Order-to-Cash Risk and Control Matrix V.1.1 10/12/2025

Local end-to-end process Owner : ***please fill in Name and Position***

Process step	Principle	Risk	#	Control title	Objective	Control description	Owner *Suggested owner*	Frequency	Control Nature *(Preventive/ Detective)*	Key / Non-key Control	Anti-corruption control? *Control directly mitigates corruption risk? Yes/ Control indirectly contributes to managing corruption risk/ No*	Control level *Controls are embedded in the process and are the first layer of risk prevention and detection. Second-level controls are periodic, risk-based, and separated from operational teams.*	Local Control Owner *Name, Position*
1. Commercial Policy & Contracting	A commercial policy is established and approved by a local Commercial Committee chaired by the GM, with mandatory participation of Legal and Finance. This policy must follow the Group commercial policy. Commercial terms offered must be transparent and documented in writing. The commercial policy must include at least the following elements: - Gross price list categorized by customer type - Discounts, such as specific discounts per channel, supply chain and other types - Free-of-charge provisions - Late payment penalties - Payment terms and methods, including prepayment and early payment discounts - Rebates - Guidelines and principles for effective investments in Trade/Customers - Delivery terms - Conditions for accepting sales returns / product damage claims - Expired products claims conditions The policy must specify the approval process of exceptions to the commercial policy, per authorization matrix. The GM is responsible for ensuring that the commercial policy is properly implemented and enforced. Case of Promotional affiliates and Representative offices: When the commercial policy relates to products sold directly by a non-resident entity, the role of the local affiliate and the Commercial Committee is strictly limited to providing non-binding recommendations regarding commercial terms. The local affiliate has no authority to negotiate, amend, or conclude contracts in the name or on behalf of the non-resident entity (i.e., HQ), nor to bind that entity with respect to prices, discounts, rebates, payment terms, delivery conditions, or any other essential contractual elements. Final decisions regarding commercial terms and contractual conditions are taken independently by the non-resident entity, which retains full discretion to accept, reject, or modify any recommendations made by the local affiliate. Such decisions are formalized exclusively in contracts entered into directly between the non-resident entity and customers/distributors. The GM of the local affiliate is responsible for implementing the commercial policy strictly within the framework of decisions formally taken by the contracting entity (i.e., HQ).	Unjustified commercial and sales conditions. Misaligned marketing, promotion and sales strategies. Unprofitable sales. Risk of non-compliance with applicable laws and regulations, including anti-corruption and competition requirements.	1	**Commercial policy**	To establish clear governance of sales process and to formalize main rules, including gross-to-net elements, and approvals.	Ensure that the commercial policy is established and is updated at least on a yearly basis, during the budget validation process (Q4), and approved by the local Commercial Committee. This Committee reviews and approves the business and legal justification of pricing, discounts, rebates, free of charge goods, and other commercial terms. It shall perform an appropriate risk assessment and ensure compliance with applicable laws and regulations, including competition and anti-corruption requirements. The Committee also ensures that the local policy is aligned with the global policy. The review and approval process is documented (e.g., policy signature accompanied by meeting minutes). This approval by the local Commercial Committee is required each time there is an update of commercial terms. Additionally, on a yearly basis, during the budget validation process, the local commercial policy must be approved by the following people in the HQ: - the EVP Global Sales and EVP Finance & Administration, for France, China, Russia and Mexico; - the VP Europe & International and Finance BP Europe & International for the affiliates in the respective perimeter; - Dermocosmetics and Diagnostic activities must obtain approval of the policy by EVP Dermocosmetics and VP Diagnostics respectively, as well as Finance BP. Significant change or exception to the local commercial policy require additional approval. Changes below these thresholds may be treated as non-significant, subject to justification and approval by the local management: - 200K€ for France, China, Russia and Mexico; - 150K€ for Vietnam & APAC, Italy and CEE; - 100K€ for the rest of the countries; - 50K€ if the change concerns Dermocosmetics perimeter; - 30K€ if the change concerns Diagnostics perimeter; These amounts