RSB reporting category in BFC SYENSQO

1. Objective and Scope

RSB category is **managed by and is under the responsibility of Corporate and Business Controlling teams**. Purpose of this category is to **restate historical data (Y-1 / source ACTUAL2 category) with current (Y) structure and exchange rates**.

Restated Y-1 data is **used for internal Business performance analysis** as well as for **external publication**.

Scope of restated data:

- **quarterly cumulative data** (no monthly restatement)
- **P&L: Sales up to Underlying EBIT** (including Equity results)
- **Capital Employed** (WC + Assets + Investments)

Planning:

1. Category **initialized in July Y** *Example: in July 2022 opening of RSB 2022/2023 (restatement of 2022 Actuals @ 2023 ExcR and Structure)*
2. **Business structure changes expected for Y+1 defined before Christmas** - BFC set up in 2 waves Q4 Y and end Jan Y+1
3. **Q1 Y+1** (February at the latest to be ready before Q1 Y+1 results): **technical checks, input of structure effects** (through top entries or using dedicated consolidation rules. no usage of packages)
4. **updated all during Y+1 year** each time a structure effect requires a restatement

Changes in the structure are reported by each enterprise/zone **using specific flows**:

- **RS00 Historical data (Y-1 Actual2 figures):** technically ACTUAL2 Y-1 is preloaded in RS00 by Activity 1 (P&L + A/R) and Activity 2 (Capital Employed excluding A/R)
- **RS01 Acquisition** (perimeter inflow: companies entering in conso scope as IG, MEQ or IP / Business acquired)
- **RS98 Disposal** (perimeter outflow: companies or Business divested)
- **RS50 Reclassifications** (account reclassifications *i.e. change of depreciation in inventories to fixed costs* - **subject to approval from Corp. Controlling teams** as it may impact external communication and annual report issued in Y-1)
- **RS6x Business transfers intra SYENSQO**
  - **RS61 -** Inter Markets (Intra BU) Transfers
  - **RS62 -** Inter BU (Intra GBU) Transfers
  - **RS63 -** Inter GBU's Transfers
- **RS7x Organizational Syensqo Changes** (change in accounting rules *i.e. IFRS16 implementation* - subject to approval from Corp. Controlling teams as it may impact external communication made in Y-1)
- **RS80 Conversion effect** (automatically calculated in RSB through dedicated Consolidation rules using Y-1 and Y Exchange Rates tables)
- **RS99 Restated =** (Sum of the flows listed above)
- *NB are excluded from structure effects : correction of mistakes in Y-1 Actuals, shutdown of a product line, change of contract terms, discontinued operations (already recorded in Y-1 Actuals)*

Sales Y-1 (flux RS00) + Structure Effects (specific flows RSxx)

= Sales Y-1 at Y structure, Y-1 rates

+

Foreign currency conversion effect (Flow RS80)

= Sales Y-1 at Y structure & Y rates [1] (flow RS99)

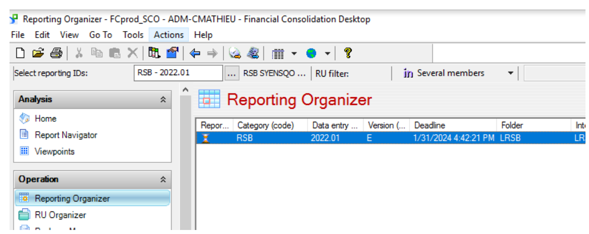
[1] RSB Variant 2 = Budget rates for upcoming quarters
RSB Variant 4 = Last BFR (Business Forecast Review) rates for upcoming quarters

RSB category has its **own category scenario "RSB"**, **scope "RSBSYENSQO"** and **exch. rates version "PREV"**.

- RSB scope includes the « ACTUAL2 » legal entities + fictive Business entities **(GEST-xxx or SCO-xxx** – used to record the structure changes).
- RSB is a **multi-period category** with one **single data entry period** YYYY.01

2. RSB Reporting Setup

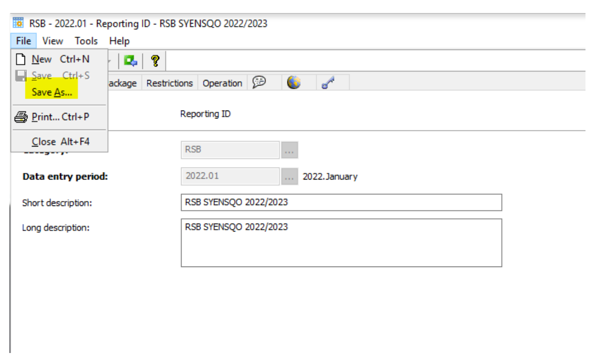
2.1 Reporting setup - Reporting Organizer



The **opening of RSB** phase should occur **in July.**

To create a new Reporting ID for the period, select the one of the previous year in the field **Select Reporting IDs**.

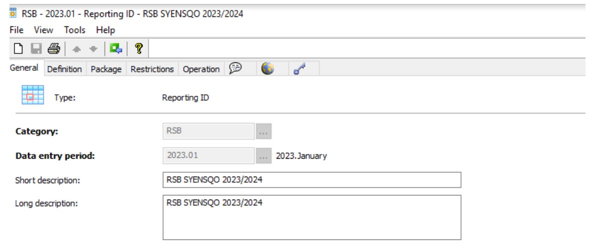
Then in **Reporting Organizer** module **Open** it and **Save As**.



In the **General** tab defines the general properties of the reporting ID.

