4.8

1.0 PURPOSE

Balance Sheet account reconciliations are an important part of the period-end closing process. Balance Sheet account reconciliations are key detective controls which monitor our overall process to ensure accurate financial reporting. This policy

1. Establishes standards for reconciling balance sheet accounts and reviewing subsidiary ledgers;
2. Requires any topside adjustments not recorded to the local ledger reconciled in Blackline but recorded to the financial statements prepared for U.S. GAAP consolidation be documented and supported in the Blackline to FCC reconciliation and that the this reconciliation is prepared and reviewed by management and included in the BlackLine tasks module on a quarterly basis; and
3. Establishes required reports to be reviewed by country and regional management to monitor the balance sheet account reconciliation process.

2.0 SCOPE

This policy applies to each entity reported in FCC that is included in the company's U.S. GAAP-based financial statements filed with the SEC. Every balance sheet account balance (excluding equity) included in the FCC balance sheet is subject to this policy. Reconciliations are performed at the local general ledger level (not at the FCC level). If the business unit's primary records are maintained on a statutory account basis, and U.S. GAAP adjusting balances are maintained separately, these adjusting balance sheet amounts shall be reconciled.

3.0 POLICY

It is Brink's policy to reconcile all balance sheet accounts in FCC within the scope of this policy to subsidiary ledgers on a regular basis. All subsidiary ledgers that support reconciliations should be reviewed to ensure the detail listing of assets or liabilities is complete and accurate. All reconciliations shall be approved by someone other than the preparer. The frequency and deadlines for completion will be based on a relative risk rating. All required adjustments and timing items shall be cleared within 90 days. Unreconciled accounts and aged reconciling items documented in Blackline will be reviewed quarterly by country management and reported to Corporate as outlined in this policy.

4.0   PROCEDURE – Balance Sheet Reconciliations

4.1   Definitions

A. "Blackline"

Blackline is the automated account reconciliation tool which is used by all Brink's subsidiaries to support all balance sheet accounts. Blackline operates through a Software as a Service ("SAAS") environment which is run on a Blackline hosted server. Data is accessed through a website and all software and hardware related to the product are managed by Blackline.

Benefits offered by Blackline include the following:
- Tracking and Monitoring – Blackline offers an instant dashboard that details the status of all reconciliations for a country and across multiple entities.
- Automated Imports– Blackline will automatically load general ledger balances and some subsidiary ledger balances into reconciliations. Subsidiary ledger balances imported are those that are integrated into the general ledger ERP system (ex: Accounts Receivable, Accounts Payable or Fixed Asset modules).
1. Reconciliation Templates- Blackline offers multiple reconciliation templates that will assist in the presentation of reconciliations resulting in optimization and some auto-certifications. Preparers are responsible for using the correct template based on information referenced in **Section 4.6 E** within the policy. In addition, template selection for the reconciliation will be evaluated as referenced in **Section 4.11** All new accounts that populate in the system will default to "Subledger Match". This template allows preparer to input the balance per subledger support and document any differences with general ledger balance as a required adjustment or timing item.
2. Segregation of Duties- Each reconciliation must be assigned a preparer and approver. Users can have multiple roles in the system but Blackline ensures a user cannot be the preparer and approver of the same account. In addition, Blackline offers a "Team" functionality which will allow an account to be assigned to a team and anyone on the team can prepare/certify the reconciliation.
- Auto-certifications – Blackline offers auto-certifications (i.e. automated completion) of reconciliations which require no manual certification from the preparer nor the approver after meeting certain criteria. These criteria include:
    o Automated imports of general ledger balances match automated imports of subsidiary ledger balances
    o Accounts that have a zero balance and no activity in the current period

- o Accounts that are designated as zero balance accounts (ZBAs) and the balance is zero at period end or less than company assigned threshold
- o Accounts that utilize the "amortizable prepaid" template which has a general ledger balance that matches the calculated amortization at period end or has a difference less than company assigned threshold
- o Accounts that utilize the "bank account" template. If bank data is automatically integrated with Blackline and it matches the g/l within less than the company assigned threshold. If bank data is not integrated within Blackline then cash account must be prepared manually and is excluded from auto-certification in the system.
- o Accounts that utilize the "scheduled list" template which is used to create a subledger within Blackline containing future activity, which will auto reconcile if it matches the g/l within less than the company assigned threshold

- Offsite Reconciliation Reviews – Blackline offers centralized storage of all reconciliations which will allow for reviews of reconciliations to be performed remotely by SOX, Corporate Field Controllers, Internal and External audit teams.
- Policy Driven Configurations – Blackline is configured to monitor compliance with the BSAR policy outlined within this document. This will allow easy identification of risk ratings and due dates within the system.

B. "Reconciliation"

A reconciliation provides an explanation of the differences between subsidiary ledger and a general ledger balance at a point in time. All general ledger balances are required to have an independent subsidiary ledger balance with supporting documentation. The purpose of a reconciliation is to assess the validity, correctness, and appropriateness of the general ledger account balance at a specific point in time.

Example
For example, an Accounts Payable subsidiary ledger provides a listing of all amounts owed to vendors. The account reconciliation displays any differences that must be added or subtracted from the total of the subsidiary ledger in order to reach the amount recorded as Accounts Payable on the general ledger.