represent cumulative estimated annual financial impact on revenue (gross-to-net) per customer contract. This rule must be reflected in the local policy. Case of Promotional affiliates and Representative offices: Any exceptions to standard commercial terms (for any amount) relating to contracts entered into by HQ must be approved by HQ management stated above. The local Commercial Committee may propose an exception but cannot grant approval on behalf of the non-resident entity (i.e., HQ).The exceptions and changes reaching the thresholds stated above require formal HQ approval (e.g., signature of the formal updated policy). Below these thresholds, the HQ's approval may take form of a business review (e.g., slide deck discussed during the call and approved by the relevant HQ management, or meeting minutes).	Entity General Manager	Yearly	Preventive	Key	Yes	First-level control	
1. Commercial Policy & Contracting	Client relations are framed by: - Standard T&Cs established by the commercial department, with support by finance and legal departments; or - Contracts based on the template approved by Legal. Signed contracts are systematically archived per defined rules. Client contracts or standard T&Cs must be aligned with the commercial policy.	Unjustified commercial and sales conditions. Misaligned marketing, promotion and sales strategies. Unprofitable sales. Corruption and non-compliance with anti-corruption regulation.	2	**Client contracts approval**	To establish clear trade terms with the clients	Ensure that client contracts, including amendments, are approved by relevant function head, per authorization matrix. Ensure that standard T&Cs, where applicable, are duly communicated to the clients and are duly acknowledged by them.	Entity General Manager or Head of Sales	Ad-hoc	Preventive	Key	No	First-level control	
1. Commercial Policy & Contracting	Tendering process, and financial and commercial conditions that must be fulfilled, are formalized in the local commercial policy. Alternatively, go/no go decision is formalized; the decision making involves all necesary departments (sales, finance, supply) and is based on relevant data analysis (profitability, technical / logistical feasibility). Tenders that are won are supported by a duly signed contract	Inadequate management of tenders from competitive intelligence to profitability analysis; Risk of corruption and non-compliance with anti-corruption regulation.	3	**Tender management**	To provide framework for managing tenders.	Ensure that tendering process follows the commercial policy or the appropriate approval process is followed. (go/no-go decision).	Entity General Manager or Head of Sales	Ad-hoc	Preventive	Key	No	First-level control	
2. Customer & Pricing Master Data	Customer master data (CMD) is maintained only in the authorized system. Sensitive changes are independently verified before activation. Access to modify CDM in the system is restricted to authorized employees. CMD creation/modification requests are submitted by a department different from the person who maintains CMD in the system. The person maintaining CMD in the system does not have access to record orders, accounting transactions and payments.	Manual errors in master data input; Discrepancies of master data between systems storing it; Internal fraud through creation of a ficticious client account or modification of their bank details, then manipulating payments (e.g. rebates) or journal entries, External fraud through an illicit request to modify bank details of a client to receive payments or other sensitive data (e.g. contact details making difficult to veify legitimacy of the data modification request).	4	**Client Master Data management**	To confirm the correctness and authenticity of customer creation or modification requests. To prevent erroneous updates.	Ensure that the creation or modification of customer accounts is subject to a formal request via a standardized form and workflow (attachments: signed contract/order form, business registration, VAT certificate, billing/shipping details). Ensure that sensitive data is verified against reliable sources: legal name/registration via state registry. Any bank details creation or modification is supported by the official stamped/signed bank details document. Ensure that any creation or modification of bank details and shipping address is independently approved to prevent unauthorized changes. If master data is stored in several systems (e.g., CRM), ensure that there are no discrepancies between master data in these systems.	Finance Head (financial data) or Customer Service Head (commercial data)	Ad-hoc	Preventive	Key	No	First-level control	