Enter the following information:

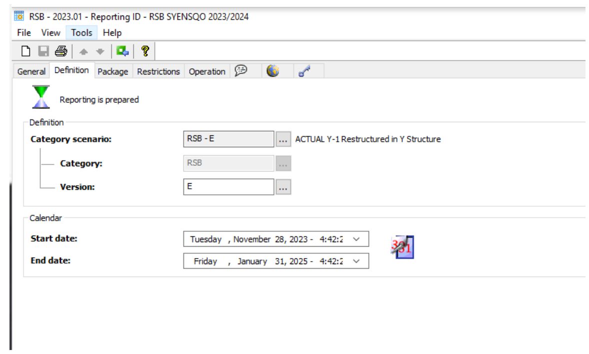
- **Category -** RSB
- **Data entry period -** YYYY.01
- **Short & Long description -** RSB SYENSQO YY/YY+1



The **Definition** tab will define the associated category scenario and the start and end dates for the reporting.

Enter the following information:

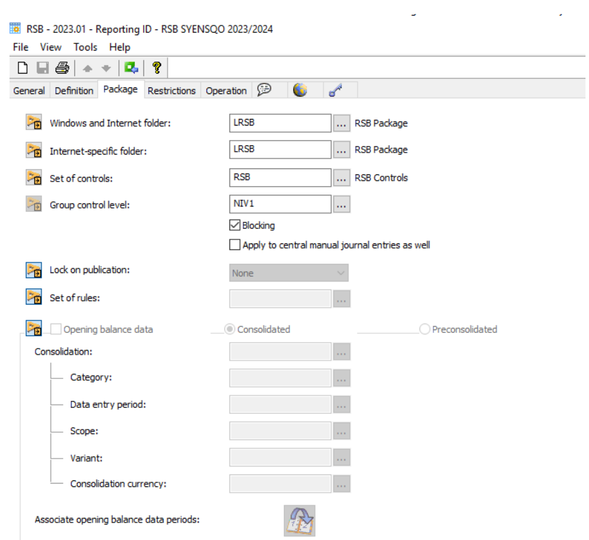
- **Version of category scenario:** latest version to be selected
- **Start & End Date:** Adjust start (July Y) and end date (January Y+2)



The **Package** tab defines the data entry settings applicable to packages:

- **Windows and Internet folder**: LRSB
- **Set-of controls**: LRSB
- **Control level to be reached**: RSB

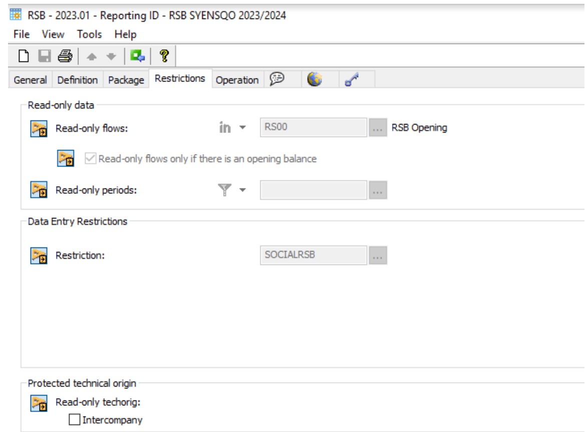
- **Blocking** - Flag the option Blocking
- **Apply to central manual journal entries** - it MUST NOT be flagged
- **Opening balance data :** not applicable *(this is through the dedicated RS00 flow that Y-1 ACTUAL2 historical data will be preloaded)*



The **Restrictions** tab defines the data entry restrictions which are applied when the data is entered.

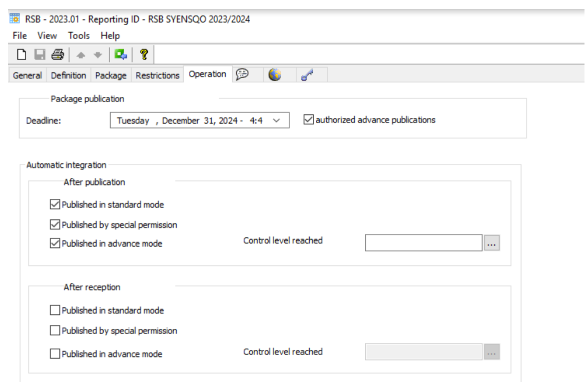
- **Read-only flows:** RS00 is the opening balance flow automatically generated (Y-1 Actual2 / F99AJ)

- **Data entry restrictions:** SOCIALRSB



In the **Operation** tab defines the settings associated with packages publication.

In the **Deadline** it has to be informed the deadline for package's publication. It has not such an importance as, in principle, there no packages and if any it will be completed centrally by Corporate Controlling.



3. RSB initialization (July)

3.1 RSB consolidation scope

There is only **one scope per year** - **RSBSYENSQO YYYY.12** - and it should be **aligned with December ACTUAL2 scope of corresponding year of restatement** (example: RSB 2022/2023 => aligned with 2022.12 ACTUAL2 scope).

BFC Admin starts working in the RSB YY/YY+1 phase in July YY and the RSBSYENSQO YYYY scope should be created by a save as of ACTUAL2 YYYY.06 (most recent scope available in BFC_PROD_SCO). The following principles have to be applied:

1) RSB scope **includes companies conso at both opening and closing** in ACTUAL2 scope;

2) RSB scope **includes companies consolidated at opening even if sold or merged during the year** in ACTUAL2 scope;

3) RSB scope **includes companies consolidated at closing even if non conso at opening** (ex newco stardust US) in ACTUAL2 scope ;

4) RSB scope **excludes companies non conso at opening and non conso at closing** in ACT2 scope.

