

# **CAPITALA FINANCE CORP.**

## **DISCLOSURE CONTROLS AND PROCEDURES**

### **I. DISCLOSURE POLICY**

Capitala Finance Corp. (the “*Company*”) is committed to a policy of full, true and plain-English disclosure of all material information in a timely manner, in order to keep shareholders and the investing public informed about the Company’s business and operations.

This policy extends to the conduct of directors, officers, spokespersons and other employees of the Company, the Company’s investment adviser, Capitala Investment Advisors, LLC, and the Company’s administrator, Capitala Advisors Corp., and to all methods that the Company uses to communicate to the public, such as written statements made in the Company’s annual and quarterly reports, news and earnings releases, speeches by senior management and information contained on the Company’s website.

### **II. MATERIAL INFORMATION**

Information will be considered material if a reasonable shareholder would consider the information in deciding whether to purchase or sell securities or there is a substantial likelihood that the information would have been viewed by a reasonable investor as having significantly altered the total mix of information made available.

### **III. DISCLOSURE CONTROLS AND PROCEDURES DEFINED**

Disclosure controls and procedures are processes designed to ensure that information required to be disclosed by the Company in the reports filed or submitted by it under the Securities Exchange Act of 1934,<sup>1</sup> as amended (the “*Exchange Act*”), is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission (the “*SEC*”). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in its Exchange Act reports is accumulated and communicated to the Company’s management, including its principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.<sup>2</sup>

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<sup>1</sup> These reports include quarterly reports on Form 10-Q, annual reports on Form 10-K, current reports on Form 8-K, definitive proxy materials filed under Section 14(a) of the Exchange Act, definitive information statements filed under Section 14(c) of the Exchange Act and amendments to any of these reports or documents.

<sup>2</sup> Rules 13a-15 and 15d-15 of the Exchange Act require each issuer filing reports under Section 13(a) or Section 15(d) of the Exchange Act to maintain disclosure controls and procedures.

## **IV. DISCLOSURE CONTROLS AND PROCEDURES**

### ***A. Disclosure Review Team***

#### **i. Membership**

1. The Disclosure Review Team shall be composed of the Chief Executive Officer, Chief Financial Officer, Chief Compliance Officer and such other employees of the Company and its affiliates as the foregoing individuals may designate from time to time.

#### **ii. Responsibilities**

1. The Disclosure Review Team shall oversee the Company's corporate disclosure practices and ensure adherence to the Company's disclosure policy. In connection with this oversight responsibility, the Disclosure Review Team shall review the following:
  - a. All SEC filings, including all Exchange Act filings and all registration statements filed under the Securities Act of 1933, as amended;
  - b. All press releases providing financial information or guidance, information about material acquisitions or dispositions or other events that are material to the Company;
  - c. Correspondence broadly disseminated to shareholders and all presentations to investor conferences or analysts;
  - d. Presentations to rating agencies and lenders; and
  - e. Information included on the Company's website.
2. The Disclosure Review Team shall be responsible for considering the materiality of information and determining disclosure obligations under the Exchange Act on a timely basis.
3. The Disclosure Review Team shall review the Company's disclosure policy at least annually and update it as necessary.
4. The members of the Disclosure Review Team shall review the Company's SEC disclosure documents prior to the filing of such documents with the SEC. Each member of the Disclosure Review

Team shall formally acknowledge that he or she has reviewed such SEC disclosure document.

5. The Disclosure Review Team shall evaluate, or shall cause to be evaluated, the Company's disclosure controls and procedures as of the end of the period covered by each Form 10-K or Form 10-Q to be filed with the SEC and report, or cause to be reported, to the Chief Executive Officer and Chief Financial Officer regarding its evaluation of the effectiveness of such disclosure controls and procedures and any other conclusions or recommendations with respect to such disclosure controls and procedures. The Disclosure Review Team shall also identify, or cause to be identified, any deficiencies in the disclosure controls and procedures and recommend corrective action with regard to significant deficiencies.