2. Customer & Pricing Master Data	Access to modify prices is restricted to authorized employees. Prices in the system must comply with the price list which is part of the commercial policy. Any change in the price of an item will result in a change for all clients (not only for one client).	Manual errors in master data input; Internal fraud through manipulation of pricing data.	5	**Pricing Master Data management**	To input correct and authorised prices	Ensure that all creation, modification and deletion of pricing conditions in the system are supported by the authorized price list and any that price updates are properly reviewed.	Customer Service Head	Ad-hoc	Preventive	Key	No	First-level control	
3. Credit Management	Credit policy is in place and includes topics such as payment terms, credit insurance/credit checks and management of credit limits (limits by type of client, based on specific criteria such as credit rating, size, authorisations for exceptions), and release of orders. Before client account is open and unblocked for orders in the ERP, new clients are assessed for an insurance. For clients not covered by credit insurance, appropriate credit checks are performed to verify client creditworthiness. Credit limits are assigned to all post-payment clients. Credit limits are kept up to date. This can be done based on specialized tools alerts when client situation is degraded. In case a higher credit limit needs to be established, it must be authorized by relevant management, including finance.	Client bad debt; Late client payments.	6	**Credit check and credit limit set up**	To assess customer financial risk profile and appropriately limit credit exposure	Ensure that each new client is assessed for insurance or a credit check is timely done. The reassessment is done periodically. Ensure that the credit limit is set up, accordingly, per the established rules.	Finance Head	Ad-hoc	Preventive	Key	No	First-level control	
3. Credit Management	Credit limits are periodically reviewed to ensure that these are up to date and correct.	Client bad debt	7	**Credit limit periodic review**	To re-assess financial risk profile and appropriately limit credit exposure	Ensure that credit limits are reviewed at least yearly.	Finance Head	Yearly	Detective	Key	No	First-level control	

3. Credit Management	Sales orders are automatically blocked when the credit limit is reached. There is a formal process release blocked sales orders based on client financial health, client history and other relevant factors. Based on defined thresholds, approvals are required.	Client bad debt	8	**Sales order release**	To appropriately limit credit exposure	Ensure that orders are formally released based on the established process and necessary approvals are obtained.	Finance Head	Ad-hoc	Preventive	Key	No	First-level control	
4. Order Processing	Customer orders creation and modification is restricted to authorized employees. Creations/modifications are based on pre-defined supporting documents. This documentation is checked to ensure accuracy of customer details, compliance with local commercial policy, with the existing customer contract and with pre-determined credit limits.	Unauthorized modifications of sales order.	9	**Sales order documentation**	To prevent unauthorized modifications of sales orders	Ensure that each sales order or order modification entered in the accounting system is supported by formal documentation and approval from the client.	Customer Service Head	Ad-hoc	Preventive	Key	No	First-level control	
7. Gross-to-Net elements	There is a policy explaining : - the reasons and conditions for accepting a product return or processing damaged goods claim; - necessary supporting documents; - approvals, including local Supply Chain and other relevant departments. - authorisations required in case of exception. Claims credit notes (e.g. return, expired products, incorrect delivery) can only be created by dedicated Client Service employees. Return credit notes are issued within the same accounting period are the return. They must be aligned with T&C and client contracts. Any reimbursements are duly authorized.	Unauthorized commitments with clients and partners. Unprofitable commercial collaboration. Risk of corruption and non-compliance with Anti-corruption regulation.	10	**Claims credit notes**	To process only valid product returns.	Ensure that each client claim return complies with the client contract, commercial/return policy policy and is supported by product return approval form (paper or system) approved according to predefined authorizations.	Customer Service Head	Ad-hoc	Preventive	Key	Yes	First-level control	
7. Gross-to-Net elements	Sales of finished goods and merchandise : a product is "acquired" during the transfer of ownership, which occurs at the time of the transfer of risks. Revenue is recorded in the period of delivery/service, not the invoice date. The COGS and revenue have to be recognized simultaneously. Cut-off procedures are formalized and consistently applied to both recurring revenues and related expenses. Incoterms are maintained in the system by authorized employees based on the client contract or standard T&Cs.	Revenue is not recognized on the correct accounting period or in line with accounting principles.	11	**Revenue cut-off**	To recognize revenue in the correct period	Prior to month-end, ensure through cut-off procedures that revenues and costs are correctly classified & booked according to their nature and contract; - Revenues are recognized in the relevant accounting period ; - COGS are recognized in the same accounting period as revenue. Ensure that adjustment entries are booked accordingly.	Finance Head / Financial Controlling	Monthly	Preventive	Key	No	First-level control	
