

Great Elm Capital Corp. Compensation Committee Charter

I. Statement of Purpose

The Compensation Committee (the “*Committee*”) is a standing committee established by the Board of Directors (the “*Board*”) of Great Elm Capital Corp. (the “*Company*”). The purpose of the Committee is to:

- (i) oversee the Company’s compensation policies generally and make recommendations to the Board with respect to any incentive compensation and equity-based plans of the Company that are subject to Board approval;
- (ii) evaluate executive officer performance;
- (iii) review and approve the compensation, if any, by the Company for each of the Company’s executive officers and independent directors, including reimbursement by the Company of the compensation of the Chief Financial Officer (the “*CFO*”) and Chief Compliance Officer (the “*CCO*”); and
- (iv) prepare a report on executive officer compensation if the Securities and Exchange Commission rules require such a report to be included in the Company’s annual proxy statement.

II. Membership and Qualifications

Membership: The Committee shall consist of at least three (3) independent members of the Board. Members of the Committee shall be nominated by the Nominating and Corporate Governance Committee annually and as vacancies or newly created positions occur. Members of the Committee shall be appointed by the Board of Directors.

Qualifications: Each member of the Committee may not be an “interested person” of the Company, as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended, and must meet the requirements of a “non-employee director” for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, and the applicable director independence requirements of the NASDAQ Stock Market. The Board shall annually review the Committee’s compliance with such requirements.

Chairman: Unless a Chairman is elected by the full Board, the members of the Committee may designate a Chairman by majority vote of the full Committee membership.

Resignation, Removal and Replacement: Any member of the Committee may resign from the Committee at any time upon notice of such resignation to the Company. The Board shall have the power at any time to remove a member of the Committee with or without cause, to fill all vacancies, and to designate alternate members, upon the recommendation of the Committee, to replace any absent or disqualified members.

III. Procedures

The Committee will meet at least once per year and at such additional times as may be necessary to carry out its responsibilities. The Chairman of the Committee, in consultation with the other committee members, shall determine the frequency and length of the Committee meetings and shall set meeting agendas consistent with this charter. Any two members, the Chairman of the Committee, or the Chairman of the Board and/or the Chief Executive Officer of the Company (the “*CEO*”) may call a meeting of the Committee whenever deemed necessary.

Action may be taken by the Committee upon the affirmative vote of a majority of the members present at the meeting if a quorum of committee members, as defined in the Company’s bylaws, is present (or where only two members are present, by unanimous vote).

The Committee may invite any member of the Board who is not a member of the Committee, officer, employee, counsel, representatives of service providers or other persons to attend meetings and provide information to the Committee as appropriate.

An agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting. Minutes for all meetings of the Committee shall be prepared to document the Committee’s discharge of its responsibilities. The minutes shall be circulated in draft form to all Committee members to ensure an accurate final record, shall be approved at a subsequent meeting of the Committee and shall be distributed periodically to the full Board.

No executive officer should attend that portion of any meeting where such executive’s performance or compensation is discussed, unless specifically invited by the Committee. No executive officer may be present during the Committee’s voting or deliberations on his or [her] compensation.

IV. Responsibilities

In addition to any other responsibilities that may be assigned from time to time by the Board, the Committee is responsible for the following matters:

Compensation Policies

- Periodically, the Committee shall review and make recommendations to the Board in respect of any incentive compensation and equity-based plans of the Company that are subject to Board approval. In discharging this responsibility, the Committee shall take into account factors it deems appropriate from time to time, including the Company’s business strategy and risks to the Company and its business implied by the compensation program.

