

## **AUDIT COMMITTEE CHARTER**

### **PURPOSE OF COMMITTEE**

The Audit Committee (the "Committee") shall provide assistance to the Board of Directors (the "Board") of Capital Southwest Corporation (the "Company") in fulfilling its oversight responsibility to the shareholders relating to: the quality and integrity of the Company's financial statements; the financial reporting process; the systems of internal accounting and financial controls and performance of the Company's internal audit service provider; the independence, qualifications and performance of the Company's independent registered public accounting firm (independent auditors); the Company's related party policy and procedures; and the Company's compliance with ethics policies and legal and regulatory requirements relating to financial statements and reporting.

### **COMMITTEE MEMBERSHIP AND OPERATIONS**

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

This charter ("Charter") governs the operations of the Committee, which shall review and reassess the Charter at least annually and obtain the approval of the Board of the Charter and any changes thereto. The Committee shall be members of, and appointed by, the Board and shall comprise at least three directors, each of whom are Independent Directors. "Independent Directors" are members of the Board who (i) are not "interested persons" (as defined in the Investment Company Act of 1940, as amended (the "1940 Act")) of the Company; (ii) are "independent directors" (as defined in Rule 5605(a)(2) under the Nasdaq Stock Market Rules); (iii) meet the criteria for independence set forth in Rule 10A-3(b)(1) under Securities Exchange Act of 1934, as amended (the "Exchange Act") (subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act) and the rules and regulations of the Securities and Exchange Commission ("SEC"), including the requirement that they not accept directly or indirectly any consulting, advisory, or other compensation from the Company (other than directors' fees received in his or her capacity as a member of the Audit Committee, full Board or another committee of the Board); (iv) have not participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years; (v) meet the independence and experience requirements of applicable regulations, rules and orders of the SEC; and (vi) are otherwise free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee, all as determined by the Board

If a Committee member simultaneously serves on the audit committee of more than three public companies, the Board must determine that such simultaneous service would not impair such member's ability to serve effectively on the Committee and such determination by the Board must be disclosed on the Company's website or in its proxy statement for its annual meeting of shareholders.

The Board shall designate the members and Chair of the Committee, upon recommendation of the Nominating and Corporate Governance Committee. The Board shall have the power at any time to change the membership of the Committee, to fill all vacancies, and to designate alternate members to replace any absent or disqualified members, upon recommendation of the Nominating and Corporate Governance Committee, so long as the Committee shall at all times have at least three members and be composed solely of Independent Directors.

As a matter of best practices, the Committee shall have at least one of its members with the requisite

qualifications to be designated by the Board as an “audit committee financial expert,” as such term under Item 407 of Regulation S-K promulgated under the Exchange Act. To that end, the Committee shall consider at least annually whether one or more of its members qualify to be designated by the Board as an “audit committee financial expert.” The Committee shall report the results of its deliberations to the Board for further action as appropriate, including, but not limited to, a determination by the Board that the Committee membership includes or does not include one or more “audit committee financial experts” and any related disclosure to be made concerning this matter. The designation of a member of the Committee as an “audit committee financial expert” will not increase the duties, obligations or liability of the designee as compared to the duties, obligations and liability imposed on the designee as a member of the Committee and of the Board.

## **DUTIES AND RESPONSIBILITIES**

The primary responsibility of the Committee is to oversee the Company’s financial reporting process on behalf of the Board and report the results of its activities to the Board. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation and integrity of the Company’s financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company’s financial statements and for reviewing the Company’s unaudited interim financial statements.

