |  |  | 1 | X | (FI) |
| <ul style="list-style-type: none"><li>Air emissions</li></ul>                                                | 126 |  |  |  | 1 | X | (JM) |
| <ul style="list-style-type: none"><li>Waste</li></ul>                                                        | 126 |  |  |  | 1 | X | (NQ) |
| <ul style="list-style-type: none"><li>Energy</li></ul>                                                       | 126 |  |  |  | 1 | X | (RU) |
| <ul style="list-style-type: none"><li>Others (operating permit, ...)</li></ul>                               | 126 |  |  |  | 1 | X | (VZ) |
| Gaseous effluent                                                                                             |     |  |  |  |   |   |      |
| <ul style="list-style-type: none"><li>Gas desulphurization</li></ul>                                         | 126 |  |  |  | 2 | X | (AH) |
| <ul style="list-style-type: none"><li>Incineration</li></ul>                                                 | 126 |  |  |  | 2 | X | (IQ) |
| <ul style="list-style-type: none"><li>Other processes</li></ul>                                              | 126 |  |  |  | 2 | X | (RZ) |
| Aqueous effluent                                                                                             |     |  |  |  |   |   |      |
| <ul style="list-style-type: none"><li>General (including sewage systems, effluent monitoring, ...)</li></ul> | 126 |  |  |  | 3 | A |      |
| <ul style="list-style-type: none"><li>Biological treatment</li></ul>                                         | 126 |  |  |  | 3 | X | (BF) |
| <ul style="list-style-type: none"><li>Physico-chemical treatment</li></ul>                                   | 126 |  |  |  | 3 | X | (GJ) |
| <ul style="list-style-type: none"><li>Discharge into sea / river</li></ul>                                   | 126 |  |  |  | 3 | X | (KM) |
| <ul style="list-style-type: none"><li>Treatment by third parties</li></ul>                                   | 126 |  |  |  | 3 | X | (NQ) |
| <ul style="list-style-type: none"><li>Other processes</li></ul>                                              | 126 |  |  |  | 3 | X | (RZ) |
| Waste (3)                                                                                                    |     |  |  |  |   |   |      |

|                                               |     |  |  |  |   |   |      |
|-----------------------------------------------|-----|--|--|--|---|---|------|
| • General                                     | 126 |  |  |  | 4 | X | (AM) |
| • Elimination PCBs                            | 126 |  |  |  | 4 | X | (NT) |
| <b>Settling ponds</b>                         | 126 |  |  |  | 5 | X |      |
| <b>Landfill</b>                               | 126 |  |  |  | 6 | X |      |
| <b>Soil treatment</b>                         |     |  |  |  |   |   |      |
| • General                                     | 126 |  |  |  | 7 | A |      |
| • Aquifer monitoring                          | 126 |  |  |  | 7 | X | (BC) |
| • Containment                                 | 126 |  |  |  | 7 | X | (DH) |
| • Remediation                                 | 126 |  |  |  | 7 | X | (IQ) |
| • Management of sediments                     | 126 |  |  |  | 7 | X | (RZ) |
| <b>Rehabilitation of installations</b>        |     |  |  |  |   |   |      |
| • General                                     | 126 |  |  |  | 8 | X | (AE) |
| • Asbestos removal                            | 126 |  |  |  | 8 | X | (FI) |
| • Rehabilitation of mines, quarries and wells | 126 |  |  |  | 8 | X | (JM) |
| <b>Miscellaneous environment (4)</b>          | 126 |  |  |  | 9 | X |      |

#### Comments:

##### (1) Environment department: Includes:

- Local environment department personnel costs
- Training
- Department's operating costs.
- Costs of environmental studies for the site (impact assessments, audits, ...).
- The costs of environmental analyses (laboratory) that cannot be charged to other (e.g. production) cost centers.

##### (2) Taxes

- A cost center must be created for each type of environmental tax. The corresponding costs will then be allocated (detailed distribution) to the entities that pay the taxes (item 2.7.0 « Taxes » in the production cost report).

