

Market Hierarchy (Corporate & GBU) Approach

1. Purpose

The purpose of this document is to establish a **common, consistent, and governed definition of Market Hierarchies** across Syensqo, covering both:

- **Corporate Market Hierarchy**
- **GBU Market Hierarchy**

The objective is to enable:

- Alignment between Corporate reporting, GBU commercial execution and operating model
- Standardize consumption of market dimensions across all SyWay in-scope systems
- Consistent classification of markets across customer–product combination

2. Scope

- Definition and positioning of Corporate and GBU Market dimensions
- Hierarchical relationship between Corporate and GBU market dimensions
- Design principles for determination, derivation, and system usage
- Governance model during SyWay and BAU

3. Business Context & Need

Today, market definitions exist across corporate functions and GBUs with varying interpretations, granularity, and usage. This results in:

- Inconsistent reporting across systems
- Manual reconciliation for enterprise-level analysis

A unified Market Hierarchy approach is required to:

- Support enterprise financial reporting and external disclosures
- Enable GBU-specific commercial, sales, and demand planning processes
- Ensure one global source of truth for market dimensions

4. Market Hierarchy Overview

The Syensqo Market Hierarchy will be composed of two complementary but distinct hierarchies:

4.1 Corporate Market Hierarchy

- Corporate Market
- Corporate Segment
- End Use

4.2 GBU Market Hierarchy

- GBU Market
- GBU Segment
- GBU Application
- End Use

These hierarchies operate **in parallel**, with defined linkage rules, and are jointly consumed across SyWay applications.

5. Corporate Market Hierarchy – Definition & Role

5.1 Corporate Market: Corporate Market groups customers based on their industry sector to define enterprise-level end-markets.

Key Characteristics

- Corporate-led and enterprise-wide
- Applies to customer–product combinations
- Designed to support:
 - Financial reporting
 - Strategic portfolio management
 - External disclosures (shareholders / public communication)

5.2 Corporate Segment: A Corporate Segment is a sub-category within a Corporate Market, typically reflecting:

- Key customer functionality needs, or
- Logical groupings where functional segmentation is not applicable

Key Characteristics

- Always linked to a single Corporate Market
- Used consistently across internal and external reporting
- Enables structured roll-ups at enterprise level

6. GBU Market Hierarchy – Definition & Role

The GBU Market Hierarchy provides the commercial and operational view of markets, tailored to how products are sold and used by customers.

6.1 GBU Market: Categorizes customers based on the sector where products are consumed and the way the GBU organizes and manages its sales.

Key Characteristics

- Highest level of the GBU hierarchy
- Customer-centric
- Assigned at the Business Partner (Sold-To / Ship-To) level
- Used for commercial reporting and resource alignment

6.2 GBU Segment: A sub-category within a GBU Market that groups products and solutions based on functional needs or product categories, reflecting how customers use them.

Key Characteristics

- Linked below GBU Market
- Represents the customer–product combination
- Assigned at Ship-To + Material level

6.3 GBU Application: Describes the specific function or action performed by the product.

Key Characteristics

- Linked below GBU Segment
- Highlights how the product delivers value
- Assigned at Ship-To + Material level

6.4 End Use

End Use specifies the technical or final use of the product as manufactured by the customer, describing how the product is ultimately applied in the customer's process or finished output.

Key Characteristics

- Lowest level of the hierarchy
- Most granular classification
- Drives accurate demand planning and analytics
- Common anchor point for Corporate and GBU derivations

7. Hierarchical Principles & Design Considerations

7.1 Hierarchical Dependency

- Each lower level is fully dependent on its parent
- No orphan values permitted
- Changes at higher levels trigger downstream impact assessment

