1.0 PURPOSE

This policy establishes standards and procedures for performing impairment analyses for Long-Lived Assets (including Goodwill, Other Intangibles, and Property, Plant & Equipment) in compliance with U.S. Generally Accepted Accounting Principles (U.S. GAAP).

2.0 POLICY

This policy covers impairment analyses that must be performed for Goodwill, Long-Lived Assets (Property, Plant & Equipment and Other Definite-Lived Intangibles) and Indefinite-Lived Intangible Assets. Corporate Accounting is responsible for performing impairment analyses in accordance with this policy. Countries are responsible for monitoring and reporting impairment triggers to Corporate Accounting and ensuring any local impairment is adjusted in accordance with this policy when reporting U.S. GAAP results.

3.0 PROCEDURES

3.1 Goodwill

The annual impairment analysis for The Brink's Company ("Brink's") is performed for each reporting unit by Corporate Accounting as of October 1st each year. A reporting unit is defined as an operating segment or one level below an operating segment. The impairment analysis discussed in sections 3.2 and 3.3 should be performed so that any write downs can be taken into consideration when completing the goodwill impairment analysis.

The annual impairment analysis can be accomplished by either performing a Qualitative Assessment (referred to as Step 0) or a Quantitative Assessment (comprised of Step1 and Step 2). The Qualitative Assessment does not have to be performed but is available if management feels that the cost of a Quantitative Assessment is not necessary based on the qualitative factors considered and approval is obtained from the BCO Controller. However, if the Qualitative Assessment is used, the Quantitative Assessment must be performed at least every three years, regardless of the results of a qualitative assessment. A summary of both of these assessments is as follows:

- Step 0 – Qualitative Assessment (Described in Section 3.1.1) - If, after assessing the qualitative factors, it is determined that it *is* more likely than not (more than 50% likelihood) that the fair value of the reporting unit is less than the carrying amount, then proceed to Step 1. Otherwise stop, the assessment is complete.
- Step 1 – Quantitative Assessment (Described in Section 3.1.2) - Compare the fair value of the reporting unit to its carrying amount. If the carrying amount exceeds the fair value or if the carrying amount is zero or negative, Step 2 must be performed to determine the amount of impairment loss.

- <u>Step 2 - Quantitative Assessment (Described in Section 3.1.2)</u> - Compare the implied fair value of goodwill to the carrying value of goodwill to determine any impairment.

3.1.1 <u>Goodwill Impairment Analysis – Qualitative Assessment</u>

A qualitative assessment can be performed to determine whether it is more likely than not (a likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying value. Examples of such qualitative factors include:

- The amount by which fair value exceeded carrying value in the prior year (i.e. the larger the percentage of cushion between fair value and carrying value in the prior year, the more likely that there is no impairment in the current year)
- Macroeconomic conditions such as a deterioration in general economic conditions, limitations on accessing capital, significant fluctuations in foreign currency rates, or other developments in equity and credit markets
- Industry and market considerations such as a deterioration in the environment in which an entity operates, an increased competitive environment, a change in the market for an entity's products or services, or a regulatory or political development
- Cost factors, such as increases in raw materials, labor or other costs, that have a negative effect on earnings and cash flows
- Overall financial performance, such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods
- Other relevant entity-specific events such as changes in management, key personnel, strategy, or customers; contemplation of bankruptcy; or litigation
- Events affecting a reporting unit such as a change in the composition or carrying amount of its net assets, a more-likely-than-not expectation of selling or disposing all, or a portion, of a reporting unit, the testing for recoverability of a significant asset group within a reporting unit, or recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit
- If applicable, a sustained decrease in share price (consider in both absolute terms and relative to peers).

If, after assessing the qualitative factors, it is determined that it *<u>is</u>* more likely than not (more than 50% likelihood) that the fair value of the reporting unit is less than the carrying amount, then the quantitative assessment must be completed. Otherwise, the quantitative assessment is not required.

3.1.2 Goodwill Impairment Analysis – Quantitative Assessment

The quantitative impairment analysis is a two step process:

Step 1: Compare the fair value of the reporting unit to its carrying amount. There are two approaches that can be used to calculate the fair value of a reporting unit: (1) the market approach and (2) the income approach. The market approach considers prices from market transactions involving similar businesses to determine fair value. The income approach considers projected cash flows for the reporting unit. The income approach is generally the preferred method as our reporting units are not publicly traded and comparison to market transactions of similar businesses would generally be difficult to obtain the level of precision required for the analysis.