Note: Taxes included in the price of purchased raw materials and utilities (water, electricity, ...) are of course not concerned by these cost centers. Land taxes are also to be excluded.

##### (3) Waste, by-products

As for waste in the strict sense, a cost center will only be created for the management of waste common to several production plants (used oil, municipal waste, ...).

The invoices relating to the waste sent outside for treatment should be allocated to cost element 6122040000 « Services for Waste treatment » (Group chart of accounts). As regards waste that is specific to a production unit (mercury, ...), invoices should be allocated directly to the related production cost center and shown in the production cost reports under item 2.4 « Environment (BU) ».

The costs of the registered personnel in charge of waste management are still charged as operating personnel costs for the relevant production and environment departments.

Note: waste must not be confused with by-products. By-products are secondary materials transferred from one production unit to another for recycling in the form of saleable products. For example, organo-chlorine residues transferred to the UTEL (Unités de Traitement pour Effluents Liquides) where they are used to produce HCl and steam ★. These by-products are to be charged to item 1.4 "Miscellaneous recoveries".

★ Reminder: UTEL are covered by the production cost 32563620 and not by an environment cost center.

## Environmental laboratory costs

The costs of laboratory analyses for environmental reasons should:

- come from laboratory cost centers (cost centers 141).
- be charged to one or more cost elements specific to environmental analyses, which easily allows the cost to be identified (in the SAP system ERP SOLVAY: 9141E00001 = at cost, 9141E00011 = fixed price - global distribution, 9141E00022 = unit price - activity type).
- end in items 2.4 'Environment BU' or 5.3.0 "Environment" of production cost reports (not in items « Quality Control »), possibly going through an environmental cost center.

### (4) Miscellaneous environment

The cost centers bearing the heading « Miscellaneous environment » allow for miscellaneous environment activities to be grouped together, thus preventing the creation of a large number of cost centers for small amounts. However, they should be avoided, as they are non-specific.

## 127. Safety, hygiene

|                                 |     |  |  |  |   |   |
|---------------------------------|-----|--|--|--|---|---|
| Safety / hygiene department (1) | 127 |  |  |  | 0 | X |
| Fire department (2)             | 127 |  |  |  | 1 | X |
| Site security (3)               | 127 |  |  |  | 2 | X |

Comments:

### (1) Safety and hygiene department

This includes personnel safety awareness and training services, together with plant safety management services. The following are grouped under this cost center:

- Salaries of the site personnel responsible for safety and accident prevention, excluding firemen, unless they give training
- Costs of safety/health studies for the site (Seveso, audits, ...)
- First-aid training
- Costs or fees (internal and external)

It does not include the PPE (Personal Protective Equipment), the cleaning of work clothes, showers and changing rooms.

### (2) Fire department

- All activities by the firemen, including their training, with the exception of training given as part of « personnel and plant safety » activities
- Fire department personnel and equipment.

Note: detectors, sprinklers, water curtains and intercoms are included in the cost of the related installations (PU/SU).

### (3) Site security

- Activities and resources implemented to provide site security, including: guards, fences, guards' lodges, doors and access grilles, security devices, TV, radars, etc.

## 128. Health

|                                 |     |  |  |  |   |   |
|---------------------------------|-----|--|--|--|---|---|
| Occupational medicine (1)       | 128 |  |  |  | 0 | X |
| Occupational illness provisions | 128 |  |  |  | 1 | X |

Comments:

### (1) Occupational medicine

- Sick bay/dispensary
- Occupational medical services:
  - Doctors', nurses' and medical secretaries' salaries
  - Contributions to inter professional medical services
  - Specialists' fees and analysis costs for examinations prescribed by the works doctor
  - Costs relating to the prevention of occupational illnesses
- External medical services
- Ambulances
- Training

It does not include social medicine nor social welfare, which are under the responsibility of the personnel department.

