

# MAIN STREET CAPITAL CORPORATION

## CORPORATE GOVERNANCE AND STOCK OWNERSHIP GUIDELINES

The following Corporate Governance and Stock Ownership Guidelines have been adopted by the Board of Directors (the “Board”) of Main Street Capital Corporation, a Maryland corporation (the “Company”), to assist the Board in the exercise of its responsibilities. These Corporate Governance and Stock Ownership Guidelines are not intended to change or interpret any Federal or state law or regulation, including the Maryland General Corporation Law, or the charter or bylaws of the Company, and are subject to modification from time to time by the Board.

### **A. Board of Directors’ Responsibilities**

The Board represents the stockholders’ interest in perpetuating a successful business and optimizing long-term financial returns consistent with legal requirements and ethical standards. The Board is responsible for general oversight of the Company, including identifying and taking reasonable actions so that the Company is managed in a way designed to achieve this result. Consistent with the importance of the Board’s responsibilities, each director is expected to be familiar with the Company’s business and public disclosures, to review in advance of Board meetings related materials distributed to the Board and to attend and participate in meetings of the Board and meetings of committees of which such director is a member.

#### **1. Selection, Evaluation and Retention of Chief Executive Officer and Oversight of Selection and Performance of Other Executive Officers**

The Board, with assistance from the Compensation Committee of the Board (the “Compensation Committee”), has the responsibility to select and evaluate the performance of the Chief Executive Officer, to oversee the selection and evaluation of the performance of other executive officers, and to oversee plans for management succession. In connection with management succession planning, the Compensation Committee is responsible for developing and periodically reviewing and revising as appropriate, a management succession plan and related procedures.

#### **2. Understanding, Reviewing and Monitoring Implementation of Strategic Plans and Annual Operating Plans and Budgets**

The Board is responsible for overseeing and understanding the Company’s strategic plans and their execution and should regularly monitor implementation of such plans to determine whether they are being implemented effectively and whether changes are needed. The Board is also responsible for overseeing and understanding the Company’s annual operating plans and annual budgets and for regularly monitoring whether these plans are being implemented effectively and within budgetary limits.

#### **3. Selection and Oversight of Independent Auditors; Oversight of Financial Statements; Valuation of Investments**

The Audit Committee of the Board (the “Audit Committee”) has the responsibility to recommend to the Board the appointment of and compensation of the Company’s independent accounting firm that audits the Company’s financial statements and to pre-approve the engagement terms and the

provision of non-audit services performed by such accounting firm for the Company. The Audit Committee will have direct responsibility, and the Board will have a corresponding oversight responsibility, for monitoring the performance of such accounting firm and its independence, and overseeing the financial statements prepared by management. The Audit Committee is also responsible for recommending policies and procedures to the Board and providing oversight regarding the valuation of the Company's loans and investments.

#### **4. Advising Management on Significant Issues**

The Board is responsible for utilizing the experiences and perspective of directors to advise and counsel management, both in meetings and in informal consultations, on significant issues facing the Company.

#### **5. Review and Approval of Significant Company Actions and Certain Other Matters**

The Board is responsible for reviewing and approving significant actions by the Company, including declarations of dividends and major transactions. In addition, the Board is responsible for approving certain actions by the Company as set forth in this policy, and other policies that may be adopted from time to time by the Board, such as those required by applicable national securities exchanges on which the Company's securities are traded.

#### **6. Nominating Directors and Committee Members and Overseeing Effective Corporate Governance**

The Board, with the assistance of the Nominating and Corporate Governance Committee of the Board ("Nominating and Governance Committee"), is responsible for (i) evaluating and nominating directors and members of Board committees, (ii) overseeing the structure and practices of the Board and its committees and (iii) overseeing other corporate governance matters, as more fully set forth in this policy and the charter of the Nominating and Governance Committee.

#### **7. Review and Approval of Outside Business Roles of Members of Company Management**

The Nominating and Governance Committee is responsible for overseeing and approving any compensated outside business role of any member of the Company's senior leadership team, including appointment to the board or other governing body of another business entity. Excluding the Company's and its affiliates' boards, members of the Company's senior leadership team will generally be limited to serving on a maximum of one public company board approved by the Nominating and Governance Committee at any given time.