C. "Subsidiary Ledger"

1. A subsidiary ledger is a detailed listing of the specific underlying assets or liabilities that should be recorded on the books of the entity at a specific point

in time. A list of journal entries from the general ledger does not qualify as a subsidiary ledger.

Examples
A subsidiary ledger can include:
    a. a bank statement
    b. accounts receivable ledger
    c. accounts payable ledger
    d. fixed asset detail register
    e. a spreadsheet that calculates or estimates assets or accrued liabilities
    f. a copy of a third-party statement (e.g., to support investment or debt balances)
    g. tax workbooks
    h. any other record, log, or system that provides support for the completeness and accuracy of the asset or liability recorded in the general ledger.

2. When assets or liabilities are based on estimates, the subsidiary ledger should be a written, quantitative calculation with objective inputs. The approach used to estimate the asset or liability should be consistent from period to period, unless the method of estimating the balance becomes inappropriate. Such a change in the method of estimating the account should be clearly justified in the supporting documentation. If the method of estimating a balance sheet account results in a change in the balance greater than $500,000, the change in method should be communicated as outlined in the *Communication of Material Transactions Policy (2011-02).*

Example of "written, quantitative calculation with objective inputs"

> Subsidiary ledger detail of accrued legal settlement:
> FAS 5 (ASC 450) "Probable" threshold of 70% exceeded? *Yes*
> Estimated number of employees receiving settlement: *300*
> Amount of settlement per employee: *LC 20,000*
> Calculation of estimated accrual: 300 x 20,000 = *6,000,000*

This example meets the "written, quantitative calculation with objective inputs" criteria. In subsequent periods, the subsidiary ledger estimate may change any of the components of the calculation without an upstream reporting requirement. If in a subsequent period, however, it becomes appropriate to change the approach to estimating the accrual and the new estimate reduces or increases the accrual by more than $500,000, then this change in method would need to be communicated as outlined in the *Communication of Material Transactions Policy (2011-02).*

3. When the underlying subsidiary ledger includes sensitive or confidential information (e.g. payroll data), the detailed subsidiary ledger does not need to be attached to the reconciliation. In this circumstance, both the preparer and approver of the reconciliation should have access to the detailed subsidiary ledger. The preparer and approver of the reconciliation must document and certify that they have reviewed the detailed subsidiary ledger and attach either the final page of the detailed subsidiary ledger showing the total balance (with confidential information redacted) or a summary report. The preparer and approver of the reconciliation should be part of the Accounting / Finance team and / or should have sufficient accounting knowledge and training to allow them to confirm that the related trial balance account is stated correctly.

4. The subsidiary ledger detail is required to be independent of the general ledger.
    a. Exception to the rule: Subsidiary ledgers that are modules of the same software package as the general ledger and that post to the general ledger are considered independent for this purpose.
    b. A roll-forward does not meet the definition of independent because information in the roll forward is derived from journal entries posted to the general ledger. A roll-forward provides a beginning account balance (usually the previous month-end amount) along with a listing of activities showing what changed during the current period to reach the ending account balance (usually the current month-end amount). A roll-forward may be used to analyze activity during a period and can be an effective control to ensure that general ledger activity during the month is appropriate, but it is not sufficient to support ending balance sheet amounts.
    c. Third-party evidence is preferred for supporting subsidiary ledger amounts.

5. Intercompany accounts are required to be reconciled on a monthly basis with proper subledger support attached to validate the balance at the end of the period. Any differences with the corresponding party must be documented as a supporting item in the reconciliation; timing item or required adjustment. See *Intercompany Charges* policy as a reference for additional guidance.

4.2 Access to and Review of Subsidiary Ledger/Confidential Information

A. Access

The preparer and approver of account reconciliations must have access to the subsidiary records in order to adequately prepare the reconciliation and review the detailed subsidiary ledger, even if information is confidential. Names and identifying

information may be deleted or hidden from payroll records used to support account reconciliations. The preparer and approver will assert to the review of the subsidiary ledger as they certify the reconciliation within Blackline.

B.   Subsidiary Ledger Review

Subsidiary ledgers should be reviewed for completeness and accuracy each period a reconciliation is prepared. The review should check for:
1. negative assets or liabilities;
2. detail items that have not been classified correctly (such as cash receipts that have not been applied correctly to customer receivables);
3. assets that are not collectible or valid;
4. inappropriate amortization or depreciable lives;
5. liabilities that are not valid; and
6. accrual dates not matching accounting period-end date (for example, using the November payroll subsidiary ledger for the December accounting period).