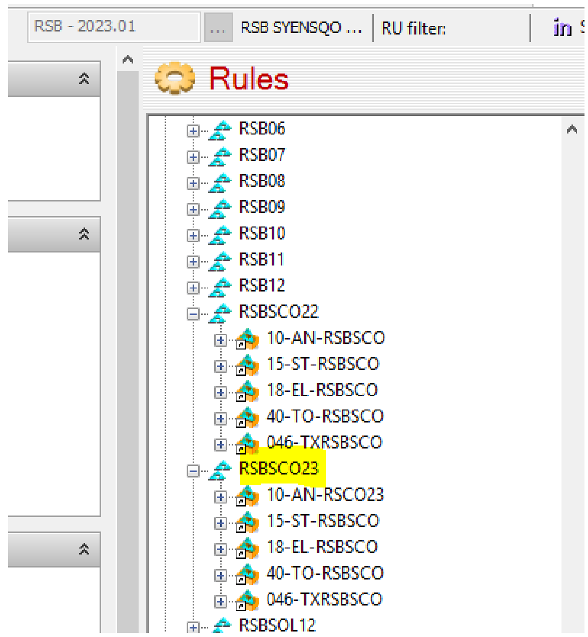
Further updates from July to Dec YYYY will be limited to the **replication (manually) of ACTUAL2 scope changes**.

3.2 RSB set of rules

A new set of rules should be created every year - **RSBSCOYY** - to be associated to RSB Y/Y+1 conso.

The **following subset of rules should be included and not changed as they are permanent rules** applying to RSB phase every year:

- **10-AN-RSBSCO** - Generation of opening flow RS00 / different subsets for RSB 2022/2023 and 2023/2024 because of different conso variants *(variant 2 or SC2 depending on periods)* in ACTUAL2 Combined FS => this should not be needed anymore from RSB 2024/2025
- **15-ST-RSBSCO** or SC - Calculation of sales (company level)
- **18-EL-RSBSCO** - Sales elimination
- **40-TO-RSBSCO** - Calculation and storage of Totals
- **046-TXRSBSCO** - Special rules for conversion



Only subset 13-RSBSCOYY should be created every year as it includes dedicated consolidation rules customized to manage automatically (when possible) some structure effects.

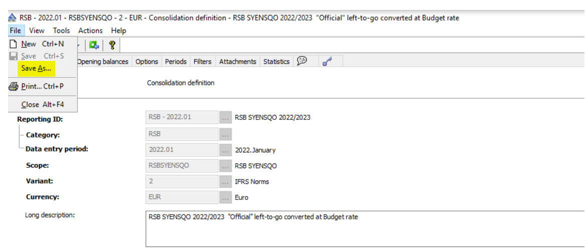
Examples:

- *Business 100% internally transferred from A to B using flows RS61, RS62 or RS63.*
- *External divestments**:** full company(ies) divested (share deals) or Business 100% sold - RS98*

When creating the set of rules **in July YY, this subset should be left empty** and should be completed once Corporate Controlling has requested BFC Admin, usually in Q1 Y+1, to customize the conso rules for the scope changes effects.

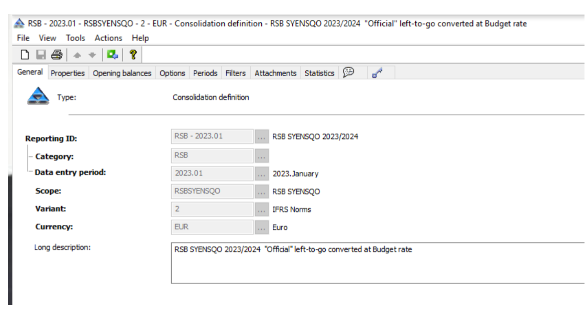
See chapter 4.RSB consolidation rules update

3.3 RSB consolidation



RSB YY/YY+1 consolidation should be **created and run already in July YY** to allow early technical checks (pre loading of ACTUAL2 balances into RSB through RS00).

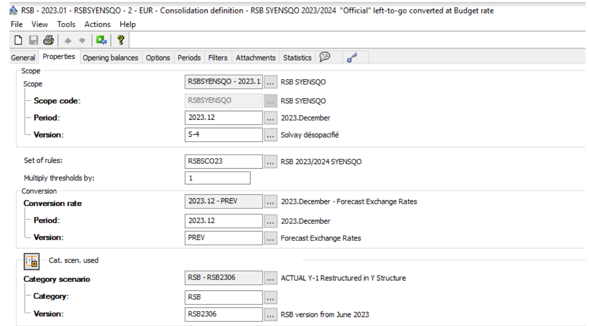
To create RSB conso BFC Admin should do a **save as** of previous year conso RSB Variant 2.



In the **General** tab replace the **data entry period to YYYY.01** and correct the **long description.**

In the **Properties** tab replace

- **scope** by the new one RSBSYENSQO YYYY.12
- **set of rules** by the new one RSBSCOYY
- **conversion rates** by PREV March YYYY+1
- **category scenario** : check that the one selected with the "save as" from previous RSB is the last existing and correct one to be used



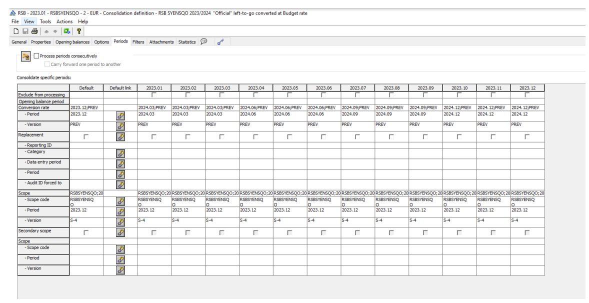
In the **Opening balances** tab:

- **NO opening balance data to be selected** as this is through dedicated consolidation rule that RS00 flow "opening" will be generated (see chapter 3.2.RSB Set of rules)

In the **Options** tab, nothing to be done

In the **Periods** tab replace

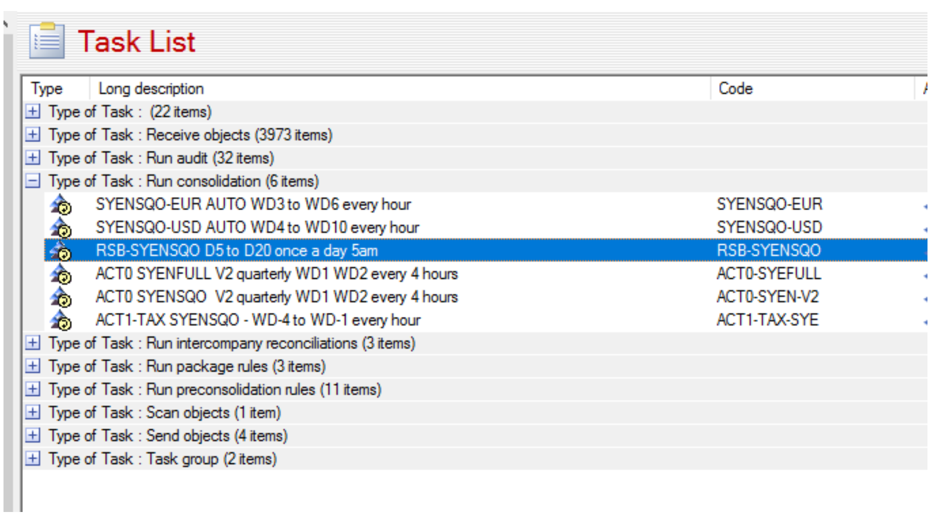
- **conversion rates** by PREV YYYY+1
- **scope** by RSBSYENSQO YYYY.12



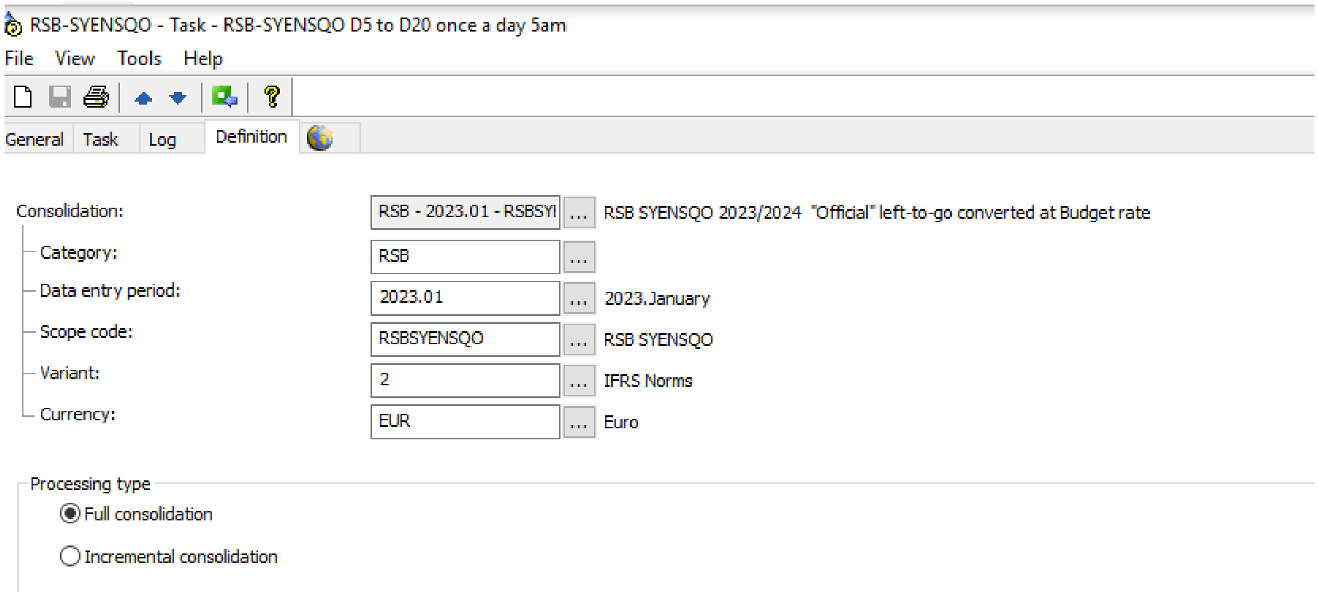
3.4 RSB monthly consolidation scheduling