Executive Compensation

- At least annually, the Committee shall review and approve the compensation, if any, by the Company for each of the Company’s executive officers. The Committee shall, among other things:

- o identify and consider corporate goals and objectives relevant to executive officer compensation;
 - o evaluate each executive officer's performance in light of such goals and objectives and set each executive officer's compensation based on such evaluation and such other factors as the Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation); and
 - o determine any long-term incentive component of each executive officer's compensation based on awards given to such executive officer in past years, the Company's performance, shareholder return and the value of similar incentive awards relative to such targets at comparable companies and such other factors as the Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation).
- If applicable, the Committee may delegate to one or more officers of the Company the authority to make grants and awards of stock rights or options to any non-Section 16 officer of the Company under such of the Company's incentive compensation or other equity-based plans, if any, as the Committee deems appropriate and in accordance with the terms of such plans.
 - Notwithstanding the foregoing, currently none of the Company's executive officers are directly compensated by the Company. However, the Company reimburses its administrator for the allocable portion of expenses incurred by the administrator in performing its obligations under an administration agreement, including an allocable share of the compensation of the Company's CFO and CCO, and their respective staffs. In light of the foregoing, the Committee shall be responsible for reviewing and approving the reimbursement by the Company of the compensation of the Company's CFO and CCO, and their respective staffs.

Director Compensation

- At least annually, the Committee shall review and approve the Board or Committee compensation, as well as Director retirement policies and programs and perquisites. In considering Director compensation and perquisites, the Committee may take into consideration the relative responsibilities of Directors in serving on the Board and its various Committees. The Committee may request that management report to the Committee periodically on the status of the Board's compensation and perquisites in relation to other similarly situated companies. Directors who are Company employees or officers shall not be compensated for their services as Directors.

Disclosure

- If applicable, the Committee shall (i) review the Compensation Discussion and Analysis section proposed for inclusion in the Company’s Annual Report on Form 10-K and annual proxy statement and the related tabular and other disclosures about director and executive compensation; (ii) discuss the Compensation Discussion and Analysis section with management and recommend to the Board whether such section should be included in such Annual Report and proxy statement; and (iii) furnish for inclusion in such Annual Report and proxy statement its report with respect to such discussion and recommendation as required by applicable law.

Reporting to the Board

- The Committee shall report to the Board periodically. This report shall include a review of any recommendations or issues that arise with respect to Company compensation and benefits policies, executive officer compensation and any other matters that the Committee deems appropriate or is requested to be included by the Board.
- The Committee shall review and recommend to the Board approval or renewal of the Company’s investment advisory agreement and administrative agreement.
- The Committee shall periodically review and assess the adequacy of this charter and recommend any proposed changes to the Board or the Nominating and Corporate Governance Committee.

V. Evaluation

The Committee shall evaluate its performance on an annual basis and recommend changes to the Board as needed.

VI. Authority

The Committee shall have the right to use reasonable amounts of time of the Company’s independent accountants, outside lawyers and other internal staff and may, in its sole discretion, hire experts, lawyers, compensation consultants and other advisors (each, a “*Consultant*”) to assist and advise the Committee in connection with its responsibilities. The Committee shall be directly responsible for the appointment, compensation (at the Company’s expense) and oversight of any work of such Consultants and shall keep the Company’s CEO, CFO and Board of Directors advised as to the general range of anticipated expenses in connection therewith. When selecting a Consultant, the Committee should first consider factors relevant to that person’s independence from the Company, such as:

- the provision of other services to the Company by the Consultant or person that employs the Consultant;
- the amount of fees received from the Company by the Consultant or person that employs the Consultant, as a percentage of the total revenue of the Consultant or person that employs the Consultant;

- the policies and procedures of the Consultant or person that employs the Consultant that are designed to prevent conflicts of interest;
- any business or personal relationship of the Consultant with a member of the Committee;
- any stock of the Company owned by the Consultant; and
- any business or personal relationship of the Consultant or person that employs the Consultant with an executive officer of the Company.

In discharging its responsibilities, the Committee shall have full access to any relevant records of the Company and may also request that any officer or other employee of the Company, including the Company's senior compensation or human resources executives, the Company's outside counsel or any other person meet with any members of, or consultants or advisers to, the Committee.

The Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee.

VII. Disclosure of Charter

This charter will be made available on the Company's website.