### **B. Composition of the Board**

#### **1. Size of the Board**

Consistent with the Company's bylaws, the size of the Board generally should be within a range of 5 to 10. A somewhat larger size may be appropriate from time to time in order to accommodate the availability of one or more outstanding candidates.

## **2. Selection of Directors/Membership Criteria**

The Board, with the assistance of the Nominating and Governance Committee, is responsible for nominating directors for election by the stockholders. The Nominating and Governance Committee is responsible for developing and reevaluating specific criteria outlining the skills, experiences, particular areas of expertise, specific backgrounds and other characteristics that should be included on the Board to enhance the effectiveness of the Board and its committees.

## **3. Director Resignation After Failed Uncontested Election**

In accordance with the Company's bylaws, if on the tenth day before the Company first mails its notice of meeting to our stockholders, the number of nominees for director does not exceed the number of directors to be elected at such meeting, a nominee must receive more votes cast for than against his or her election or re-election in order to be elected or re-elected to the Board. The Board expects a director to tender his or her resignation if he or she fails to receive the required number of votes for re-election in such a case in which a majority voting standard is applied. The Board shall nominate for election or re-election as director only candidates who have tendered an irrevocable resignation that will be effective upon (i) the failure to receive the required vote for director election at the next annual meeting at which they face re-election and (ii) Board acceptance of such resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who have tendered the same form of resignation tendered by other directors in accordance with this Board Practice.

If an incumbent director fails to receive the required vote for re-election, the Nominating and Governance Committee will act on an expedited basis to determine whether to accept the director's resignation and will submit such recommendation for prompt consideration by the Board. The Board expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation. The Nominating and Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation. The Board's decision and an explanation of any determination not to accept the director's resignation shall be disclosed promptly in a Form 8-K filed with the Securities and Exchange Commission.

## **4. Proportion and Determination of Independent Directors**

Independent directors shall comprise at least a majority of the Company's Board. This will not, however, prevent the Board from taking valid actions for 90 days if, due to a temporary vacancy or vacancies on the Board, there are fewer than the intended proportion of independent directors. Any such vacancies should be filled as soon as reasonably practicable, subject to applicable regulatory requirements.

A director of the Company shall be considered independent (an "independent director") if, in accordance with the New York Stock Exchange listing standards, the director is not an "interested person" of the Company, as defined in Section 2(a)(19) of the Investment Company Act of 1940.

In addition to being an independent director, each member of the Company's Audit Committee must not accept, directly or indirectly, consulting, advisory or other compensatory fees from the

Company, except in his or her capacity as a member of the Audit Committee, the Board or any other Board committee of the Company or any of its consolidated subsidiaries.

## **5. Directors Who Change Their Corporate Affiliations**

Any director who changes his or her employer or otherwise has a significant change in job responsibilities, or who accepts or intends to accept a compensated directorship with another company that he or she did not hold when such director was most recently elected to the Board, shall advise the Board of such change as soon as feasible. The Board may then consider the appropriateness of such director's membership on the Board and each applicable Board committee under the circumstances, considering relevant factors. If the Board determines that it is no longer appropriate for the director to remain on the Board and/or any of its committees, the director shall act in accordance with the Board's determination and immediately tender his or her resignation.

## **C. Board Leadership**

### **1. Selection of Chairman and Chief Executive Officer**

The Board is responsible for electing a Chairman and appointing a Chief Executive Officer. The role of Chairman of the Board and Chief Executive Officer may be combined at the Board's discretion.

### **2. Lead Director**

Whenever the Chairman of the Board is not an independent director, the Board shall elect a lead director from the independent directors to preside over any meetings of the independent directors of the Board (the "Lead Director").

## **D. Board Compensation and Performance**

### **1. Board Compensation Review**

The Board, with the assistance of the Compensation Committee, shall periodically review the form and amount of the Board's compensation in relation to other comparable companies. Directors who are also employees of the Company or any of its subsidiaries shall not receive compensation for their services as directors.