If the carrying amount exceeds the fair value or if the carrying amount is zero or negative, Step 2 must be performed to determine the amount of impairment loss.

Step 2: Compare the implied fair value of goodwill to the carrying value of goodwill. The implied fair value of goodwill can be determined by assigning the fair value of the reporting unit to all of the identified assets and liabilities of the reporting unit. The excess of the fair value over the amounts assigned to its identified assets and liabilities represents the implied fair value of goodwill. This implied fair value of goodwill should be compared to the carrying value of goodwill to determine if impairment exists.

Impairments should be recorded to the income statement in HFM account 8150_37 *Loss (Gain) on Impairment LTAssets/GW*. The credit to Goodwill should be recorded through the "Writeoffs" rollforward dimension. Note that the goodwill impairment will need to be allocated between controlling interest and non-controlling interest in cases where we have a non-controlling interest. Corporate Accounting will work with the country determine this allocation and to record this entry.

3.2 Long-Lived Assets

3.2.1 Annual Impairment Analysis – Long-Lived Assets

Long-lived assets (including Property, Plant & Equipment and Intangible Assets with a finite life) should be grouped with other assets and liabilities at the lowest level for which identifiable cash flows are available. For Brink's, the country level is generally regarded as the lowest level of cash flows for this analysis principally because of national customers requiring services using nationwide branch and fleet assets. The long-lived asset impairment analysis should performed by Corporate Accounting at the country level (using cash flow projections provided by country and/or region) whenever impairment indicators are identified (see Section 3.4 below for a listing of impairment indicators). Generally, indicator (e.) in Section

3.4 could be present each quarter for certain countries, if those countries have a history of operating losses. While this would indicate that an impairment analysis would be required each quarter, it is Brink's policy, at a minimum, to update cash flow projections annually as of August 31st, to allow enough time to complete the analysis before the third quarter SEC filing deadline. However, if other indicators are identified in other quarters, updated cash flow projections should also be completed at that time.

This impairment analysis requires two steps:

Step 1: Compare the carrying value of each asset group to its projected undiscounted cash flows. If the sum of the undiscounted cash flows (for the remaining useful life of the asset or asset group) is less than the carrying value, Step 2 must be performed.

Step 2: Compare the fair value of each asset group to its carrying value. If the carrying value exceeds the fair value, the difference should be recorded as an impairment loss.

Any impairment recognized for an asset group should be allocated to each long-lived asset of the group on a pro rata basis using the relative carrying amounts of those assets. However, under no circumstance should an asset be written down below its individual fair value.

Impairments should be recorded by first writing the current accumulated depreciation off against the fixed asset balance. Then, the revised balance should be written down for the impairment to the income statement in HFM account 8150_37 *Loss (Gain) on Impairment LTAssets/GW*. The credit to the appropriate long-lived asset balance sheet account for the impairment, as well as the reclass of accumulated depreciation against the gross asset balance, should be recorded through the "Writeoffs" rollforward dimension. After completion of the write off, the fixed asset should be written down to fair value with zero accumulated depreciation. Corporate Accounting will work with the country to record this entry.

3.3 Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets (other than Goodwill) are intangibles that are not being amortized. They should be evaluated each reporting period to determine whether an indefinite useful life is still accurate. If an indefinite-lived intangible asset is subsequently determined to have a finite useful life, the asset should be tested for impairment. The remaining carrying value of the asset should then be amortized prospectively over its estimated remaining useful life.

Additionally, these assets should be tested for impairment on an annual basis, or more frequently if events and circumstances indicate that the asset may be

impaired. Refer to Section 3.4 below for a listing of impairment indicators. This annual test will be performed by Corporate Accounting as of October 1st each year.

The annual impairment analysis can be accomplished by either performing a Qualitative Assessment or a Quantitative Assessment. The Qualitative Assessment does not have to be performed but is available if management feels that the cost of a Quantitative Assessment is not necessary based on the qualitative factors considered. However, if the Qualitative Assessment is used, the Quantitative Assessment must be performed at least every three years for material indefinite-lived intangibles, regardless of the results of a qualitative assessment.