4.3   Blackline Administrators

The System Administrator is assigned at the corporate level. The role must be assigned to a person outside of the reconciliation process. The responsibility of the System Administrator includes the following:
1. Drive global standardization
2. Perform trainings
3. Manage system global settings
4. Quarterly analysis of reconciliations
5. Add and remove users from system along with modify roles
6. Assist with addressing requests created in system (i.e. delete request)

The Business Administrator will be assigned a group of entities based on geographic location or corporate level. The role must be assigned to a person outside of the reconciliation process.   The responsibility of the Business Administrator includes the following:
1. Drive global standardization
2. Perform training
3. Setup new entities into system
4. Manage monthly imports (ex: general and subledger balances)
5. Assist Local Administrators and end user questions

The Local Administrator will be assigned at the local or geographic level. The role must be assigned to a person outside of the reconciliation process. The responsibility of the Local Administrator includes the following:
1. Assigning new accounts a preparer and approver
2. Assigning new accounts risk rating and frequency

3. Ensure all local ledger accounts and groups are mapped to an FCC account in the system
4. Modify and create group reconciliations upon request
5. Fulfill request created in system (i.e. add, remove, decertify)

4.4   Risk Rating Assignments and Review

Initial risk ratings will be assigned by system and business administrators during implementation to each individual country's local general ledger accounts and will then be maintained by the local administrator on an ongoing basis. The risk ratings will consider the inherent risk of the account and account balance.   Local management will be able to review risk ratings and provide any potential adjustments before they are implemented in to Blackline.

Risk ratings will be assigned as high, medium, or low for each general ledger account. Blackline risk ratings will determine deadlines (15th or 31st) and frequency of reconciliation (monthly, quarterly or never).

Risk ratings for new accounts populated into Blackline after implementation should be assessed by the Local Administrator using the Threshold Master file for accounts as provided by Corporate. Local Administrator should also document in Blackline the FCC mapping for each local ledger account if not populated in the data file from the respective ERP system.

4.5   Frequency of Reconciliation and Deadlines

Risk Rating	Frequency	Deadline
High	Monthly	Day 15
Medium	Monthly	Day 31
Low	Quarterly	Day 31

If an entity would like to accelerate the frequency of a reconciliation (e.g. certain low risk accounts to be reconciled monthly), the entity can make this request to the Local Administrator to be changed in the system. Reconciliations can be performed more frequently than required by the chart above, but not less frequently unless a policy exception is submitted to Corporate.

Deadlines reflect the date that reconciliations must be prepared and approved. If the deadline falls on a weekend, it becomes due the next business day.

4.6 Reconciliation Format and Documentation Requirements

A. Storage

Blackline will centrally store all documentation for balance sheet account reconciliations. Each reconciliation is to be completed at the local general ledger account level.

B. Knowledgeable Accountants

Any person that (1) prepares reconciliations, (2) reviews subsidiary ledgers, or (3) reviews reconciliation documentation should be a knowledgeable accountant that is capable of understanding whether an asset or liability should be recognized on the balance sheet.

C. Recurring/Permanent Documentation

Each reconciliation in BlackLine shall include the following recurring/permanent information:

1. Local ledger account number, local ledger account name, FCC account number, and balance sheet date being reconciled (all populated automatically in Blackline from the data extraction);
2. The purpose of the account in sufficient detail for an independent reviewer to understand the contents of the account (this field must be populated in English or in both the local language and English). Purpose should include the reason for which the account was created and the journal entries the account is used in;
3. The procedures performed by the preparer to complete the reconciliation. Procedures should include step by step sequence of activities required to complete the reconciliation or task. This should include sources of all recurring subsidiary ledger information; and
4. Documents necessary to support the subledger balance or basis for procedures performed in the reconciliations. Examples: long term lease agreements, purchase agreements, etc.

D. Documentation Specific to Period Being Reconciled

Each reconciliation in BlackLine shall include the following information related to the period being reconciled:

1. Local general ledger account balance for the specific period end.

2. Subsidiary ledger balance for specific period end balance; documented based on other templates used (ex: amortizable prepaid, balance per bank, balance per subledger, ect.).
3. Clear and complete descriptions for all supporting items and any attached documentation.
4. Origination date for supporting items documented in the reconciliation. This should reflect the date the reconciling item originated (example: invoice date) and not the date the item was first entered into BlackLine;
5. Copies of documents that supports the subsidiary ledger and supporting items (any form of electronic documents such as excel, word, pdf, etc.);
6. Categorization of each supporting item if necessary as a required adjustment, timing item, or list component (see definitions in **Section 4.7A**). Note: list component should only be used as the subledger for the general list template; however, usage of this template should be rare;
7. Certifications by the preparer and approver of the reconciliation (populated by Blackline when certified in the system). Certifications are the Blackline equivalent of hard copy signoffs for preparers and approvers.

E. BlackLine Templates

Selecting the appropriate reconciliation template for the account is a required from the local accounting team. See **Attachment G** for the Template Reference Guide. Any new accounts populated in the system will default to Subledger Match.

Blackline includes the following templates:
- **Bank Account*-** used to reconcile cash accounts and their related bank activities as deposits in transit, outstanding checks, and other financial items
    - o <u>Example:</u> checking, savings and investment accounts

- **Accruable-** used to track items that are being expensed and accrued in the current accounting period and will be paid for in a future accounting period.
    - o <u>Example:</u> accrued property tax, legal reserves, bonuses

- **Amortizable Prepaid*-** used to reconcile prepaid accounts which tracks items that are paid for in one accounting period and expensed in future accounting periods.
    - o <u>Example:</u> prepaid insurance and prepaid licenses

- **Subledger Match*-** used when there is a separate subledger process that should be matched to the general ledger balance; also the default template

- o <u>Example:</u> accounts payable, accounts receivable, fixed assets

- **Calculated Balance:** used to reconcile accounts that require a complex calculation to determine the ending balance.
  - o <u>Example:</u> accrued payroll, allowance for doubtful accounts

- **Scheduled List*-** used to create a schedule containing future activity. Each period, the application adjusts the balance of the item for an additional period of activity based on the schedule. Helpful when account categorization and summarization are needed.
  - o <u>Example:</u> accruals, fixed assets

- **General List:** basic template and should only be used when none of the templates above can be applied to the account reconciliation, which is expected to be rare. User will document the subledger balance as a list component and attached the required supporting documentation to support the amount.