### **2. Assessing the Performance of the Board**

The Board (and each of its committees) shall conduct an annual self-assessment of its performance in order to help assure the effectiveness of the Board as a whole.

## **E. Management's Responsibilities**

Management is responsible for operating the Company in an effective, ethical and legal manner designed to produce value for the Company's stockholders consistent with the Company's policies and standards.

## **1. Financial Statements and Disclosures**

Management is responsible for producing, with the oversight of the Board and the Audit Committee, financial statements that fairly present the Company's financial condition and results of operations and for making timely and clear disclosures to investors.

## **2. Strategic Planning**

Management is responsible for developing and presenting to the Board the Company's strategic plans and for implementing those plans as approved by the Board.

## **3. Annual Operating Plans and Budgets**

Management is responsible for developing and presenting to the Board the Company's annual operating plans and annual budgets and for implementing those plans as approved by the Board.

## **4. Effective Management and Organizational Structure**

The Chief Executive Officer and senior management are responsible for selecting qualified members of management and for implementing an effective organizational structure appropriate for the Company's circumstances.

## **5. Setting a Strong Ethical "Tone at the Top"**

The Chief Executive Officer and senior management are responsible for setting a "tone at the top" of integrity, ethics and compliance with applicable legal requirements and with the Company's policies and standards.

## **6. Internal Controls and Procedures**

Management is responsible for developing, implementing and monitoring an effective system of internal controls and procedures to provide reasonable assurance that the Company's transactions are properly authorized; the Company's assets are safeguarded against unauthorized or improper use; and the Company's transactions and material events are properly recorded and reported. Such internal controls and procedures shall be designed to permit preparation of financial statements for the Company in conformity with generally accepted accounting principles or other criteria applicable to such statements.

## **F. Board Relationship to Senior Management**

### **1. Board Access to Senior Management and Attendance by Management**

The Board (meeting as a whole, as well as the independent or non-management directors meeting separately) and each Board committee will have complete access to the Company's management. Directors provide direction to members of management only as part of Board or committee responsibility and accountability.

Members of management may attend meetings of the Board at the invitation of the Chairman or Board committee meetings at the invitation of the committee chairs.

## **2. Board's Interaction with Institutional Investors, Press and Customers**

The Board believes that management speaks for the Company. In accordance with this philosophy, directors should defer to the Company's Chief Executive Officer, President, Chief Financial Officer or other designated spokespersons when requested to make any comments regarding the Company or its business.

## **G. Meeting Procedures**

### **1. Selection of Agenda Items for Board Meetings**

The Chairman of the Board, in consultation with the Lead Director and appropriate members of senior management and staff, will establish the agenda for each Board meeting. Each Board member may suggest the inclusion of item(s) on the agenda.

### **2. Board Materials Distributed in Advance**

Management shall be responsible for assuring that, as a general rule, matters expected to be considered and acted upon by the Board should be distributed in writing to the Board sufficiently in advance of each Board meeting and each action to be taken by written consent to provide the directors time to review and evaluate such information and data. Management will provide information to permit the Board to be appropriately informed of material matters to be considered at each Board meeting or other Board action.

It is recognized that circumstances exist when it is not feasible to provide information relating to certain agenda items in advance of a Board meeting or an action to be taken by written consent. In such event, reasonable steps shall be taken (which may include extending the length of the Board meeting to allow more discussion, adjourning the meeting for a brief period to allow directors time to review such information, deferring a vote until a follow-up telephonic meeting, or other measures as appropriate) to permit the directors to become reasonably informed as to the matter before voting on it.

As a general rule, presentations on specific subjects also should be sent to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material.

### **3. Separate Meetings of Non-Management and Independent Directors**

The non-management directors of the Board shall meet separately, without the presence of management directors or executive officers of the Company (except to the extent the non-management directors request the attendance of any executive officers). Such meetings of non-management directors shall be held regularly and the Chairman or his or her designee shall preside (or the Lead Director if the Chairman is a member of management or an executive officer of the Company).

