1.0 PURPOSE

This policy outlines approval requirements for capital spending and long-term commitments.

2.0 SCOPE

This policy applies to all Brink's, Inc. (Brink's) Corporate, regional, and country level business units.

3.0 RESPONSIBILITY

Overall responsibility for the policy lies with the VP – Finance, Brink's. Continued compliance, successful implementation and maintenance of financial records is the responsibility of business unit management. Corporate and Regional management are responsible for on-going monitoring of compliance with the policy.

4.0 POLICY

It is Brink's policy to analyze and evaluate all potential capital or financial investments or projects. This includes items such as the purchase of a capital asset, entering into a long-term lease agreement, long-term contractual commitment for items such as software of significant value, and outsourcing significant functions such as IT. Capital expenditures require approval based on the total size of the investment or project.

5.0 PROCEDURE

5.1 Analysis

Prior to entering into any significant capital or financial investment, entering into a long-term lease commitment or any other long-term project (generally greater than three years) such as an IT project, outsourcing, software implementation, or product development, etc., whether or not a capitalized fixed asset, a rigorous review and analysis must be performed by local management. This analysis should consider all potential aspects of the agreement such as the present value of anticipated payments over the life of the agreement, rent escalations, costs to terminate, Asset Retirement Obligations (AROs), ownership terms, purchase options, insurance commitments, common area maintenance, free rent, etc. The review should include an income statement, cash flow statement, economic value added (EVA) statement, analysis of lease/buy options, and other relevant investment details. For all leases where the net present value (NPV) exceeds $1 million, the *Accounting for Leases Consideration* form contained in the *Entering into Leases* policy must also accompany the *Capital Expenditures Request (CER)* form (**Exhibit A**) submitted for management approval.

The Brink's approach includes using discounted cash flow (DCF) techniques to project future cash flows associated with the potential investment and applying the appropriate discount rate to calculate the net present value, the Internal Rate of Return (IRR), and the payback in years of the potential project.

DCF is a valuation method used to estimate the attractiveness of an investment opportunity or to value a project, company, or asset based on projections of how much profit (revenue or benefit) it may provide in the future. All future cash flows are estimated and discounted to determine a present value. The discount rate used is generally the cost of capital rate used for EVA calculations.

Projects that have a positive DCF will generally provide a profit for Brink's over future years. Those that have a negative DCF will generally have a negative impact on profit over future years. Therefore, Brink’s will generally not proceed with a financial investment or project unless it can be shown to have a positive DCF and EVA and a reasonable payback period. However, some projects of an administrative or back-office nature may not yield a positive DCF but will still be undertaken if they are in the best interest of Brink's.

The use of DCF techniques to evaluate projects should be applied by the corporate, regional, and country levels. If assistance is needed in developing a DCF model, contact Regional Finance Management.

Where possible, management should analyze options from multiple vendors/landlords including whether to lease or buy assets. Please refer to the *Procurement* policy for guidance on competitive pricing.

5.2 Commitment Level

The total cost of a potential investment/project includes the initial purchase price, other costs to set up or place the asset into service, and the net present value of other on-going commitments to be incurred. The total cost to be included on the *CER* form is the total of the commitment over the life of the project. For example, land acquisitions would include all costs required to prepare the land for use by Brink's including having environmental audits completed, the cost to construct a building planned for the future, the cost of the land, and the cost of an existing building to be demolished and a new branch to be built in its place. The entire cost of the project must be included on the *CER*. If such amounts are not readily available, similar products or services in the market place may be used as an estimate. The basis for the total cost analyzed must be provided with the analysis.

Approval thresholds have been set to allow routine replacement of operating equipment (trucks, other operating equipment) to be done with only regional management approval. If a routine replacement investment of operating equipment exceeds regional management approval levels, the *CER* must also be submitted to the Brink’s Corporate Management level for approval as per the defined thresholds if the replaced capital is not fully depreciated. When evaluating which level of approval is needed for a specific group of investments, the total commitment or cost must be considered. The threshold limit is the sum of the new investments and not each individual item. For example, the value of the 10 trucks purchased under one project shall be used for defining the level of authority and not the individual value of each truck.

5.3 Approval

All planned or unplanned capital expenditures and long-term commitments in excess of $20,000 must be accomplished using the *CER* form, including the related investment analysis and other supporting documentation, justifying the purchase or commitment, and be submitted to the next level of authority if required based on authorization levels. The exchange rate used, if required, should be the current rate based on the date of the *CER*.