Templates marked with an asterisk can drive automation in the reconciliation process where the preparer and approver will not be required to manually certify the account. Account will auto certify if the unidentified difference in these templates are $1,000 USD or less. If a reconciliation is currently being prepared in a system outside of BlackLine (ex: prepaid module where amortization is already being calculated), the preparer is not required to re-input all of the details of the reconciliation into BlackLine. However, the preparer will need to attach the summarized report to the reconciliation in BlackLine as the subledger to validate the account general ledger balance for the specific period end.

4.7   <u>Thresholds for Certification</u>

Accounts manually prepared can be certified and denoted as reconciled in Blackline if the unidentified balance is less than $25,000. Accounts auto reconciled using one of the templates in section 4.6E above will auto certify in Blackline if the unreconciled difference is $1,000 or less. Local entities may enforce a lower threshold manually in Blackline (i.e. the approver should reject the reconciliation if the unidentified difference is higher than the local determined threshold). The thresholds are used ensure all accounts get reconciled within an immaterial amount prior to issuing our earnings release and quarterly/annual filings. If an account has a general ledger balance equal to or less than $25,000 or $1,000, it is not excluded from being reconciled.

For accounts where unreconciled variances are equal to or less than the thresholds above, differences should be monitored and written off/up within 90 days.

A. <u>**Supporting Item Classifications:**</u>

Supporting items represent balances that are either part of the subsidiary ledger balance or represents the difference between the subsidiary and general ledger balance. Supporting items have three classifications; required adjustment, timing item or list component. Depending on type of template used or if there is or is not a difference between the subsidiary and general ledger balance, is the determination as to whether a supporting item will be documented in the reconciliation.

1. <u>Required Adjustments</u> – This item is used when the general ledger balance is NOT correct for the reconciliation period. The amount of the supporting item represents an adjustment that must be made to the general ledger.

    <u>Example</u>: Supporting calculations for legal reserves (i.e. the subsidiary ledger) reflect an ending balance of $100,000, and the general ledger reflects a balance of $150,000. The difference of $50,000 should be denoted as a required adjustment to correct the general ledger.

    Each required adjustment must be classified in BlackLine as either a debit to the income statement, a credit to the income statement, balance sheet only impact or a topside adjustment.

2. <u>Timing Item</u> – This item is used when the general ledger balance is correct as it relates to this item, but the subsidiary ledger does NOT appropriately reflect this item thus causing a difference. There is no adjusting journal entry required in the general ledger as it relates to this item.

    <u>Examples</u>:
    - A customer payment that has been received and recorded in the general ledger at month-end, but not yet recorded in the Accounts Receivable subsidiary ledger is a timing item.
    - Outstanding checks and deposits in transit on a cash reconciliation.
    - Subledger from the ERP module (AR, AP or Fixed Asset) or another 3rd party system (payroll or treasury system) that does not reflect all activities for the period, as such manual entries were recorded on the general ledger to ensure period end balance is correct. The manual entries are the difference between the subledger and general ledger should be documented as timing items in the reconciliation.

3. <u>List Component</u> – List component is used as the subsidiary ledger for the General List template. All other templates automatically generate the subsidiary ledger balance as a list component. The other Blackline templates should cover most accounts and therefore the usage of the general list template should be rare. Example of when this template would be used include when there are

multiple 3rd party support for amounts recorded in the account that have various assets or accruals recorded that are not in relation to each other

Example: Miscellaneous account for assets or accruals where each balance is supported by a separate subledger. Each one of these items included in the BlackLine reconciliation would be denoted as a list component and appropriate supporting documentation attached to the item in BlackLine.

4.8 Reporting requirements

A. BSAR Monitoring reports

The following required reports are to be reviewed on a quarterly basis for the Quarterly Reporting to Corporate task. Each standard report in Blackline can be produced once reconciliations are completed for the specified quarter. The reports should be attached to the related task in Blackline and certified by the preparer and the local CFO must certify as either the approver or reviewer.. Any comments regarding the report should be documented within the task. The Quarterly Reporting to Corporate task is to be completed 32 days after quarter-end. If the deadline falls on a weekend, it becomes due the next business day.

1. Unreconciled Accounts

   Account Reconciliation with Unidentified Difference Report Accounts – This report lists all unidentified differences in both certified and uncertified account reconciliations. This report should be used to identify and follow up on reconciliations that have a calculated unidentified difference greater than $25,000. This report will be reviewed by Corporate, who will inquire about the unidentified differences and the action plans related to those accounts with regional management.

2. Required Adjustments

   Account Reconciliation Required Adjustments Aging - This report lists (and provides in graph format) all required adjustments and their aged category by item and amount. This report should be used by the Country Controllers to verify required adjustments are correctly categorized and cleared within 90 days after identification. Required adjustments greater than $400,000 on the balance sheet and $250,000 on the income statement should be reported in accordance with the *Out of Period Adjustment Policy*. This report will be reviewed by Corporate, who will follow up on any aged required adjustments (those exceeding 90 days).