In fulfilling their responsibilities thereunder, it is recognized that members of the Committee are not full-time employees of the Company or management and are not, and do not represent themselves to be, accountants or auditors by profession. As such, it is not the duty or the responsibility of the Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles in the United States, or to set auditor independence standards. Each member of the Audit Committee shall be entitled to rely on (a) the integrity of those persons within and outside the Company and management from which it receives information; (b) the accuracy of the financial and other information provided to the Audit Committee absent actual knowledge to the contrary (which shall be promptly reported to the Board); and (c) statements made by the officers and employees of the Company or other third parties as to any information technology, internal audit and other non-audit services provided by the independent accountants to the Company. In carrying out its responsibilities, the Audit Committee’s policies and procedures shall be adapted, as appropriate, to best react to a changing environment.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take appropriate actions to set the overall corporate “tone” for quality financial reporting, sound business risk practices and ethical behavior. The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Board may supplement the duties and responsibilities as appropriate.

The Committee shall be given the resources and authority appropriate to discharge its responsibilities, including the authority to retain experts, independent counsel or consultants or other advisors at the expense of the Company. The Committee shall also be given the resources, as determined by the Committee, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company and (ii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The duties and responsibilities of the Committee include, but are not limited to, the following:

### Retention and Oversight of Independent Auditor and Approval of Services

1. Subject to shareholder ratification, the Committee shall be directly responsible for appointment of the independent auditors. If circumstances warrant, the Committee may terminate such appointment. The Committee is responsible for determining the independent auditors' compensation and for oversight of their work, including resolution of disagreements between management and the auditors regarding financial reporting. The Committee shall pre-approve all audit and non-audit services provided by the independent auditors and shall not engage the independent auditors to perform the specific non-audit services proscribed by law or regulation. The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any committee member to whom pre-approval is delegated must be presented to the Committee at its next scheduled meeting.
2. At least annually, the Committee shall obtain and review a report by the independent auditors describing:
  - the firm's internal quality control procedures;
  - any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
  - all relationships between the independent auditors and the Company.
3. The Audit Committee shall consider the following, among other things, to evaluate the qualifications, performance and independence of the independent accountants:
  - the performance of the lead partner, and the quality and depth of the professional staff assigned to the Company;
  - whether the independent accountant's quality controls are adequate;
  - whether the provision of permitted non-audit services is compatible with maintaining the independent accountant's independence; and
  - the opinions of management and the internal accounting staff.

The Committee shall present its conclusions with respect to the independent accountants to the Board.

4. The Committee shall annually review a formal written statement from the independent accountants delineating all relationships between the independent accountants and the Company, consistent with applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Committee concerning independence (or any successor rules or requirements), and discussing with the independent accountants their methods and procedures for ensuring independence, as well as any disclosed relationships or services that may impact the objectivity and independence of the independent accountants
5. The Committee shall pre-approve the Company's hiring of any employees or former employees of the independent auditors in full compliance with applicable SEC regulations and the Nasdaq Stock Market Rules.

6. The Committee shall discuss with the independent auditors the overall scope and plans for their audit, including the adequacy of staffing. Also, the Committee shall discuss with management and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor and manage business risk, and ethical compliance programs.
7. Periodically, the Committee shall meet separately with management and the independent auditors to discuss issues and concerns warranting Committee attention. The Committee shall provide sufficient opportunity for the independent auditors to meet privately with the members of the Committee, and shall review with the independent auditors any audit problems or difficulties and management's response.
8. The Committee shall receive regular reports from the independent auditors on the critical policies and practices of the Company, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.
9. The Committee shall discuss with the independent accountants the nature of each identified critical audit matter, the independent accountant's basis for identifying a matter as a critical audit matter and how each such identified matter will be described in the independent accountant's audit report
10. The Committee shall monitor the rotation of the lead audit partner (or other employees of the independent auditor if required by the SEC rules and regulations) having primary responsibility for the audit.

#### Financial Statements and Disclosure Matters

1. The Committee shall review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditors' report on management's assertion, as applicable.
2. The Committee, or its designated member, shall review the interim financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations with management and the independent auditors prior to the filing of the Company's Quarterly Report on Form 10-Q. Also, the Committee, or its designated member, shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. The Committee, or its designated member, shall review and discuss earnings releases.
3. The Committee shall review with management and the independent auditors the financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in the Company's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K), including their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of the valuation of restricted securities and other significant judgments and the clarity of the disclosures in the financial statements.
4. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.