### **iii. Administration**

1. The Chief Financial Officer shall be responsible for the operational aspects of the Disclosure Review Team. In this regard, the Chief Financial Officer shall:
  - a. Schedule Disclosure Review Team meetings and agendas, as appropriate.
  - b. Be responsible for circulating drafts of SEC disclosure documents and obtaining required certifications and disclosure confirmations (as discussed below), if any. The Chief Financial Officer shall review and respond to comments received on such documents.
  - c. Inform the Disclosure Review Team and all other responsible senior officers of any disclosure event (as defined below) communicated to the Chief Financial Officer pursuant to the procedures set forth herein.
  - d. Be responsible for monitoring the SEC's disclosure rules and regulations in detail and serving as an internal resource regarding these rules and regulations.
  - e. Be responsible for other operational aspects of the Disclosure Review Team.
  - f. Be responsible for distributing a copy of the Company's Disclosure Policy, Controls and Procedures to each

employee that has any obligation or responsibility thereunder.

## ***B. Financial Reporting***

- i. The Disclosure Review Team shall have the overall responsibility for creating and producing all of the Company's SEC disclosure documents.

## ***C. Action Plan and Timeline***

- i. **Step 1:** The Chief Financial Officer (or in the case of disclosure documents that are not financial in nature, such other member(s) of the Disclosure Review Team that may be responsible for such documents, as determined by the Disclosure Review Team) shall prepare an initial draft of the Form 10-K, Form 10-Q or other disclosure document.
- ii. **Step 2:** The Chief Financial Officer (or such other member(s) of the Disclosure Review Team that may be responsible for such document, as determined by the Disclosure Review Team) shall immediately circulate a draft of the Form 10-K or Form 10-Q to all members of the Disclosure Review Team and the Company's audit committee, as well as to the Company's outside auditors and outside legal counsel. (In the case of other SEC disclosure documents, the Chief Financial Officer (or such other member(s) of the Disclosure Review Team that may be responsible for such documents, as determined by the Disclosure Review Team) shall circulate a draft of such disclosure document to all members of the Disclosure Review Team and to such other persons as the Chief Financial Officer or the Disclosure Review Team shall determine is appropriate.)
- iii. **Step 3:** All members of the Disclosure Review Team and the Company's audit committee, and the Company's outside auditors and outside legal counsel, shall review and provide written comments on the draft Form 10-K or Form 10-Q to the Chief Financial Officer. (In the case of other SEC disclosure documents, all members of the Disclosure Review Team and such other persons as the Chief Financial Officer directs to review the disclosure document shall review and provide written comments on the disclosure document to the Chief Financial Officer (or such other member(s) of the Disclosure Review Team that may be responsible for such document, as determined by the Disclosure Review Team) within the time period indicated by the Chief Financial Officer.)
- iv. **Step 4:** The Disclosure Review Team shall review any comments received in connection with Step 3 above. Upon completion of such review, the Disclosure Review Team shall direct the Chief Financial Officer (or such other member(s) of the Disclosure Review Team that may be responsible for such document, as determined by the Disclosure

Review Team) to revise the SEC disclosure document, as appropriate. The Disclosure Review Team shall establish reasonable timeframes within which responsible parties are required to review and comment on the SEC disclosure documents.

- v. **Step 5:** Repeat Steps 2, 3 and 4 as necessary.
- vi. **Step 6:** As directed by the Disclosure Review Team, the Chief Financial Officer shall forward the Form 10-K or Form 10-Q to the members of the board of directors for their review. (In the case of other SEC disclosure documents, the Chief Financial Officer (or such other member(s) of the Disclosure Review Team that may be responsible for such documents, as determined by the Disclosure Review Team) shall determine if it is appropriate to forward such disclosure document to the board of directors for its review.)
- vii. **Step 7:** Upon completion of all of the steps above and within the SEC's prescribed filing deadlines, the Company shall file the SEC disclosure document with the SEC as directed by the Chief Executive Officer or Chief Financial Officer.

#### ***D. Review of Competitors' filings and research reports***

- i. The Disclosure Review Team or any member designated thereby shall be responsible for reviewing the SEC disclosure documents of the Company's competitors and research reports that pertain to the Company, its competitors or the business development company industry.

#### ***E. SEC Form Check***

- i. Prior to filing an SEC disclosure document with the SEC, the Company's outside legal counsel shall perform an SEC form check to ensure that all disclosure required by Regulation S-K promulgated under the Exchange Act and any other information required by the relevant form is contained in such SEC disclosure document.
- ii. Prior to filing an SEC disclosure document with the SEC, the Company's outside auditors shall perform an SEC form check to ensure that all information required by Regulation S-X promulgated under the Exchange Act is contained in such SEC disclosure document.
- iii. Prior to filing an SEC disclosure document with the SEC, the Chief Financial Officer shall receive from all responsible parties a disclosure confirmation.