3. Timing Items

Account Reconciliation Supporting Items Aging Accounts (filtered on timing items) - This report lists (and provides in graph format) all timing items and their aged category by item and amount. This report should be used by the Country Controllers to review all aged timing items (those exceeding 90 days). This report will be reviewed by Corporate, who will follow up on any unusual aged timing items with Country Controllers. Valid aged items will appear on this report; however, any unusual aged open items should be investigated and cleared out within 90 days if appropriate.

B. BlackLine to Local GL Reconciliation

The BlackLine to Local GL Reconciliation task should be prepared monthly. The purpose of this reconciliation is to confirm that all trial balance accounts have been properly uploaded and are reflected in the Blackline reconciliation application. Each entity's general ledger must be loaded into Blackline separately.

To prepare the Blackline to Local GL Reconciliation task the "Uploaded Account Information" report should be run and exported to Excel. The report should then be filtered using the account "Type" field to show total assets and total liabilities in the Blackline application. The total assets and total liabilities in the Blackline application should be compared to the total assets and total liabilities in the local general ledger. Any reconciling amounts should be investigated and resolved / explained prior to completing the task.

The "Uploaded Account Information" report, explanations and support for reconciling items and any other documentation used to complete the Balance Check task (e.g. trial balance export) should be attached in Blackline and certified by the preparer and approver. To ensure that all required reconciliations are completed timely in accordance with **Section 4.8A** above, this task is required to be completed 10 calendar days after month-end. If the deadline falls on a weekend, it becomes due the next business day. If balances change after the task due date, it must be decertified and updated documentation needs to be attached to ensure completeness of the data.

C. Blackline to FCC Reconciliation

The Blackline to FCC reconciliation should be prepared quarterly and is due 10 days after quarter end close. The purpose of this reconciliation is to verify that all accounts included in FCC are reconciled and included in BlackLine. Adjustments to general ledger accounts (income statement or balance sheet) shall not be directly recorded in FCC unless authorized by Corporate Controller.

To prepare the Blackline to FCC reconciliation task the "Uploaded Account Information" report (standard report within the Blackline application) should be run and exported to Excel. The report should then be filtered using the account "Type" field to show total assets and total liabilities in the Blackline application (which is tied to the local trial balance in the Blackline to Local GL Reconciliation task discussed below). Next, a report from FCC should be run showing total assets, liabilities and equity (e.g. Balance Sheet Trend Report). The totals per Blackline should be compared to the FCC balances and any differences need to be documented in the task under "Comments". In most cases, differences will be adjusting entries to FCC. Supporting documentation for the adjusting entries should also be attached to the task. If a topside entry was recorded after the certification date, the task must be decertified and updated with supporting documentation to validate the change in balance.

The completed reconciliation, along with the report from FCC and any supporting documentation for the adjusting entries, should be attached to the related task in Blackline and certified by the preparer and approver. See **Attachment A** for an example of the format to be used. To ensure the completeness and accuracy of The Brink's Company's quarterly filing with the U.S. Securities and Exchange Commission, this task is required to be completed 10 calendar days after quarter-end. If the deadline falls on a weekend, it becomes due the next business day.

D.   Quarterly Access Reviews

User access should be reviewed on a quarterly basis in accordance with the current IT General Control procedures. This review should be performed by a preparer and documented within the task module. Preparer will need to run the "User Access Grouped" report for their specified country and confirm the user access is appropriate. Any addition or deletion of users should be communicated to the System Administrator. Attach the original report to the task, any communications of changes and new report and certify as evidence of the approval process. Approver certification is required in order for tasks to be considered completed for the access review process. This task is required to be completed at the end of the 1st month in each quarter allowing for 31days for certification. If the deadline falls on a weekend, it becomes due the next business day.

4.9   Best Practices & Guidance

The following outlines some best practices with regards to reconciliations and tasks within BlackLine as well as some actions to avoid within the tool.

A. **Account Groupings**

Account groupings are used to group accounts supported by the same subsidiary ledger. Do not group accounts which are supported by different subsidiary ledgers. For example, if all of your bonus accrual accounts are supported by the same calculation, you may group those accounts within Blackline. However, if each balance is supported by separate and distinct calculations, the accounts should not be grouped.

When accounts are grouped, the group needs to be assigned a risk rating by the Local Administrator. The group's risk assignment is based on the highest risk rating of the individual accounts in the group. For example, if there are 4 accounts in a group and 3 are rated as low and 1 is medium, then the entire group should have an overall medium risk rating and the frequency will be monthly.

B. **Supporting Items**

Supporting items (list components, timing items and required adjustments) should not be netted together and need to be documented separately in the reconciliation and supported by appropriate documentation. For example, if you are adding outstanding checks and deposits in transit to the Bank Account template, each category should be added separately and supporting documents attached. Do not group supporting items in Blackline if the underlying support for each item is separate and distinct. In the example above, you could add an outstanding check report and a listing of deposits in transit to support the 2 individual timing items, but you should not net outstanding checks and deposits in transit into one timing item in the system.