7.2 Customer vs Customer-Product Assignment

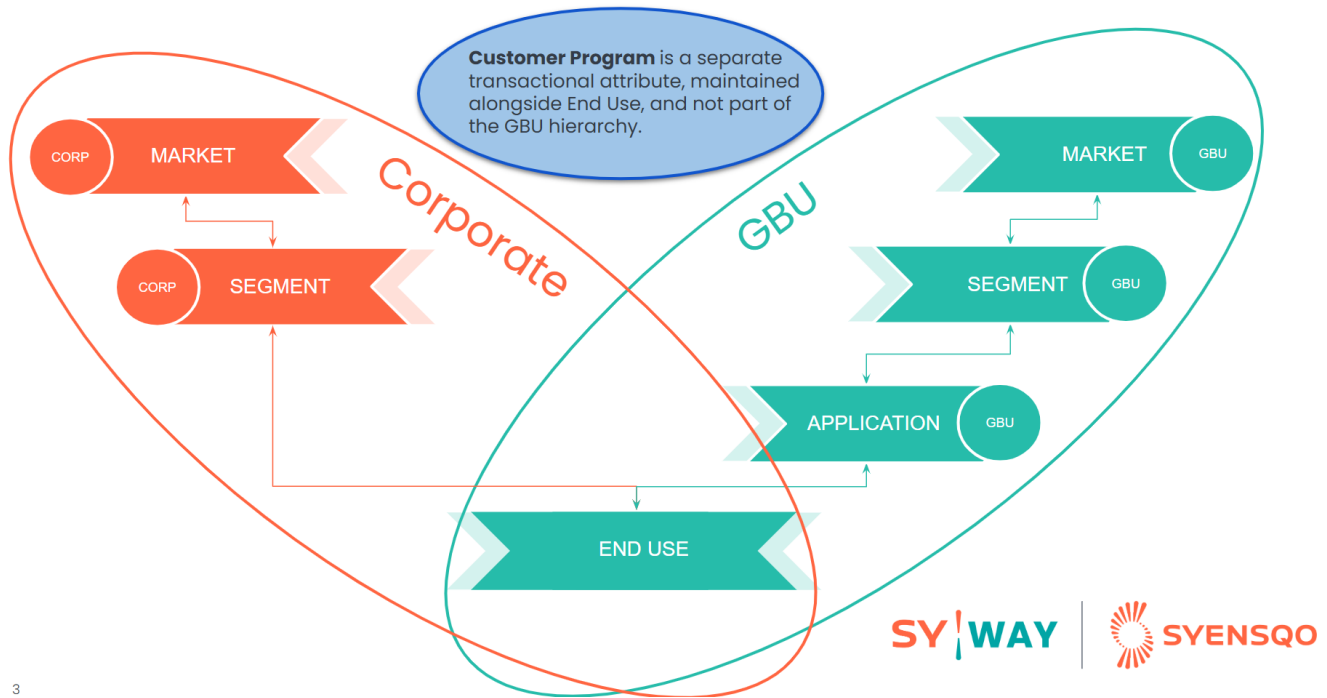
- **Corporate Market / Segment:** Customer–Product combination
- **GBU Market:** Customer (Business Partner)
- **GBU Segment / Application / End Use:** Customer–Product combination

7.3 End-Use-Based Derivation

End Use serves as a **key derivation anchor**, enabling:

- Derivation of Corporate Market & Segment
- Derivation of GBU Market, Segment, and Application
- Consistent reporting across hierarchies

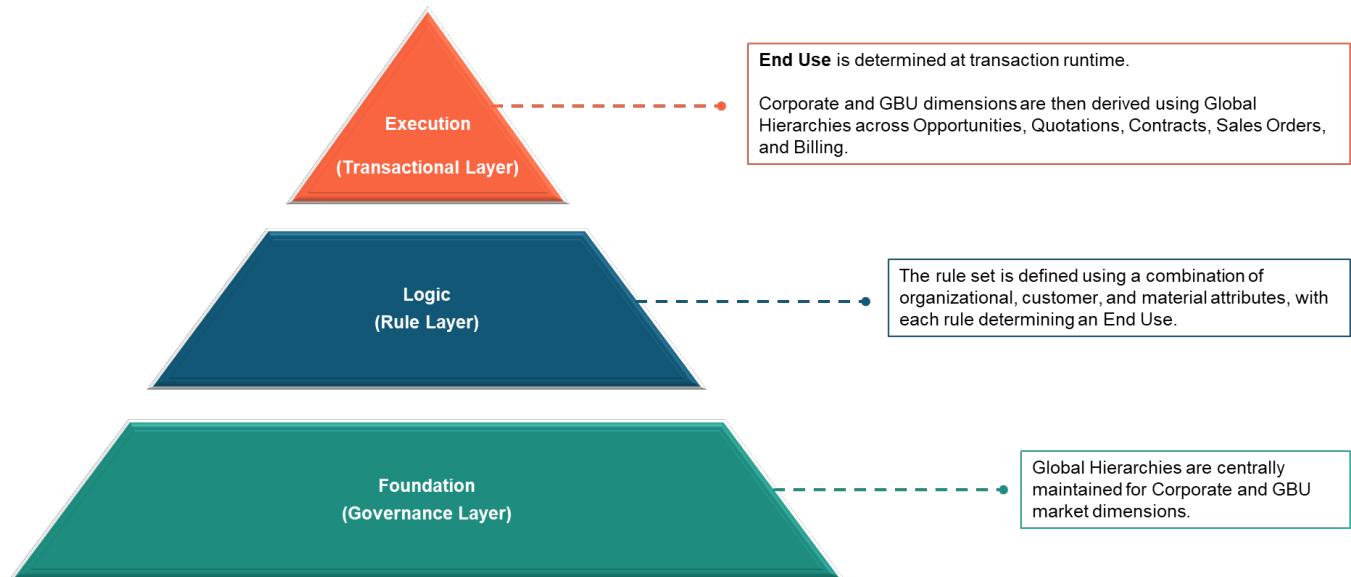
Customer Program and Market Hierarchy



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The proposed solution separates governance, rule logic, and transactional execution to keep the design simple, scalable, and resilient to change. Corporate and GBU market hierarchies are centrally maintained as Global Hierarchies under governed ownership.