Commitments less than $20,000 still require documented management approval; however, the form and methods used may be determined by local or regional management.

No commitment should be made to any vendor (including issuing a purchase order) prior to obtaining the necessary management approvals.

5.4 Approval Thresholds (b)

Approval Required	Requested Amount
Country CFO/CEO	As delegated by Regional Management
Regional CEO	President – Asia Pacific: up to $250,000 Senior Vice President – LA/Canada: up to $350,000 President – EMEA: up to $700,000 President – Brink's International: up to $1,000,000 **(a)** Chairman – BGS: up to $1,000,000 **(a)** President – BGS: up to $500,000 **(a)** President – Brink's, US: up to $1,000,000 **(a)**
BCO CFO	Up to $5,000,000
BCO CEO	Up to $5,000,000
BCO Board of Directors	Over $ 5,000,000

(a) If the requested expenditure relates to: 1) routine replacement of fully-depreciated capital assets used in the ordinary course of business or 2) is for the renewal of an on-going agreement or commitment in the ordinary course of business, these individuals may also authorize the expenditure if the net present value of the replacement or renewal is below $5.0 million. Renewal or replacement greater than $5.0 million requires BCO CFO and BCO CEO approval. All other capital expenditure requests not meeting these criteria must follow the authorization levels listed above.

(b) This chart must also be referred to when determining the required approval levels for asset disposals using the net book value of the asset. Disposals of all buildings, regardless of the net book value, require Regional CFO and VP – Finance, Brink's approval. See the *Fixed Assets* policy for further information.

5.5 Recording of Capital Expenditures

Once properly approved, significant financial investments/projects should be capitalized/accounted for appropriately as outlined in the *Fixed Assets* policy.

5.6 Post Approval Update

If the actual cost of the capital expenditure will exceed the initial estimated cost previously approved by management by more than 10%, re-approval by management must also be obtained.

*CER*s with a total approved value greater than $500,000 shall be reviewed after one year in operation. An analysis of the CER assumptions versus actual results should be sent to the Regional CFO and VP – Finance, Brink's for all projects that have reached one year in operation during the respective quarter.

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 VP – Finance, Brink's. Questions about this policy should first be directed to Regional Finance Management.

7.0 RELEVANT PROFESSIONAL LITERATURE

This policy is based on good business practice supported by a system of normal checks and balances and segregation of duties.

8.0 DOCUMENTATION

Documentation of all *CER*s and post approval updates with attached investment analyses, supporting documentation, and evidence of appropriate management approval must be maintained at the local business unit.

Capital Expenditures Request (CER) Form

Business Unit: ____________________ Date Submitted: ____________

Total Commitment ($000s USD): ____________ In Plan/Budget: ☐ Yes ☐ No

NPV ($000s USD): ____________________ Total Year Country CapEx Budget ($000s USD): ____________

Prepared By: ____________________ Total Year Country CapEx Forecast ($000s USD): ____________

CER Title/Description: ____

1. Executive Summary

Very briefly describe the project.

Approval:

	Signature	Date
Country CFO		
Country Manager		
Regional CFO		
Regional Leader		
Brink's EVP & COO		
BCO CFO		
BCO CEO		

2. General Business Background and Current Situation

Include last 2 years' revenues, branch margin, operating profit, description of current situation, current facility/assets requirements, old assets status, etc.

3. Project Description and Plan

Include topics such as operations, sales and marketing plan, project plan execution and organization, project deliverables, business project plan including a Gantt diagram if prudent (bar chart showing project schedule with start and end dates and a summary of project elements).

4. Alternatives

Describe the alternatives to the project supported by financial analysis.

5. Benefits (expected results)

Include topics such as expected impact on revenues, capacity for business growth or maintenance, cost efficiencies, improved security – risk reduction, or others benefits.

6. Financial Analysis

Describe the financial projection of the current situation versus the proposed project. Assumptions used should be included.

Scenario #1: Current Situation

Scenario #2: Proposed Project

Delta Case: Change from Scenario #1 to Scenario #2

Show the variance and impact on profit and loss, cash flows, and EVA that would be generated by the investment when compared to the existing situation (Scenario #1). Also provide information on NPV, IRR%, and payback period.

Investments

List investments requested. Specify if investments are for replacement, growth in existing lines of business, new lines of business, suppliers names if relevant, brief description of bidding process, etc.

Lease versus Buy Analysis

Perform and document the lease versus buy analysis.

Capital versus Operating Lease Analysis

Perform and document the capital versus operating lease analysis.