## 13. PURCHASING & PROCUREMENT STORES

### 131. Purchasing

Procurement activities of the site, in goods and in services, including:

Preparation, consultations with suppliers, analysis of offers, and purchasing procedures (incl. orders and follow-up) of:

- Raw materials and energy products, packaging, chemical products;
- Equipment for civil and mechanical engineering, electricity, instrumentation, information system and technology, etc, for maintenance and fixed asset budgets
- Rents (machines, external manpower, etc) and outside contracts
- Other purchases
- Purchases for procurement stores and others (general store, spare parts, piping, etc)
- Repairs (orders, etc)
- Miscellaneous purchases, supplies, etc
- Training, translation, etc
- Purchase of trading goods
- Various sales (ironware, pallets, paper, etc)

Validation of invoicing discrepancies, additions, etc

**Group(s) of activities under the same cost driver:** All activities or costs mentioned above.

## 132. Procurement stores

Activities related to the receipt, storage, management and distribution of items from the general warehouse, i.e.:

Receipt, distribution and management:

- Of procurement stores (general warehouse, spare parts warehouse and construction warehouse, etc)
- Of all or part of the raw materials and packaging stores, assuming their management is not directly controlled by the receiver PU/SU, but is centralized.

Certain differences between invoices received & invoices to be received, i.e.:

- Insignificant differences
- More rarely, larger differences when the allocation to inventories or to the receivers is difficult to set up

Small accessory costs, common to several items intended for warehouse

**Group(s) of activities under the same cost driver:** All activities or costs mentioned above.

## 14. LABORATORIES / COMPLIANCE

### 141. Laboratory (quality control)

The objective of the laboratory is to meet the needs for physics and chemicals analyses of the site. A contract defines the services provided by the laboratory and the relationship between customers and suppliers. The services may include:

Analytical controls of production and other operating services (environment, hygiene at work, research, technical assistance to customers, etc)

Management of on-line analyzers (even if the instrumentation service or production personnel is in charge of it).

Technical help and assistance to manufacturing (training, various tests, etc)

**Group(s) of activities under the same cost driver:**

The creation of a homogeneous activity is to group a series of activities to ensure a relevant identification of their cost and their allocation method.

Because of the diversity of the sites and of their organization, it is not possible to propose a shared homogeneous activity for all sites. As example, the following homogeneous activities can be identified:

- Interface group (sampling, preparation, publication of results, etc)
- Support group (chromatography, spectroscopy, etc)
- On-line analyzers
- Plastics analyses
- Organic products analyses

Costs that cannot be directly assigned to other homogeneous activities of the laboratory will, if necessary, be grouped in an activity "shared costs", that can include:

- Building maintenance, except specific equipment (e.g.: Hydrogen distribution network; receiving activity - gas phase chromatography)
- Staff training and associated traveling, if they are of a general nature
- Utilities (de-mineralized water, electricity, compressed air, etc) except high levels of heterogeneity in the consumption of homogeneous activities
- LIMS
- Staff costs that cannot be directly assigned to any homogeneous activity other than "shared costs"
- Insurance
- Straight-line depreciation that can not be assigned to other homogeneous activities

# SFAU - OTHER COST CENTERS OR COST OBJECTS

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## 32. Manufacturing & production

**Group(s) of activities under the same cost driver** concerning all production departments:

Management of the production/packaging areas

Production control according to quantity, quality (IPC) and cost effectiveness

Production planning and documentation

Cleaning and set-up of equipment

MPS-planners: They are responsible for

- Checking and fine tuning the available resources in production with the product demand based on a 18 months rolling forecast. This is performed every month to level the demand in time and resources and to locate any problems concerning the availability of these resources.
- Best forecast and year-budget figures (in quantities),
- Maintenance of the production recipes in SAP and
- Ordering of long term materials.

