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**From:** M Standish <[REDACTED]>

**Sent:** Saturday, 11 February 2023 8:41 PM

**To:** Pomery, Simon

**Subject:** Armaguard/ Prosegur proposed merger

[REDACTED]

[REDACTED]

After the meeting on Thursday I reviewed the submission from the RBA regarding BDA participating banks, CIT companies and ACCO status.

My understanding of that was as follows –

1. BDA participant banks are required to have their CIT company / ies approved by the RBA. These conditions are related to auditing, quality control, security and WHS requirements.
2. A CIT company would need to be nominated by a BDA participant bank and meet RBA requirements. The only four ACCO's currently in Australia being Armaguard, Prosegur, Brinks and Streamcorp.

My interpretation of that was that ACCO status for Maximum Protection shouldn't be an issue initially due to staff, uniforms, vehicles etc. all retaining [REDACTED] branding in the short term whilst under lease so as far as banks, the RBA etc. were concerned, nothing would have structurally changed from the current status.

Therefore obtaining ACCO approval should only be required post-acquisition, although that may be automatically transferred if the ACCO status is able to be grand-fathered across with a change in ownership.

I am assuming that is what the practice of the RBA has been during previous entries / exits from the market involving – Brambles to Chubb to UTC to Prosegur and Mayne Nickless to Mayne Logistics to Linfox Armaguard as opposed to requiring all of them to go through the nomination process by banks and then seek RBA approval from start to finish because the ACCO status needs to be approved for every depot and none of the above companies owned or controlled those depots prior to acquisition.

I have made further inquiries in regard to this matter with the RBA and am awaiting response for further clarification on this matter.

Further to the conversations and submissions relating to a potential Prosegur / Armaguard exit from the market, the following should expand upon and maybe better explain some of what has been discussed.

Should the proposed merger between Prosegur and Armaguard be denied & if they are

amenable to doing so, we would be happy to negotiate terms with [REDACTED] to perform the following on an Australia-wide basis –

- Lease of all plant, equipment and facilities.
- Transfer of all staff [REDACTED] to MP
- Assumption of full operational control of [REDACTED] Australian business interests.
- Beginning of MP due diligence processes to ascertain long term viability of operation and whether MP will pursue full acquisition [REDACTED] Australian interests. This will encompass full reviews of –
  - Financials
  - Contracts / invoicing
  - Policies / procedures
  - Personnel
  - Plant / equipment / facilities
  - Capital expenditures / commitments
- Items that would need to be addressed would include-
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - Ensure company policies/ procedures/ WHS information is readily available to all employees.
  - Ensure relevant risk assessment / site survey information for current and new clients is accessible to all personnel assigned to routes that sites are allocated to.
  - Provision of GPS tracked, linked tablets and smartphones. Allocated to all routes to increase efficiency, accountability, security and safety levels for staff and liability transported on routes.
  - Implementation of digitised documentation / information required by employees for successful execution of duties.
  - Implementation and utilisation of GEO-fencing technologies for all routes to increase security measures via controlled access to liability.
  - [REDACTED]
  - Increase of scenario based training in an effort to make training more relevant and to also incorporate active shooter training.
  - Sourcing and securing of supply chain needs relating to better designed & value armoured vehicles, ATMs / cash recycling & Smart safe technologies.
  - Thorough policy / procedural and risk mitigation review of both internal and external theft prevention / deterrents company-wide

This would allow for a seamless transition, whereby all staff / contracts remain in place and no disruption to service is created in the short – medium term.

Should the due diligence review return suitable results, MP would then look to acquire the entity outright. We are cognisant that this is likely the one and only time that MP (or any other company) is likely to get the opportunity to enter the CIT market on a national basis with good market share and contracts in place ever again.

Initially all branding, staffing, processes etc. would remain the same as MP would be fulfilling all contractual obligations on behalf [REDACTED].

Rebranding & large scale changes to the business would only become viable options post ownership changeover or if agreed upon prior [REDACTED] not wanting their branding on vehicles, letterhead, uniforms past a defined timeframe once they have chosen to exit)

Contracts would remain [REDACTED] until an ownership handover took place. ( we don't foresee assignability clause being an issue as most / all customers will be motivated to agree so as to ensure service continuity.)

ACCO status should be retained whilst leasing & servicing [REDACTED] behalf and should be grand-fathered in on a change of ownership.

- Our short term priority would be to ensure continuity of service and employment to customers and staff with a view to maintaining / creating stable and profitable revenue streams to ensure longer term business success.
- Our longer term plans are to return the operation to profitability by increasing operational efficiencies and by diversification of revenue streams. This will be done by increasing the services offered to incorporate –
  - Logistics – (secure transportation including) Armoured / Softskin & Covert services, Importation/ distribution and processing of both AUD and FX, Valuable / precious cargo transport, pharmaceuticals (controlled substances) transportation, vaulting services
  - Technologies – software, hardware, surveillance, monitoring, alarms, CCTV, cyber-security
  - Personnel – Events, crowd-control, patrols, asset protection, manpower services, aviation / maritime security.
  - Investigations – audits, investigations (theft, fraud, breaches of company policy, forensic computer and document analysis)
  - Consulting – advice, design of processes / protocols / emergency management plans, contingency planning, mitigation of liabilities, business continuity
  - Training – security, investigations, firearms, technologies
- We have access to experienced security personnel (both management and trainers) with skillsets specifically suited to CIT operations.
- With diversification of services we plan on being able to provide as many hours as employees want / need in order to earn what they want to by upskilling those that want to and enabling them to work across the different types of work that we will provide to clients.

Thanks again for your time and if you have any further questions, I'm happy to talk or write back to you as needed.

Enjoy your weekend.

**Kind Regards,**

*Michael Standish*

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]