6. Receivables Management	Payments collected are recorded and allocated to related client invoices daily. Discrepancies are timely investigated and resolved.	Payments from clients are not recorded on a timely basis and accounts receivable do not reflect the client balance	12	**Cash allocation review**	To allocate incoming payments to correct invoices.	Unallocated payments and discrepancies above a pre-defined threshold are independently and formally reviewed on a monthly basis.	Finance Head	Monthly	Detective	Key	No	First-level control	
6. Receivables Management	There is a procedure for receivables collection, including dunning calendar. The dunning actions are logged and tracked. Overdue and bad debts are monitored by the local Credit Management and local Finance Head.	Late collection of overdue client debt.	13	**Debt collection**	To timely collect the receivables	Ensure that a monthly basis, aging balance is reconciled to the AR subledger, and is analysed, followed by review by the Head of Accounts Receivable and Head of Accounting. Ensure that monthly assessment of AR collection risk is performed, formalized and approved by the Finance Head. Overdue and bad debts are monitored by the local Credit Management and local CFO, and monthly reported to the Group Finance. Allowance for doubtful account is adjusted.	Finance Head	Monthly	Detective	Key	No	First-level control	
7. Gross-to-Net elements	Commercial off-invoice deductions (e.g. quarter / year-end rebates) are formally supported by a contract and comply with the local commercial policy. Off-invoice deductions are accrued on a monthly basis. Finance has access to necessary information, including clients' revenues, rebate conditions, and contract copies. Any exceptional deductions are prohibited with government related organizations. For private clients, these are approved per established matrix. Commercial discounts must be granted via an approved method. They must never be granted in cash, cash equivalent or in-kind advantages. Commercial discounts, as well as other deductions and payments, must be accurately and timely recorded in the books and records. Promotional affiliates and Representative offices: For sales made by HQ, any decision to grant rebates or other commercial deductions is taken exclusively by the HQ entity, in accordance with the applicable commercial policy. The local entity may prepare supporting analyses and recommendations, but it has no authority to decide, negotiate or commit to such rebates or deductions.	Unjustified, erroneous or unauthorized discounts or rebates granted to clients. Duplicate discounts are recorded. Risk of corruption and non-compliance with Anti-corruption regulation.	14	**Commercial discounts via a credit note**	To issue accurate commercial discounts	Before processing off-invoice deductions, the Finance ensures that : - the deductions are properly documented, by using the standard template with calculation and supporting documents attached: (e.g. contract, proof of invoice payment if applicable); - necessary approvals were granted; - the deductions are reconciled with the accrual; negative and positive impact above a defined threshold are explained and are escalated; - there is no duplicate: the deduction has not yet been granted to the client; - there are no unresolved client litigations, such as overdue receivables. Finance has access to all supporting documents including contract and sales report to perform the verifications.	Finance Head	Ad-hoc	Preventive	Key	Yes	First-level control	
7. Gross-to-Net elements	Periodic credit notes review is done to verify legitimacy of the credit notes, analyze their nature, amounts, frequency and reasons. Changes in trends are understood and investigated.	Unauthorized credit notes. Risk of corruption and non-compliance with Anti-corruption regulation.	15	**Periodic analysis of credit notes**	To verify that only legitimate and authorized credit notes were issued.	Ensure that at least quarterly credit notes are analysed by an independent person who does not record them, in respect of 4-eyes principle. Any anomalies must be documented understood.	Finance Head / Accounting	Quarterly	Detective	Key	No	Second-level control	