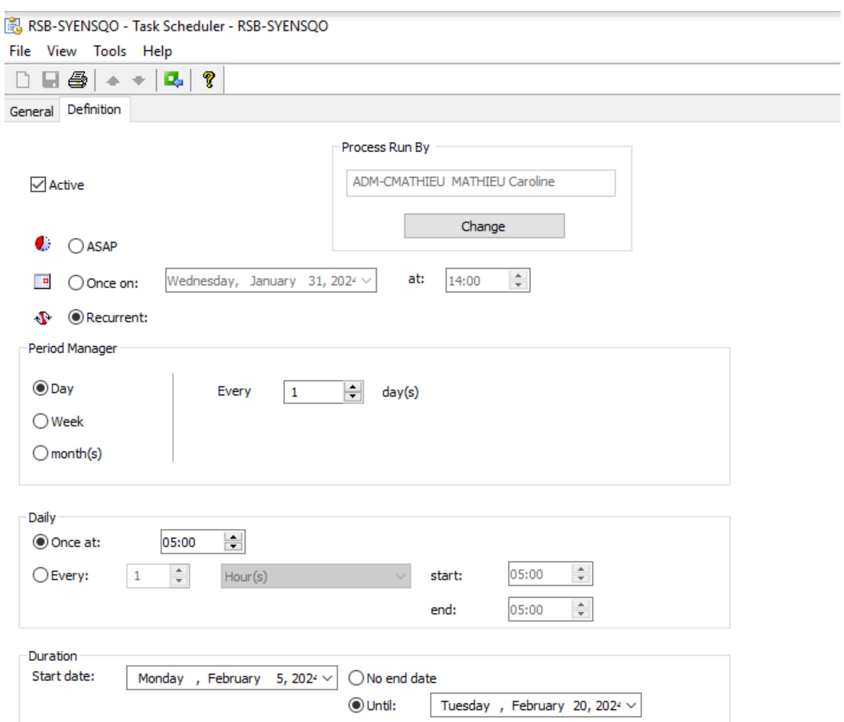
RSB is used as Y-1 comparison with ACTUAL2 monthly reporting

- **Scheduling variant 2:** *once a day at 5 am / from Day 5 to Day20 (normal day considered, not working days)*
- **Task duration to be updated every month** to set corresponding dates for D5 and D20



Example for 2024 Actuals compared with RSB of 2023 year - January 2024 reporting done in February

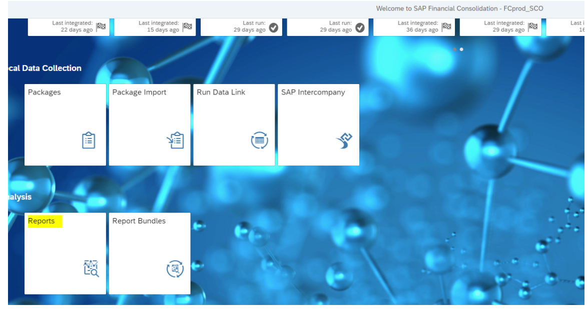




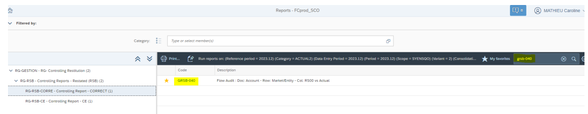
3.5 RSB opening checks

Once RSB consolidation has been run, BFC Admin should **check the alignment of flow RS00 with ACTUAL2 F99AJ (P&L) and F99 (BS):**

- Report **GRSB-040** should be used to check **P&L**
- Report **GRSB-002** to check **BS**



In report **GRSB-040 "P&L" - Flow Audit : Doc: Account - Row: Market /Entity - Col: RS00 vs Actual** selection criteria should be completed as follows:

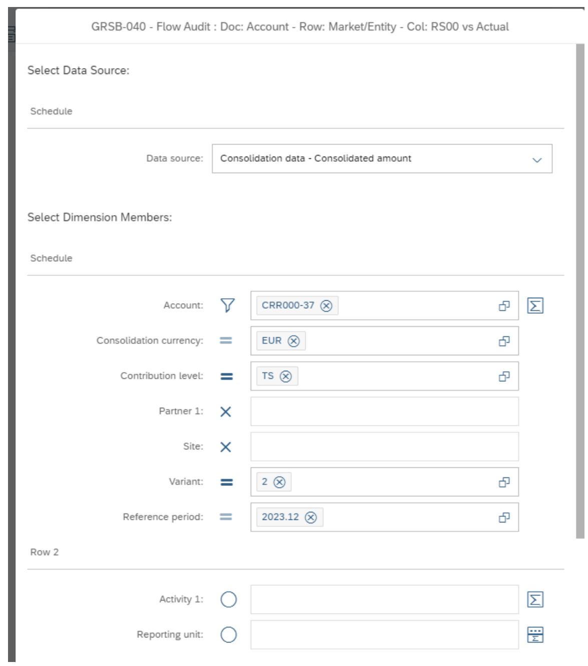


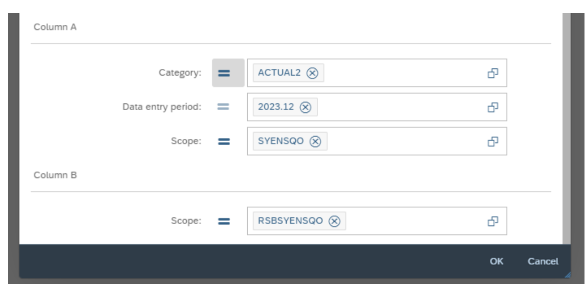
Data Source

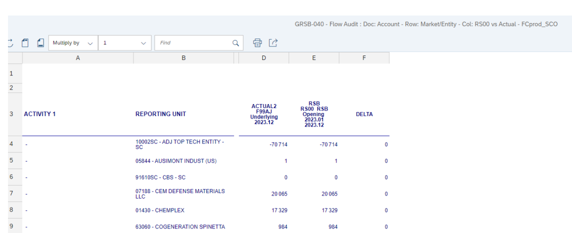
- **Data Source**: Consolidation data - Consolidated amount