C. **Subledger Match Template**

The Subsidiary ledger Match Template should be used in cases where the subsidiary ledger balance is generated from system reports; Accounts Payable, Accounts Receivable and Fixed Assets. Any reconciling items outside of the system generated support should be denoted in the template as supporting items. Do not calculate the subsidiary ledger balance +/- reconciling items outside of BlackLine and include the revised total as the subsidiary ledger balance in BlackLine.

D. **Transactional Matching Module**

Allows users to match data from multiple data sources and automatically reconcile high-volume transactions based on a rules-driven process. Matching module can be used on any transaction type (ex: Bank to GL, Payroll Data source to GL, ect.), provides visibility to quickly identify reconciling items, directly

linked to unmatched transactions and assist in generating correcting entries for the period. Analysis of time savings and transactions of data sources needs to be evaluated and presented to corporate for implementation. Please see **Attachment B** for evaluation of transactional matching scenarios.

E. Task Management Module

Provides a hierarchal task list and workflow to assist in controlling manually processes for accounting checklists (ex: PBC listings, close checklist, workflow authorizations). Tasks are established and assigned through task dependencies, certifications and emails established within Blackline in order to meet deadlines.

4.10 Countries and Entities Not in Blackline

All entities not implemented in Blackline must adhere to the same guidelines within this policy. The following outlines the guidance with regards to countries who are not implemented in Blackline.

A. Risk Ratings

Each local account will be risk rated according to the Threshold Master Risk Rating file by the Blackline administrators as discussed in **Section 4.4** above. Any new accounts will be risk rated by the local team. The required frequency and due date of the reconciliation is based on the assigned risk rating as defined in **Section 4.5** of the policy.

B. Reconciliation Components:

Each reconciliation must be supported consistent with the documentation requirements noted above for reconciliations performed in Blackline. Specifically, sections 4.2B; 4.6B, C, D; and 4.7A provide guidance and expectations to ensure quality of the reconciliation. All reconciliations must include evidence of preparation and review with manual or electronic signature from both the preparer and approver, including approver sign off that the subledger was reviewed for completeness and accuracy. For an example of the format of a reconciliation, see **Attachment C**.

C. Reporting:

Information regarding unreconciled accounts and aged open items shall be reported through completion of the Lead Schedule (**Attachment D**) and Controllership Scorecard (**Attachment E**) which shall be submitted to your respective Sox manager within due dates indicated below. Amounts reported in the Controllership Scorecard should be expressed in USD thousands based on currency exchange rates at quarter-end.

1. Local ERP to FCC Reconciliation – Lead Schedule (**Attachment D**)

   Provide evidence that all required reconciliations have been completed for the specified period end to your respective SOX manager. Local trail balance from the ERP system must be compared to FCC to ensure completeness, including both elimination and adjustment entities. The reconciliation will present a listing of each account as provided from the local trial balance report and display the mapping to its corresponding FCC account, any differences must be explained and supported. Any material required adjustments must be communicated in accordance with the Out of Period Adjustments Policy as stated in **Section 4.8 A.2** above. As accounts will be reconciled at different times based on risk rating, the Lead Schedule should be completed on a monthly basis as follows:

   - 15 days after period end – Lead schedule completed with all accounts to prove that it ties to FCC. Those accounts that are high risk should have the reconciliation columns completed.
   - 31 days after period end – Lead schedule that was completed on the 15th should be updated for information regarding the medium and low risk accounts as applicable for the month or quarter end period.

2. BSAR Monitoring – Controllership Scorecard (**Attachment E**)

   Report on results of balance sheet reconciliations on a quarterly basis, including balance of Unreconciled Differences, Required Adjustments, Aging of Required Adjustments, and Timing Items. <u>Due quarterly 45 days after period end and requires both preparer and approver sign-off.</u> Form submission should be given to respective SOX Manager for review.

Each business unit is required to produce a formal audit compliance binder within 48 hours of being notified of a policy compliance audit. This binder should include for the period requested:

- Lead Schedule
- Controllership Scorecard
- Reconciliations and underlying support for subledger, general ledger and all reconciling items.

D. **Scoping of Policy Changes**

Policy Changes	Old Policy	New Policy
Risk Ratings	High/Medium/Low- based on nature of account mapping to FCC. Assessed locally	High/Medium/Low- based on materiality of account and mapping to FCC. Assessed by Blackline Administrators.
Frequency	High Risk- Monthly Medium Risk- Quarterly Low Risk- Quarterly/ Off Quarter Month	High Risk- Monthly Medium Risk- Monthly Low Risk- Quarterly Never- applied to equity accounts
Due Dates	High Risk- Day 25 Medium/Low Risk- Day 40	High Risk- Day 15 Medium/Low Risk- Day 31
Monitoring & Reporting	Lead Schedules due quarterly	Lead Schedule submitted to SOX Manager twice a month; once reporting on high risk accounts and again reporting on medium/low risk accounts.

4.11 Corporate Evaluation of Reconciliations

Corporate will perform periodic reviews of entity reconciliations. The number of entities and number of reconciliations reviewed at each entity will be determined outside the scope of this policy based on a materiality and risk assessment performed by Corporate. However, each reconciliation reviewed will be evaluated as follows.