7. Gross-to-Net elements	Gross-to-Net analysis is performed at least per channel, by products and on the main customers by comparing actuals vs budget / forecast. This review ensures that the financial impact of all commercial conditions (rebates, discounts etc.) is correctly reflected, and that the application of the commercial policy is accurate and consistent across the entities. Accounting treatment of rebates and discounts or expenses are performed in compliance with local and group accounting standards.	Inaccurate or incomplete financial recognition of Gross-to-Net elements.	16	**Gross-to-Net analysis**	To reflect accurately gross-to-net elements	Ensure that at least quarterly Controlling formally analyzes "Gross-to-Net" elements. Ensure that differences above a defined threshold are identified and corrective action is taken. France, Export : this analysis is prepared by the dedicated Financial Controller and reviewed by the Head of Group Financial Controlling. International distribution and promotional affiliates: this analysis is prepared by local Financial Controller and reviewed by the local Finance Head.	Finance Head / Financial Controlling	Quarterly	Detective	Key	Yes	First-level control	
7. Gross-to-Net elements	Financial off-invoice deductions, such as commercial rebates, are accrued monthly. Financial Controlling is responsible for accurate and complete calculation of the accrual based on the contract. Accounting is responsible for booking the accrual based on the Financial Controlling instructions. Supply-related claims resulting in a credit note: Provision for product returns resulting in credit notes, is booked when both there is a probable or definite legal or contractual obligation and an estimate based on past statistics or specific cases. Credit note resulting from product return and stock movements must be recorded in the same accounting period.	Inaccurate or incomplete financial recognition of Gross-to-Net elements	17	**Gross-to-Net accruals**	To recognize gross-to-net elements in the correct period	Prior to month-end, ensure that the gross-to-net elements are reflected in the correct period, particularly off-invoice deductions, such as rebates. Ensure that accrual is booked accordingly.	Finance Head	Monthly	Preventive	Key	Yes	First-level control	
8. SOD, User access rights - O2C	Segregation of duties (SOD) is defined, formalized and implemented in the systems at least for the following tasks: - Customer master data management and sales order processing / AR payment initiation / invoice processing / accounts clearing / posting manual journal entries; - Sales order processing and credit limits management / Prices modification / Client accounts clearing or write-offs / posting manual journal entries ; - Create credit notes and AR payments initiation; - Cash application and bank reconciliations.	Internal fraud, with or without client collusion, such as: - unauthorised disbursements and credit notes, - misappropriation/misapplication of payments, - financial reporting manipulation, - granting unauthorised favorable conditions to client. Manual errors in data input.	18	**User access rights granting - Order-to-Cash**	To prevent the completion of sensitive tasks by the same person.	Ensure that access rights are granted in respect of SOD principles.	Finance Head with support of IT department	Ad-hoc	Preventive	Key	Yes	First-level control	
8. SOD, User access rights - O2C	Segregation of duties (SOD) is defined, formalized and implemented in the systems at least for the following tasks: - Customer master data management and sales order processing / AR payment initiation / invoice processing / accounts clearing / posting manual journal entries; - Sales order processing and credit limits management / Prices modification / Client accounts clearing or write-offs / posting manual journal entries ; - Create credit notes and AR payments initiation; - Cash application and bank reconciliations.	Internal fraud, with or without client collusion, such as: - unauthorised disbursements and credit notes, - misappropriation/misapplication of payments, - financial reporting manipulation, - granting unauthorised favorable conditions to client. Manual errors in data input.	19	**User access rights review - Order-to-Cash**	To prevent the completion of sensitive tasks by the same person.	Through a yearly review with participation of department heads, ensure that access rights : - belong to only active employees (leavers' access rights were removed), - are aligned with employees' current roles in the company , - are aligned with SOD principles.	Finance Head with support of IT department	Yearly	Detective	Key	Yes	Second-level control	

Level	Definition	Description / Guidance
4	**Control fully in place and effective**	The principle and control are formally documented, consistently applied, and operating effectively. Evidence is available. Control design and execution fully mitigate the risk.
3	**Control designed and implemented, minor gaps remain**	The principle and control exist and are applied, but documentation, communication, or consistency needs improvement.
2	**Control partially in place or inconsistently applied**	The principle and control exist informally or for part of the scope. Not yet fully documented or approved.
1	**Control not established or ineffective**	The principle and control is not established or not applied. Immediate action needed.