Dimension Members

- **Account (aggregated):** Filter CRR000-37 (REBITDA accounts in P&L)
- **Consolidation Currency:** EUR
- **Contribution Level:** TS
- **Partner 1:** No member
- **Site: N**o member
- **Variant:** 2
- **Reference period:** YYYY.12 (or 06 or 09 or 03) to check RSB00 is aligned with F99AJ / YYYY.12 / ACTUAL2
- **Activity 1 (Itemized, total after):** All members
- **Reporting Unit (Itemized, total after):** All members
- **Category:** ACTUAL2
- **Data entry period:** YYYY.12 (or 06 or 09 or 03) to check RSB00 is aligned with F99AJ / YYYY.12 / ACTUAL2
- **Scope:** SYENSQO
- ***Column B*** Scope: RSBSYENSQO



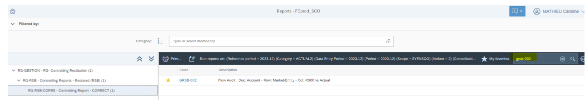




	A	B	D	E	F
1					
2					
3	ACTIVITY 1	REPORTING UNIT	ACTUAL2 F99AJ Underlying 2023.12	RSB RS00 RSB Opening 2023.01 2023.12	DELTA
4	-	10002SC - ADJ TOP TECH ENTITY - SC	-70 714	-70 714	0
5	-	05844 - AUSIMONT INDUST (US)	1	1	0
6	-	91610SC - CBS - SC	0	0	0
7	-	07188 - CEM DEFENSE MATERIALS LLC	20 065	20 065	0
8	-	01430 - CHEMPLEX	17 329	17 329	0
9	-	63060 - COGENERATION SPINETTA	984	984	0
10		63140 - COGENERATION TAVAUX	[illegible]	[illegible]	[illegible]

The last column - DELTA - **must always be zero.**

In report **GRSB-002 "Balance Sheet" - Flow Audit : Doc: Account - Row: Market/Entity - Col: RS00 vs Actual** selection criteria should be completed as follows:



Data Source

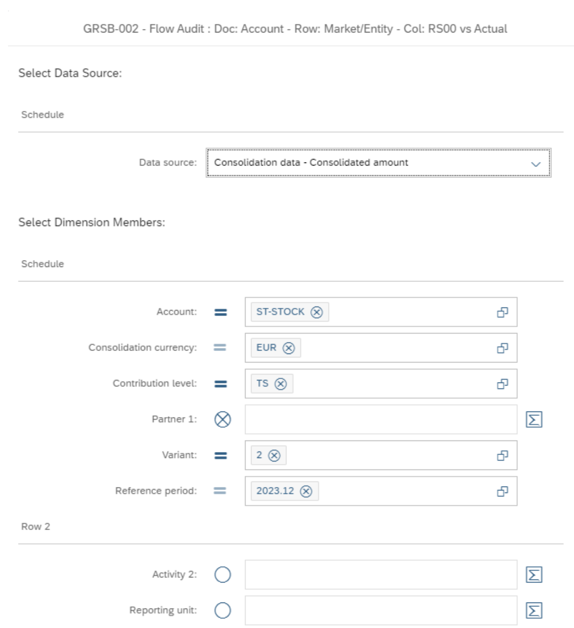
- **Data Source**: Consolidation data - Consolidated amount

Dimension Members

- **Account:** ST-STOCK
- **Consolidation Currency:** EUR
- **Contribution Level:** TS
- **Partner 1:** All or no members
- **Variant:** 2
- **Reference period:** YYYY.03 (or 06 or 09 or 12) to check RSB00 is aligned with F99AJ / YYYY.03 / ACTUAL2
- **Activity 2 (Itemized, total after):** All members
- **Reporting Unit (Itemized, total after):** All members

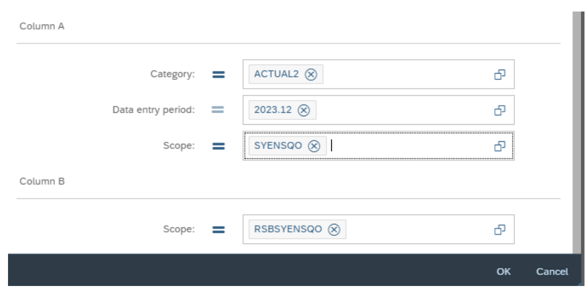
Column A

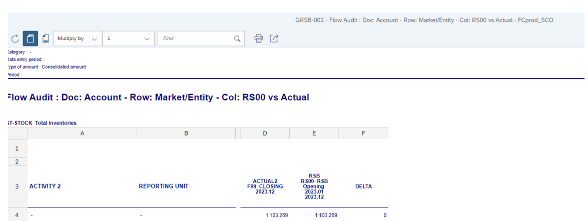
- **Category:** ACTUAL2
- **Data entry period:** YYYY.03 (or 06 or 09 or 12) to check RSB00 is aligned with F99AJ / YYYY.03 / ACTUAL2
- **Scope:** SOLVAY14



Column B

- **Scope:** RSBSOL





The last column - DELTA - **must always be zero.**

4. RSB consolidation rules update / Example

In case a change in the structure can be managed by consolidation rules, it should be done this way rather than central journal entries.

For example, in July 2021 the group decided to create a new GBU (Global Business Unit) called Oil & Gas (OG) and to "transfer" 2 activities already reporting under Technology Solutions GBU (TS) to the new GBU.

This decision didn't have a retroactive effect In Actuals, TS activities remained in TS in the 1st Semester.

Activities (Activity1) no more to be used in GBU TS "Techno Solutions" from 7/2021:

TSPR - PROBAN
TSSH - SODIUM HYPOPHOSPHOROUS

New activities (Activity1) to be used in O&G GBU from 7/2021:

OGPR - PROBAN
OGSH - SODIUM HYPOPHOSPHOROUS

In terms of RSB 20/21, it was necessary to transfer 2020 Q3 and Q4 P&L figures from TSXX to OGXX activities.