The independent directors of the Board shall also meet separately (at least once quarterly), without the presence of all non-independent directors of the Company (except to the extent the independent directors request the attendance of any other persons). The Chairman or his or her designee shall preside over such meetings (or the Lead Director if the Chairman is a non-independent director of the Company).

## **H. Committee Matters**

### **1. Number and Structure of Committees**

The Board shall have as standing committees an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee, which shall have the respective responsibilities described in each respective committee's charter, and shall each consist solely of independent directors. Should the Board appoint an additional committee, the Board shall, by resolution or otherwise, define in writing the responsibilities of such committee.

### **2. Assignment of Committee Members**

The Nominating and Governance Committee is responsible for making recommendations for the nomination of Board members to the various committees, and the Board is responsible for appointing such committee members.

### **3. Frequency of Committee Meetings**

Subject to the requirements in the applicable committee charter regarding the frequency of committee meetings, each committee chair, in consultation with committee members, will determine the frequency and length of the meetings of the committee.

### **4. Committee Agenda, Background Materials and Reports**

The chair of each Board committee, in consultation with the members of such committee and the appropriate members of senior management and staff, will develop the committee's agenda. Management will be responsible for assuring that, as a general rule, information and data that are important to the committee's understanding of the matters within the committee's authority and the matters to be considered and acted upon by a committee are distributed to each member of such committee sufficiently in advance of each such meeting or action taken by written consent to provide a reasonable time for review and evaluation of such information and data. The other provisions applicable under Section G.2 of this policy regarding distribution of Board materials in advance shall apply equally to distribution of committee materials in advance.

At each Board meeting, the chair of each committee or his or her delegate shall report the matters considered and actions taken by such committee, and shall be available to answer questions the other directors may have regarding the matters considered and actions taken by such committee.

## **I. Stock Ownership Guidelines**

### **1. Purpose and Applicability of Guidelines**

The “Stock Ownership Guidelines” below are intended to align the financial interests of certain officers and non-employee directors of the Company with the interests of stockholders of the Company. These Stock Ownership Guidelines apply to all non-employee directors and the officers of the Company with the titles set forth in the table below or designated as “named executive officers” in the Company’s annual proxy statement filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. If an officer qualifies for more than one category in the table below, the category with the highest requirement shall apply.

### **2. Guidelines**

The following Stock Ownership Guidelines specify the target value of Company shares for the following officers (as a multiple of annual base salary) and non-employee directors (as a multiple of annual cash board retainer – excluding, for the avoidance of doubt, any lead director, chair or committee retainers, meeting fees or any other compensation or expense reimbursement received by the non-employee director). The Nominating and Governance Committee may modify these requirements to account for dramatic and/or unexpected changes in the market value of Company shares:

Chief Executive Officer	5x
President	5x
Chairman of the Board	5x
Senior Managing Director	3x
Chief Financial Officer or other “named executive officer”	3x
Executive Vice President	3x
Senior Vice President	3x
Managing Director	3x
Non-Employee Director	3x

Share ownership that satisfies these Stock Ownership Guidelines for officers and non-employee directors includes:

- Shares owned outright by the person or his or her immediate family members residing in the same household, whether held individually or jointly;



- Shares held in trust for the benefit of the person or his or her immediate family members;
- Vested shares of restricted stock;
- Shares acquired upon stock option exercise;
- Phantom stock units under a deferred compensation plan that may only be settled in shares; and
- Other shares in the Nominating and Governance Committee’s discretion.

For the avoidance of doubt, the following do not count towards satisfaction of these Stock Ownership Guidelines for officers and non-employee directors:

- Unvested shares of restricted stock;
- Unexercised stock options;
- Phantom stock units under a deferred compensation plan that may be settled in cash;
- Shares pledged as collateral for a loan; and
- Other shares in the Nominating and Governance Committee’s discretion.