3.3.1 Indefinite-Lived Intangible Assets Impairment Analysis – Qualitative Assessment

The Qualitative Assessment is the same as that described under section 3.1.1 for Goodwill.

3.3.2 Indefinite-Lived Intangible Asset Impairment Analysis – Quantitative Assessment

To perform this analysis, compare the fair value of the indefinite-lived intangible asset to its carrying value. The fair value calculation should be consistent with the methodology used to initially value and record the asset at acquisition. If the carrying amount exceeds the fair value, the difference should be recorded as an impairment loss.

Impairments should be recorded to the income statement in HFM account 8150_37 *Loss (Gain) on Impairment LTAssets/GW*. The credit to Intangible Assets should be recorded through the "Writeoffs" rollforward dimension. Corporate Accounting will work with the country to record this entry.

3.4 Impairment Indicators for Interim Review

Long-Lived Assets and Indefinite-Lived Intangible Assets should be evaluated for impairment whenever events or circumstances indicate that the carrying amounts may not be recoverable. The following are examples of such events or circumstances:

a. A significant decrease in the market price of a long-lived asset (asset group) at the country level
b. A significant adverse change in the extent or manner in which a long-lived asset (asset group) is being used or in its physical condition
c. A significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset (asset group), including an adverse action or assessment by a regulator

d. An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset (asset group)
e. A current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset (asset group)
f. A current expectation that, more likely than not (greater than 50%), a long-lived asset (asset group) will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

Goodwill should be evaluated for impairment between annual tests if an indicator is present that will more likely than not reduce the fair value of a reporting unit below its carrying amount. The indicators listed in Section 3.1.1 above represent examples of events and circumstances to consider in determining whether an interim impairment analysis of Goodwill is required.

Corporate Accounting should be contacted when an impairment indicator is present so that it may be evaluated at the consolidated level.

3.5 Country Considerations

3.5.1 Statutory Audit Requirements

Although Corporate Accounting is responsible for performing the impairment analyses for Goodwill, Long-Lived Assets and Indefinite-Lived Intangible Assets, there may be local statutory requirements for an impairment analysis to be performed at an individual country level (or lower level). It is recommended that local management consult with Corporate Accounting when performing local impairment analyses.

The impairment analyses performed for U.S. GAAP requirements by Corporate Accounting are performed at a higher level than local statutory requirements may cover. There may be instances when an impairment loss is recorded by a country for local statutory requirements, but would not result in impairment at the Brink's consolidated level. Therefore, if an impairment loss is recorded by a country for local statutory requirements, it should be recorded only on the local statutory ledger. This will result in a difference between statutory and U.S. GAAP accounting records that should be included on the Statutory to U.S. GAAP reconciliation.

Any impairment losses identified at the local country level should be communicated to Corporate Accounting, as this may result in a triggering event that would require an impairment analysis to be performed for U.S. GAAP purposes.

3.5.2 Goodwill Write-offs from the sale of a business

When a portion of a reporting unit that constitutes a business is to be sold, or otherwise disposed of, the goodwill associated with that business should be included in the carrying value in determining the gain or loss on the sale. The amount of goodwill to be included in the carrying value should be based on the relative fair values of the business to be disposed of and the portion of the reporting unit that will be retained. Corporate Accounting should be consulted to assist with this calculation and also should be consulted if any asset group is being sold to determine if it meets the definition of what constitutes a business. Under US GAAP, this definition can encompass a wide range of sale scenarios. When only a portion of goodwill is allocated to a business to be disposed of, the remaining goodwill should be tested for impairment based on its adjusted enterprise value in accordance with the guidance above.

4.0 DOCUMENTATION REQUIREMENTS

Given the significant judgments and estimates involved in the impairment analyses listed above, it is expected that the detailed calculations will also be supported by a technical memo explaining the process utilized and significant assumptions used in the calculations.

5.0 EFFECTIVE DATE

This policy is effective January 1, 2013; however, any inconsistencies with this guidance and current practice should be reported to Corporate Accounting immediately as it is not expected that significant differences will exist.