Other costs:

- Allocation Support staff or staff not directly involved in production operations
- Maintenance costs of equipment (building, machines, etc)
- Work performed by facilities from the handling service (e.g. weighing center,
- Work performed by other support services of the production site (e.g. Quality assurance, - control, energy supply, GMP-facility cleaning, etc)
- Cost of utilities used
- Fire insurance
- Other various costs

## 324. Production by Third parties

Subcontracting or toll manufacturing is the outsourcing of (a part of) the production process for API, IM and FPP.

**Costs include:**

- Materials ( of BOM)
- Expenses for subcontracting
- Other direct attendant expenses
- Tracking of the material consumption of the "subcontracted" phase in manufacturing is based on a standard BOM with standard material-consumption and also taking the yield / standard losses into account.

## 37. MISCELLANEOUS INDUSTRIAL COSTS

### 370. Research costs (Ch-PI sectors)

### 371. Testing and experimental costs

### 372. Start-up costs

### 373. Shutdown costs

### 374. Preliminary study costs

To follow-up costs of project preliminary studies (prior to project approval), which shall be expensed.

### 375. Demolition costs

To follow-up costs of demolition of obsolete installations.

### 376. Underactivity

To follow-up underactivity generated by exceptional situations (low production or temporary idle plant due to economic crisis, as shown in the [Financial Reporting Guide](#) . Example: Covid-19 impact. One cc per GBU at division level. Some exceptions for Soda Ash entities (split by more than one GBU division or plant).

### 377. Stock Depreciation (R25600)

To follow-up the postings to accrue depreciation of stock due to slow moving, obsolescence, or cost above net realizable value. One cost center per active PIF with inventory.

### 378. Other Recurrent Operational Gains & Losses (R38100)

To follow-up the postings to accounts related to Other Operational Gains & Losses when recurrent

## 46. REPLACEMENT OF REPORTING COST CENTERS

### 460. Post Ebit Financial & Exchange

Replacement of the Legal entity level reporting cost centers (XXECCCC) as regards the accounts part of STOT-R530. One cc per legal entity, Business Area 8590 and assessing to profit center D8590. Includes the post-EBIT TMS and IFRS16 accounts

### 461. VSE & Fixed Logistic

To follow up Variable Selling Expenses and fixed logistic costs where there are not specific cost centers (such as freight). For example, to follow up operational TMS accounts, rent of logistical equipment, royalties on sales, etc. One cost center per active GBU division.

### 462. Operational Financial & Exchange

Replacement of the Division level reporting cost centers (XXECCCC) as regards the accounts part of STOT-R381 (Fin. items related to operat.) and STOT-R383 (Foreign operat. exchg G&L). One cc per legal entity, Business Area 8590 and assessing to profit center D8590, even when these accounts were previously posted in other divisions.

### 463. Taxes

Replacement of the Legal entity level reporting cost centers (XXECCCC) as regards the accounts part of STOT-R730 (Income Tax). One cc per legal entity, Business Area 8590 and assessing to profit center D8590.

### 464. Disposals

To follow up gains and losses in tangible and intangible disposals.

### 465. Other non recurring gains & losses

To follow up non-recurring operational gain & losses not related to restructuring (desconsolidation, asset / investment disposal, impairment, environmental, etc.).

### 466. Sales corrections

For manual adjustments in sales, such as royalties, rebates, some accruals, etc.

### 467. Variable cost corrections

For manual adjustments in variable cost, such as import duties, VAT accruals, corrections, CO2 quotas, etc.

## Technical Cost Centers - 80\*

|                                                                                                                                     |         |
|-------------------------------------------------------------------------------------------------------------------------------------|---------|
| Technical cost centers (for all costs not directly linked to the organizational structure)                                          | 800-899 |
| Restructuring costs                                                                                                                 | 812     |
| Restructuring costs on old plans for which the accruals can no longer be considered as "restructuring" but as other recurrent costs | 813     |
| COPA D43 - variance material ledger rollup [for integrated CO-PA project]                                                           | 843     |