- This is the kind of structure update that **can be easily managed by consolidation rules avoiding heavy manual top entries** (line by line, partner by partner....).
- Automation through consolidation rules **keeps a restatement at company currency level** (while top entry would be global in Euros introducing distortion effect in the calculation of conversion effect RS80)

- 2 rules have been customized:

  RSB20-OG-PL1 - New GBU Oil &Gas 2020 P&L cum => Transfer cumulated 09.2020 & 12.2020 P&L figures from TSXX to OGXX activities.

  RSB20-OG-PL2 - New GBU Oil &Gas 2020 P&L S1 reset - 2 effects:

  1) put back cumulated S1 (06.2020) in TSXX activities in both cumulated 09.2020 & 12.2020 P&L figures

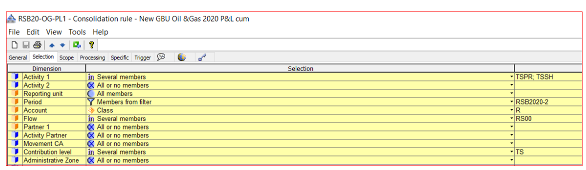
  2) remove cumulated S1 in OGXX activities (effect from the 1st rule) in both cumulated 09.2020 & 12.2020 P&L figures

Table A - Source data in RS00 (Actuals Y-1)

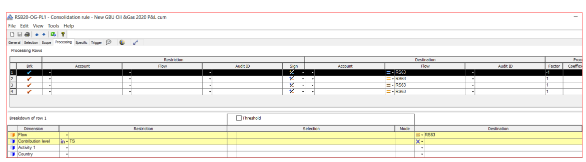
A - Source declarations ACTUAL2 (=RS00 RSB)				
example	YtD 06	YtD 09	YtD 12	
MARK - TSPR	100	150	200	MARK. RSB = OGPR
MARK - TSPR / PMARK - TSPR	10	15	20	
MARK - TSPR / PMARK - CSNR	1	3	4	

RSB20-OG-PL1 - New GBU Oil &Gas 2020 P&L cum

In the selection tab, we specify what needs to be transferred:



- **Activity1:** TSPR + TSSH
- **Reporting Unit:** All members (it is a transversal to all companies)
- **Period:** Filter containing both periods 09.2020 & 12.2020
- **Account:** All accounts belonging to class R (P&L accounts)
- **Flows:** RS00
- **Contribution level:** TS

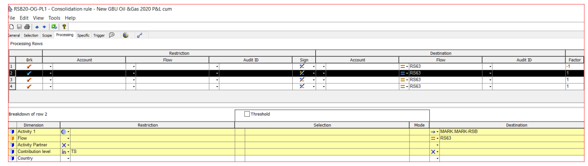


In the processing tab, we specify how the transfer should be done:

Row 1 - Flow

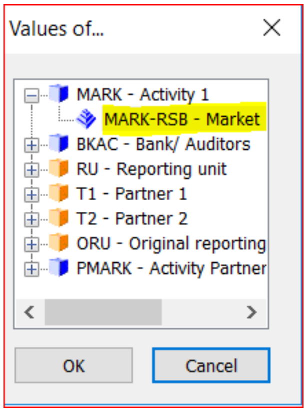
- Flow **RS63** (Inter GBU's transfers) should be used to **decrease** TSPR and TSSH account balances (RS00 - RS63 = RS99).

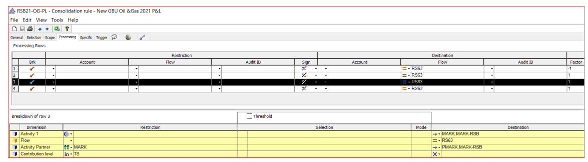
- Factor = **-1** (to decrease)



Row 2 - Activity1

The activities to which account balances should be **increased** are the ones indicated in characteristic **Market used in RSB transfer** of MARK dimension.





- Factor = **1** (to increase)

Row 3 & 4 - Activity partner

In order to have correct internal/net sales figures, Activity partner should be reclassified as well.

- Factor = **1** (to increase)

Below B table represents the effect of the 1st consolidation rule in flow RS63:

B - Effect of RSB rule RSB2-OG-PL1					
	YtD 06	YtD 09	YtD 12	Flow	Line in rule / processing tab
MARK - TSPR		-150	-200	FL=RS63	Line 1
MARK - TSPR / PMARK - TSPR		-15	-20	FL=RS63	Line 1
MARK - TSPR / PMARK - CSNR		-3	-4	FL=RS63	Line 1
MARK - OGPR		150	200	FL=RS63	Line 2
MARK - OGPR /PMARK - OGPR		15	20	FL=RS63	Line 3
MARK - OGPR /PMARK - CSNR		3	4	FL=RS63	Line 4

RSB20-OG-PL2 - New GBU Oil &Gas 2020 P&L S1 reset

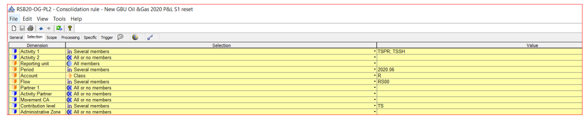
With the **previous rule - RSB20-OG-PL1 -** we have **transferred 09.2020 & 12.2020 <u>cumulated</u> figures** from TSXX to OGXX activities.