Review Criteria	Point Value
1. Does the Purpose clearly document what is included in the account so that a 3rd party can understand? The purpose should include a discussion of how the accounting works for this account (debits/credits) and how that informs what the support would be for the reconciliation if it's not evident by the nature of the account. For example, this level of detail may not be necessary for a cash account as we know the subledger will be the bank statement, but might be necessary for an all risk loss payable account.	5
2. Does the Procedure clearly document how the reconciliation is performed?	5
3. Is the reconciliation using the correct template based on the nature of the account?	5

4. Does the subsidiary ledger represent a valid and appropriate subledger in accordance with the BSAR policy? Note: Verify for any accounts that have a short term and long-term part, management has identified correctly based on supporting documentation.	15
5. Is the list component used correctly?	5
6. Are the list component/subledger items documented with clear and complete explanations/descriptions?	5
7. Does the subledger/list component include proper support attached in Blackline?	5
8. Are *reconciling* items classified correctly as timing items or required adjustments?	10
9. Is the support for the reconciling item (timing item or required adjustment) valid and appropriate?	10
10. For required adjustments, is the financial statement impact properly noted?	5
11. Does the origination date reflected in the reconciling items (timing items and/or required adjustments) appear appropriate? This should reflect the date the reconciling item originated (example: invoice date) and not the date the item was first entered into the reconciliation.	5
12. Verify all reconciling items (timing items and/or required adjustments) are cleared within 90 days. If there are reconciling items aged over 90 days, verify that a policy exception and appropriate documentation exists to justify the aged item.	5
13. Verify the reconciliation was prepared and reviewed timely in accordance with the BSAR policy.	5
14. Are there any unreconciled items or unidentified differences greater than the global certification threshold?	15
Total Point Value	**100**

Score of 90% or higher:
  1. Results will be communicated to local management via email. Conference call can be scheduled if desired.

Score between 70% and 90%:
  1. Conference call will be scheduled with management.
  2. By the following quarter, reconciliations will be reviewed again to ensure corrections were made.
  3. If corrections have not been made, account will be decertified for preparer and approver to properly document and recertify.

Score below 70%:
  1. Conference call will be scheduled with management along with a mandatory training for both preparer and approver.
  2. By the next quarter, reconciliations will be reviewed again to ensure corrections were made.
  3. Additional selections will also be made based on Approver.
  4. If corrections have not been made, account will be decertified for preparer and approver to properly document and recertify.

5.0   PROCEDURE – Statutory to U.S. GAAP Reconciliation

Statutory to U.S. GAAP reconciliations should be completed annually within 60 days of filing statutory reporting. Regional management might request that these be reported sooner for their review.

A reconciliation should be completed for each statutory report filed, the reconciliation should not be performed on a consolidated country-level basis. The reconciliation should follow the format provided at **Attachment F**.

The reconciliation's "Equity Line" should be totaled on **Attachment F** and tied out to the total country FCC Equity balance. Provide explanations for Equity amounts that are not reconciled to a statutory filing. For example, (i) for entities that are not required to file statutory financial statements or (ii) consolidation adjustments.

The reconciliation should be reviewed and signed-off by the Local CFO and the Regional CFO prior to reporting to Corporate and should be kept on file at the local business unit.

6.0   ADVICE AND COUNSEL

Brink's Management includes accounting and finance professionals who are available to provide assistance and guidance to ensure compliance with this policy. Interpretation of guidance provided in this policy is the responsibility of the Corporate Controller.

7.0   EFFECTIVE DATE AND TRANSITION GUIDANCE

The revisions within this guidance are effective September 1, 2022. As part of these revisions, we have combined the previous Balance Sheet Account Reconciliation and Controllership Scorecard policy (i.e. policy for those entities not currently on Blackline) and Balance Sheet Account Reconciliations – Blackline policy into this 1 policy. Significant changes from the previous two policies are summarized as follows:

Policy Section	Policy as of 1/01/2016	Policy Effective as of 9/1/22
4.1 A	• Not addressed	• Auto Certifications- addressed that Cash accounts can be auto certified if bank data is integrated into Blackline. All other Cash accounts must be certified manually.
4.1 A	• Not addressed	• Auto Certifications- added documentation related to the Scheduled List template and how it can optimize reconciliations through auto certifications in the system. • Default Template- all new accounts populated in system will default to Subledger Match
4.1 C5	• Intercompany Accounts- a. Intercompany reconciliations must be supported with reference to documentation of the charge (invoice, ref loan number, ect.) and a confirmation from the corresponding party. Confirmation of the intercompany charge should be initiated by the Charging Company to the Receiving Company. Please refer to *Intercompany Charges policy, Section 2.3* for appropriate support for an intercompany charge. b. Disputed items must be documented in the reconciliation as a list component. In the description of the list component, document the title of "Disputed Item" and then provide details as to why charges are in dispute. Any disputes must be solved within 90 days by both parties. c. Risk ratings for intercompany reconciliations will be based on the Threshold Master file for accounts provided by Corporate. Local Administrators will risk rate any new accounts for the period. Local Administrators can also group intercompany accounts as long as the same subledger support is used for the reconciliation.	• Revised- Intercompany accounts should be reconciled with proper subledger support attached to the reconciliation to validate the balance at the end of the period. Any differences with the counterparty must be documented as a supporting item; required adjustment or timing item, within the reconciliation. See *Intercompany Charges* policy for reference.

