



## SECURITY CAPITAL CORPORATION Audit and Non-Audit Services Pre-Approval Policy

### I. PURPOSE OF POLICY

*The Audit Committee of the Company's Board of Directors (the "Audit Committee") is responsible for the appointment, compensation and oversight of the work of the independent auditor. The authority and responsibility for the appointment, compensation and oversight of the auditor should be with directors who are independent of management. Any non-audit work performed by the auditor should be reviewed and approved by these independent directors to ensure that any non-audit services performed by the auditor do not impair the independence of the independent auditor. The Audit Committee is required to pre-approve the audit and non-audit services performed by the Company's independent auditor in order to assure that they do not impair the auditor's independence. Accordingly, the Audit Committee is adopting this Audit and Non-Audit Services Pre-Approval Policy (the "Policy"), which sets forth the procedures and the conditions pursuant to which services to be performed by the independent auditor are to be pre-approved.*

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## II. STATEMENT OF PRINCIPLES

### A. Prohibited Services

The Audit Committee will not approve nor will the Company's independent auditor perform for the Company any services that constitute Prohibited Activities. These prohibited activities include:

- 1) bookkeeping or other services related to the accounting records or financial statements of the audit client;
- 2) financial information systems design and implementation;
- 3) appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- 4) actuarial services;
- 5) internal audit outsourcing services;
- 6) management functions or human resources;
- 7) broker or dealer, investment adviser, or investment banking services;
- 8) legal services and expert services unrelated to the audit; and
- 9) any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

### B. Non-Prohibited Services

Proposed non-prohibited services may be pre-approved either by the Audit Committee agreeing to a general framework with descriptions of allowable services ("general pre-approval") or by the Audit Committee pre-approving specific services ("specific pre-approval").

The Company's Audit Committee believes that the combination of these two approaches will result in an effective and efficient procedure to pre-approve services that may be performed by the independent auditor. As set forth in this Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committee if it is to be provided by the independent auditor.

## III. SERVICES SUBJECT TO GENERAL PRE-APPROVAL

### A. Audit Services

The annual audit services engagement scope and terms will be subject to the general pre-approval of the Audit Committee. Audit services include the annual financial statement audit and other procedures required to be performed by the independent auditor to be able to form an opinion on the Company's consolidated financial statements. Audit services also include the attestation engagement for the independent auditor's report on management's assertion on internal controls for financial reporting. The Audit Committee will monitor the audit services engagement throughout the year and will also approve, if necessary, any changes in terms and conditions resulting from changes in audit scope, Company structure or other items. The Audit Committee will request that the audit engagement letter with the independent auditor be addressed to the Chairman of the Audit Committee and that the Chairman of the Audit Committee execute the engagement letter on behalf of the Company.

### B. Audit-Related Services

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements (e.g., research and consultation regarding accounting and financial reporting transactions). Because the Audit Committee believes that the provision of audit-related services does not impair the independence of the auditor, the Audit Committee will grant general pre-approval to audit-related services.

### C. Pension and Benefit Plan Consulting and Compliance Services

The independent auditor can provide pension and benefit plan consulting and compliance services to the Company without impairing the auditor's independence. Hence, the Audit Committee will grant general pre-approval to the pension and benefit plan consulting and compliance services that have been historically provided by the auditor, which the Audit Committee has reviewed and believes, will not impair the independence of the auditor.

## IV. SERVICES SUBJECT TO SPECIFIC PRE-APPROVAL

### A. Preparation of Statutory Accounts and Tax Planning Services

The Audit Committee believes that there exists the potential for impairment of auditor independence or for an overlap with prohibited services for certain tax planning services and for the preparation of non-U.S. statutory accounts. Accordingly, specific pre-approval will be required for these services in order for the Audit Committee to have an opportunity to review the scope of work to be provided by the auditor in connection with these services.

### B. All Other Services

All other services not described in III above are subject to specific pre-approval and engagement by the Audit Committee.

## V. PROCEDURES

The procedures the Audit Committee will employ in implementing this policy are as follows:

- a) Annually, the Chief Financial Officer shall submit to the Audit Committee a schedule of audit, audit-related, tax and other non-audit services that are subject to general pre-approval.
- b) The Audit Committee will review and approve the types of services and review the projected fees for each fiscal year. The fee amounts on the schedule will be updated as necessary at any subsequent Audit Committee meetings. Additional pre-approval will be required if actual fees for a service are expected to exceed 10% of the originally pre-approved amount. This additional pre-approval should be obtained in the same manner as a specific pre-approval described below.
- c) If, subsequent to the general pre-approval of scheduled services by the Audit Committee, the Company would like to engage the independent auditor to perform a service not included on the general pre-approval schedule, a request should be submitted to the Chairman of the Audit Committee and the Internal Auditor. If they determine that the service can be performed without impairing the independence of the auditor, then a discussion and approval of the service will be included on the agenda for the next regularly scheduled Audit Committee meeting. If the timing for the service needs to commence before the next Audit Committee meeting, any other member of the Audit Committee can provide specific pre-approval without a scheduled meeting.
- d) Approval by the Audit Committee for the auditor to perform any non-audit service does not require that management engage the Company's independent auditor to perform those services. Company's management may engage other third parties to perform non-audit services for which the Audit Committee has given pre-approval to be performed by the independent auditor.
- e) Once the Audit Committee has given pre-approval for services to be performed by the independent auditor, the appropriate Company management may engage the auditor and execute any necessary document for the performance of non-audit services within the scope of the pre-approval.

## VI. DELEGATION

The Audit Committee may delegate either type of pre-approval authority to its chairperson or any other Audit Committee member or members. The member to whom such authority is delegated should report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next meeting. The Audit Committee will not delegate to management the Audit Committee's responsibilities to pre-approve services performed by the independent auditor.