During transaction processing, End Use is automatically determined using predefined, rule-based logic based on customer, product, and relevant sales attributes. Once End Use is identified, all related Corporate and GBU market dimensions are system-derived and consistently propagated across Opportunities, Quotations, Contracts, Sales Orders, and Billing. This approach minimizes manual intervention, ensures consistent reporting, and allows future hierarchy changes without impacting transactional data.



Hierarchy governance, rule-based determination, and transactional execution are intentionally decoupled to enable scalability, simplified BAU maintenance, and future hierarchy realignments.

End Use Determination Criteria:

End Use is determined using a **rule-based approach** leveraging customer and product attributes, with GBU-specific variations reflecting business complexity and data availability.

GBU	Determination Criteria
SpP (Specialty Polymers)	Customer (Sold-To / Ship-To) × Product (Commercial Product / Product Hierarchy)
TS (Technology Solutions)	Customer (Sold-To / Ship-To) × Product (Commercial Product / Product Hierarchy)
Novecare	Customer (Sold-To / Ship-To) × Product (Commercial Product / Product Hierarchy)
CM (Composites)	Customer (Sold-To / Ship-To) × Material × Specification

Key principles

- Ship-To is the primary customer reference where available, with Sold-To as fallback.
- Product granularity is applied at Commercial Product / Product Hierarchy level unless material-specific differentiation is required.

8. System Usage & Integration

Market dimensions are consumed across SyWay(In scope) systems, including:

- Salesforce (Opportunities, Quotes, Contracts, Cases)
- SAP S/4HANA (Quotes, Sales Orders, Contracts, Profitability Analysis)
- Planning & Forecasting tools
- Reporting platforms

All systems consume **centrally governed global hierarchies**, ensuring alignment across transactional and analytical use cases.



9. Governance Model

9.1 During SyWay

- Corporate Hierarchy: Definitions and dimension values are governed and validated by Corporate Financial Planning & Analysis (FP&A).
- GBU Hierarchy: Definitions and dimension values are governed and validated by GBU Marketing Directors.
 - Ensure all approved values are aligned between Corporate and GBUs and are ready for system configuration and consistent consumption across SyWay applications.

9.2 BAU (Post-SyWay)

- The Market Hierarchy is classified as Tier-1 Master Data.
- Central ownership is assigned to Corporate MDM / Data Governance.
- A single global maintenance point is established for all hierarchy levels.
- All changes are subject to a mandatory governance workflow, ensuring consistency, traceability, and impact control.

9.3 Ongoing Maintenance & Change Management

GBUs may propose changes to GBU-specific hierarchy levels (Market, Segment, Application, End Use).

Each change proposal must:

- Follow approved naming conventions
- Include a clear business justification
- Identify upstream and downstream impacts
- Reference the impacted Corporate Market and Corporate Segment

Corporate Market realignments require a mandatory impact assessment to evaluate implications across all related GBU hierarchies and consuming systems.

10. Key Assumptions

- The scope of this approach is limited to the Corporate and GBU Market Hierarchies; Customer Segmentation and Customer Hierarchy are out of scope.
- End Use is determined at transaction line-item level based on a predefined and governed rule set. All related Corporate and GBU market dimensions are system-derived from End Use and made available in transactions for reporting, planning, and analytics.
- The Market Segments.xlsx, together with the aligned Corporate & GBU Market Hierarchy reference document, reflects the baseline set of values aligned with Corporate and GBU stakeholders and intended for system configuration, subject to formal governance.
- Market hierarchies are modeled as two linked but distinct hierarchies, with strict parent-child dependencies and no orphan values.
- Market dimensions are governed as Tier-1 Master Data, with Corporate MDM as the final owner and GBUs acting as contributors through a controlled change process.
- All SyWay in-scope systems consume the same centrally governed global hierarchies, ensuring consistent and comparable market representation across transactions, planning, and reporting.

11. Conclusion

This approach defines a **single, enterprise-wide Market Hierarchy framework** for Syensqo, ensuring consistent market representation across SyWay systems through **End-Use-based determination and centrally governed derivation**, while allowing GBUs to contribute within a controlled and scalable governance model.

The [Market Segments.xlsx](#) contains the **market hierarchy values and mappings that are planned to be configured**, having been **aligned with Corporate and GBU stakeholders**. These values represent the agreed baseline for implementing the End-Use-based market determination approach, subject to formal governance and change control.

Aligned [Corporate & GBU Market Hierarchy](#) reference document (stakeholder-validated baseline for configuration).

Corporate and GBU Market Hierarchies will be governed through two standardized process flows — [Manage Corporate Market Hierarchy](#) and [Manage GBU Market Hierarchy](#)