### Compliance Oversight

1. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters and unethical, irregular or illegal business conduct. See the Whistleblower Policy attached hereto as Exhibit A.
2. On an ongoing basis, the Committee shall review and approve all related party transactions exceeding \$50,000 in aggregate value and shall review all related party transactions required to be disclosed in the Company's financial statements and the proxy statement.
3. The Committee shall receive corporate attorneys' reports of evidence of any material violation of securities laws or breaches of fiduciary duty.
4. The Committee shall submit its report to be included in the Company's proxy statement for its annual meeting of shareholders, as required by Item 407(d)(3)(i) of Regulation S-K promulgated under the Exchange Act.
5. The Committee shall report regularly to the Board.
6. The Committee shall review and concur in the appointment, replacement or dismissal of the firm having primary responsibility for the Company's internal audit function. The Committee shall discuss with the internal auditors their annual plan, testing scope, and ultimately, the results of their procedures and findings.
7. The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.

### **COMMITTEE MEETINGS**

The Committee shall meet as often as it determines, but not less frequently than quarterly, and is empowered to hold special meetings as circumstances require. The Chair of the Committee or any two members of the Committee may fix the time and place of the Committee's meetings unless the Board shall provide otherwise. Any action required or permitted to be taken at a meeting of the Committee may also be taken without a meeting if all members of the Audit Committee consent thereto in writing. The Committee shall keep regular minutes of its meetings and records of decisions taken without a meeting and cause them to be recorded in the Company's minute book. The Committee may invite any member of the Board who is not a member of the Committee, management, counsel, representatives of service providers or other persons to attend meetings and provide information as the Audit Committee, in its sole discretion, considers appropriate.

A majority of the members of the Committee shall be present at any meeting of the Committee in order to constitute a quorum for the transaction of business at such meeting, and the act of a majority present shall be the act of the Committee.

Amended: August 2, 2017

Amended: April 26, 2023

**WHISTLEBLOWER POLICY**

Capital Southwest Corporation (the “Company”) has set high standards for all of its employees to conduct business ethically and legally. Our employees’ adherence to these standards is a key component in building a reputation for excellence, trust and integrity.

All employees must maintain high standards of business conduct. This includes zero tolerance for:

- Harassment or discrimination;
- Use or sale of illegal drugs;
- Threats to personal safety;
- Theft;
- Falsifying company records;
- Disclosures of proprietary information;
- Fraud; or
- Accounting or auditing misrepresentations or improprieties.

Employees are required to report any knowledge of illegal activity, violations of the Company Code of Ethics, instances of activities that cause loss or harm to themselves, co-workers, companies doing business or associated with the Company, shareholders, or the public.

Concerns regarding accounting or auditing misrepresentations or improprieties, can be reported (anonymously or otherwise), via a dedicated, confidential, “Reporting Hotline” of **469.998.1444**.

No employees of the Company have access to, or the ability to retrieve, any information from this line and all messages are routed directly to the independent Chair of the Audit Committee (the “Audit Committee”) of the Company’s board of directors. The Chair of the Audit Committee will then investigate and discuss any reported matters with the Audit Committee and appropriate actions shall be determined. In order to facilitate the reporting of such complaints, the Audit Committee has established procedures relating to: (i) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (the “Accounting Matters”) and (ii) the confidential, anonymous submission of concerns regarding questionable Accounting Matters, which is set forth in the Company’s Rule 38a-1 Compliance Manual.

There will be no retaliatory actions taken by the Company against individuals reporting potential violations or concerns, even if that individual mistakenly reports what they reasonably believe to be an act of wrongdoing, however, knowingly fabricating, distorting, exaggerating, or minimizing a report of wrongdoing in order to injure someone else, to protect another individual, or to hide any wrongdoing by the individual, can subject the caller to possible disciplinary action.