Since the decision to **transfer TS activities to OG had no retroactive effect to Jan 1st** (TS remained in TS in 1st Semester), RSB should reflect the same and therefore we **need, by a new conso rule:**

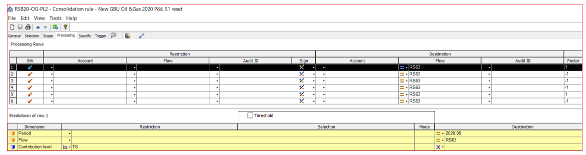
- **to put <u>cumulative</u> 06.2020 back in TS <u>on 09.2020 & 12.2020 cumulated</u> figures**
- **to remove <u>cumulative</u> 06.2020 on OG <u>on 09.2020 & 12.2020 cumulated</u> figures**

In the selection tab, we specify what needs to be transferred:

- **Activiy1:** TSPR + TSSH
- **Reporting Unit:** All members (it is a transversal to all companies)
- **Period:** 06.2020
- **Account:** All accounts belonging to class R (P&L accounts)
- **Flows:** RS00
- **Contribution level:** TS



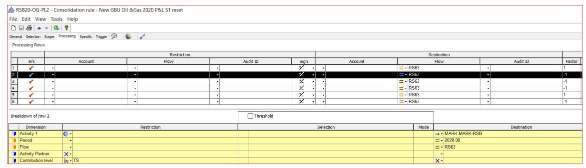
In the processing tab, we specify how the transfer should be done:



Row 1 - Flow

- Flow **RS63** (Inter GBU's transfers) should be used to **reintroduce S1 TSPR and TSSH** account balances (RS00 - RS63 = RS99) in **Q3 (2020.09).**
- Factor = **1**

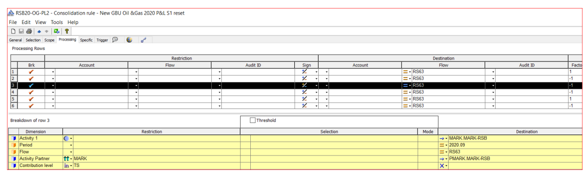
Row 2 - Activity1



The activities to which account balances should be **removed (OGxx)** are the ones indicated in characteristic **Market used in RSB transfer** of MARK dimension.

- Factor = **- 1**

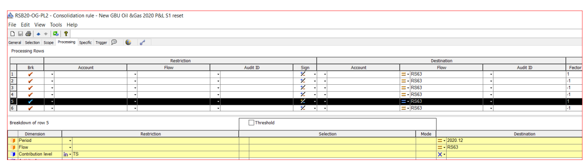
Row 3 & 4 - Activity partner



In order to have correct internal/net sales figures, Activity partner should be reclassified as well: **remove on OG**.

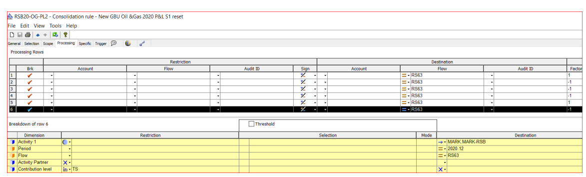
- Factor = **- 1**

Row 5 - Flow



- Flow **RS63** (Inter GBU's transfers) should be used to **reintroduce S1 TSPR and TSSH** account balances (RS00 - RS63 = RS99) in **Q4 (2020.12).**
- Factor = **1**

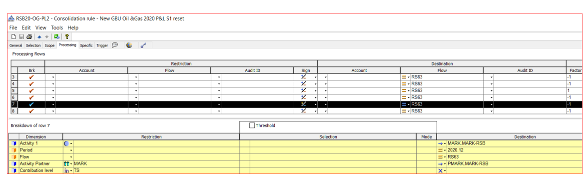
Row 6 - Activity1



The activities to which account balances should be **removed (OGxx)** are the ones indicated in characteristic **Market used in RSB transfer** of MARK dimension.

- Factor = **- 1**

Row 7 & 8 - Activity partner



In order to have correct internal/net sales figures, Activity partner should be reclassified as well: **remove on OG**

- Factor = **- 1**

Below C table represents the effect of the 2nd consolidation rule in flow RS63:

C - Effect of RSB rule RSB2-OG-PL2					
	YtD 06	YtD 09	YtD 12	Flow	Line in rule / processing tab
MARK - TSPR		100		FL=RS63	Line 1
MARK - TSPR / PMARK - TSPR		10		FL=RS63	Line 1
MARK - TSPR / PMARK - CSNR		1		FL=RS63	Line 1
MARK - OGPR		-100		FL=RS63	Line 2
MARK - OGPR /PMARK - OGPR		-10		FL=RS63	Line 3
MARK - OGPR /PMARK - CSNR		-1		FL=RS63	Line 4
MARK - TSPR			100	FL=RS63	Line 5
MARK - TSPR / PMARK - TSPR			10	FL=RS63	Line 5
MARK - TSPR / PMARK - CSNR			1	FL=RS63	Line 5
MARK - OGPR			-100	FL=RS63	Line 6
MARK - OGPR /PMARK - OGPR			-10	FL=RS63	Line 7
MARK - OGPR /PMARK - CSNR			-1	FL=RS63	Line 8

Below D table (sum of A+B+C tables above) represents the final picture on RS99 (RS63 of the 2 conso rules + RS00):

D - FINAL PICTURE IN RSB (A+B+C)	S1 2020 data kept in TS GBU /	Only S2 (09 & 12) data are transferred to OG	
	YtD 06	YtD 09	YtD 12
MARK - TSPR	100	100	100
MARK - TSPR / PMARK - TSPR	10	10	10
MARK - TSPR / PMARK - CSNR	1	1	1
MARK - OGPR	0	50	100
MARK - OGPR /PMARK - OGPR	0	5	10
MARK - OGPR /PMARK - CSNR	0	2	3

END OF THE PROCEDURE