4.3	• Documentation of System and Local Administrator	• Administrators- added the Business Administrator role.
4.6 E	• Documentation of reconciliation templates • Auto certification threshold for templates is 25K USD or less	• Reconciliation templates – added additional documentation explaining each reconciliation template along with examples for usage and which templates drive auto certifications in the system. • Proper application and usage of reconciliation is a requirement of the local accounting team. • Auto certification threshold for templates is 1K USD or less
4.7	• Accounts can be certified and denoted as reconciled in Blackline if the unidentified balance is equal to or less than $25,000. This includes accounts that are eligible for auto certification in Blackline. Local entities may enforce a lower threshold manually in Blackline (i.e. the approver should reject the reconciliation if the unidentified difference is higher than the local determined threshold).	• No change to manually reconciled accounts in Blackline. • Accounts auto-reconciled using one of the templates in section 4.6E will auto certify in Blackline if the unreconciled difference is $1,000 or less.

4.7 A	• List Component- List component is used to create a subsidiary ledger within BlackLine. You may have multiple list components to support one general ledger balance. Each list component would represent a separate supportable subsidiary ledger. You may also have to use "Required Adjustments" or "Timing Items" in the same reconciliations as "List Components" to be able to complete the reconciliation.	• List Component- Clarified that the List component is used as the subsidiary ledger for the General List template. All other templates automatically generate the subsidiary ledger balance as a list component. <u>The other Blackline templates should cover most accounts and therefore the usage of the general list template should be rare.</u> Example of when this template would be used include when there are multiple 3rd party support for amounts recorded in the account that have various assets or accruals recorded that are not in relation to each other.
4.8 A.2	• Required Adjustment- Required adjustments greater than $250,000 should be reported in accordance with the *Out of Period Adjustment Policy*. This report will be reviewed by Corporate, who will follow up on any aged required adjustments (those exceeding 30 days).	• Required Adjustment Aging Report- This report should be used by the Country Controllers to verify required adjustments are correctly categorized and cleared within 90 days after identification. Required adjustments greater than $400,000 on the balance sheet and $250,000 on the income statement should be reported in accordance with the *Out of Period Adjustment Policy*. This report will be reviewed by Corporate, who will follow up on any aged required adjustments (those exceeding 90 days).
4.8 B&C	• Blackline Balance Check and Lead Schedules	Title Change- • Blackline Balance Check now named Local GL to Blackline • Lead Schedule now named Blackline to FCC Reconciliation

4.8 B&C	• Only preparer certification required for Balance Check and Lead Schedule task	• Approver certification required for both Blackline to FCC reconciliation and Blackline to Local GL task. • If the balances change after the deadline, task must be decertified, updated documentation and support must be added to validate completeness of the balances
4.8 D	• Quarterly Access review due 31days after quarter end close	• Quarterly Access review due 31 days after 1st month in each quarter.
4.9	• Best Practices and Guidance updated	• Added sections- Transactional Matching Module and Task Management Module
4.10	• Formally Section 7.0- This policy is effective on the BlackLine go-live date for each subsidiary. Those subsidiaries who have not yet implemented BlackLine should continue to follow the previous policy (*Balance Sheet Account Reconciliation and Controllership Scorecard*	• Section Update- No separate policy for countries/entities not implemented on Blackline. All reporting units must follow policy within this document according to the guidelines listed above. Section 4.10 provides specific guidance for countries not in Blackline to consider in addition to the rest of this policy.
4.11	• Not addressed	• Corporate evaluation of reconciliations – provided the criteria and scoring methodology for how reconciliations will be reviewed and "graded" when corporate performs a review of reconciliations in the future.

Policy Section	Policy as of 9/1/2022	Policy Effective as of 7/1/23
Full document	• Reporting system is not FCC	• Reporting system is FCC
4.7 A	• Required adjustment classifications include income statement debit, income statement credit, balance sheet only	• Additional required adjustment classification now includes topside entry.
4.8 D	• Quarterly Access review due 31 days after 1st month in each quarter.	• Quarterly Access review due at the end of the 1st month of each quarter; allowing 31 days for certification.
4.8 D	• Not addressed	• Approver certification is required. • Task must include original report, any communication of changes and reviewed user report.
Policy Section	Policy as of 7/1/2023	Policy Effective as of 12/1/23
4.8 A	• The Quarterly Reporting to Corporate task is to be completed 45 days after quarter-end.	• The Quarterly Reporting to Corporate task is to be completed 32 days after quarter-end.

4.11	• Review Criteria 1; point value 10	• Review Criteria 1; point value 5
4.11	• Review Criteria 2; point value 10	• Review Criteria 2; point value 5
4.11	• Review Criteria 4; point value 20	• Review Criteria 4; point value 15
4.11	• Not addressed	• Added Review Criteria 14. Are there any unreconciled items or unidentified differences greater than the global certification threshold? Point value 15
4.8 A	• Quarterly Reporting to Corporate Task must be certified by a preparer and approver.	• Quarterly Reporting to Corporate task must be certified by a preparer and the local CFO must certify as either the approver or reviewer.