In addition to Company share ownership, officers and non-employee directors (other than any “named executive officer” or the Chairman of the Board) will also be given fifty percent (50%) credit towards satisfaction of these Stock Ownership Guidelines for binding financial commitments made to funds advised by MSC Adviser I, LLC (“MSCA”), a registered investment adviser wholly owned by the Company. These financial commitments, which are referred to herein as “Other Commitments”, are significant (i) in supporting the Company’s asset management business and (ii) in allowing additional indirect investment by officers and non-employee directors in portfolio investments that they underwrite on behalf of the Company and MSCA clients, in both cases aligning officers and non-employee directors with Company stockholders similar to Company share ownership. No more than 25% of an officer’s or non-employee director’s required ownership under these Stock Ownership Guidelines may be attributed to Other Commitments.

### **3. Timing of Effectiveness of Guidelines**

Officers and non-employee directors are required to achieve their individual stock ownership guideline within five years of first becoming subject to the Stock Ownership Guidelines. Once achieved, ownership of the guideline amount must be maintained for as long as the person is subject to the Stock Ownership Guidelines.

### **4. Timing and Method of Testing Compliance**

Review of compliance with these guidelines shall be conducted annually after year-end based on Company shares owned and Other Commitments at year-end, or at such other time(s) as

determined by the Nominating and Governance Committee. The value of Company shares shall be based on the average share closing price for each trading day in the previous fiscal year (the “average price”), or as otherwise specified by the Nominating and Governance Committee. The value of Other Commitments shall be based on the average price of Company shares, or as otherwise specified by the Nominating and Governance Committee.

## **5. Exceptions**

The Nominating and Governance Committee will evaluate whether exceptions should be made in the case of any officer or non-employee director who, due to his or her unique financial circumstances, would incur a hardship by complying with the Stock Ownership Guidelines.

## **6. Pre-Clearance/Notification Procedures**

In accordance with the Company’s Statement of Policy on Insider Trading, officers subject to the Stock Ownership Guidelines are subject to pre-clearance of trades of any Company-issued securities with the Company’s Chief Compliance Officer. In addition, the Chief Executive Officer of the Company is required to notify the Company’s Chairman and Lead Director immediately after any trade of Company-issued securities.

## **7. Administration**

These Stock Ownership Guidelines shall be administered, interpreted and construed by the Company’s General Counsel, who shall have authority to implement and carry out these guidelines in accordance with their terms and conditions, subject to oversight by the Nominating and Governance Committee.

## **J. Miscellaneous**

### **1. Resources**

The Board (and Board committees to the extent so provided in the applicable committee charters or otherwise authorized by the Board) may use reasonable amounts of time of the Company’s internal and external personnel and also shall have the authority to hire independent advisers and consultants to assist and advise the Board (and any of its committees that are authorized to seek such advice and assistance) in connection with its responsibilities. The Board (and any such committees) shall keep the Company’s Chief Financial Officer advised as to the general range of anticipated expenses for outside consultants hired by the Board (or such committees).

### **2. Director Orientation and Continuing Education**

Each new director will receive orientation with respect to his or her duties as a director, including (a) background material with respect to the Company, its business and issues of particular significance to the Company and meetings with senior management (except to the extent unnecessary for any director who is an executive officer of the Company); (b) copies of this policy and other appropriate materials; and (c) meetings with the Board and Nominating and Governance Committee, as necessary. New directors and new members of Board committees may receive such additional orientation they may request or may be recommended by the Nominating and

Governance Committee. To help assure that directors have the necessary information to perform their responsibilities, the Nominating and Governance Committee or any director may recommend further presentations, meetings or seminars on topics of relevance to the business of the Company and the duties of the Board.

### **3. Code of Business Conduct and Ethics**

The Company will maintain a Code of Business Conduct and Ethics. Such code may be modified and replaced from time to time by the Board.

### **4. Disclosure of these Guidelines**

These Corporate Governance and Stock Ownership Guidelines, the committee charters and the Code of Business Conduct and Ethics will be posted on the Company's website. Such availability on the Company's website will be noted in the Company's proxy statement to stockholders.

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