

LUMENT FINANCE TRUST, INC.

COMPENSATION COMMITTEE CHARTER

This Compensation Committee Charter (this “**Charter**”) was adopted by the Board of Directors (the “**Board**”) of Lument Finance Trust, Inc. (the “**Company**”) effective as of April 22, 2024. References in this Charter to the Company shall mean Lument Finance Trust, Inc. and, unless the context otherwise dictates, each of its direct and indirect subsidiaries.

I. Purpose

The purpose of the Compensation Committee (the “**Committee**”) of the Board of the Company is (1) to discharge the Board’s responsibilities relating to compensation of the Company’s executives and directors, including by designing (in consultation with management or the Board), recommending to the Board for approval and evaluating the compensation plans, policies and programs of the Company and (2) to produce an annual report on executive and director compensation for inclusion in the Company’s proxy materials in accordance with applicable rules and regulations. The Committee shall ensure that compensation programs are designed to encourage high performance, promote accountability and assure that executive interests are aligned with the interests of the Company’s stockholders.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee shall operate in accordance with the Company’s Corporate Governance Guidelines and may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it reasonably deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the discretionary powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

II. Membership

The Committee shall be composed of at least three directors as determined by the Board, none of whom shall be an employee or officer of the Company. At least two of the directors serving on the Committee shall be (1) a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “**1934 Act**”), and (2) an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “**Code**”). Each Committee member shall satisfy the independence requirements of the New York Stock Exchange (the “**NYSE**”).

The members of the Committee, including the Chair of the Committee (the “**Chair**”), shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee. The Board may, in its discretion, appoint a member of the Committee as the Vice Chair of the Committee (the “**Vice Chair**”) on the recommendation of the Nominating and Corporate Governance Committee. Each Committee member shall serve until their successors are duly appointed or their earlier resignation or removal from the Committee. Committee members may be removed from the Committee

at any time, with or without cause, by the Board. Any resignation or removal of a director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from the Committee. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

III. Meetings and Procedures

The Chair (or in his or her absence, the Vice Chair (if one is appointed), or in the Vice Chair’s absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company’s bylaws that are applicable to the Committee.

The Committee shall meet as frequently as the Committee deems necessary or desirable to discharge its responsibilities.

All non-management directors who are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company’s management, representatives of the independent auditor, the internal auditor, any other financial personnel employed or retained by the Company or any other persons whose presence the Committee believes to be necessary or appropriate. However, the Chief Executive Officer and any other officers shall not be present for the portion of the meetings at which their compensation or performance is discussed or determined. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including but not limited to, any non- management director who is not a member of the Committee.

The Committee shall have the sole authority, as it deems appropriate, to retain and/or replace, as needed, any independent counsel, compensation and benefits consultants and other outside experts or advisors (collectively, “**Advisors**”) as the Committee believes to be necessary or appropriate. The Committee shall be directly responsible for hiring, overseeing, and compensating any such Advisors, in each case at the expense of the Company. In selecting an Advisor, the Committee shall consider the factors that may affect the independence of the Advisor. Such factors shall be competitively neutral among categories of Advisors, shall preserve the ability of the Committee to retain the services of members of any such category, and shall include the following considerations:

- (i) the provision of other services to the Company by the Advisor or its employer or affiliates;
- (ii) the amount of fees received from the Company by the Advisor (or its employer or affiliates) as a percentage of its total revenue;
- (iii) the policies and procedures of the Advisor (or its employer or affiliates, as applicable) that are designed to prevent conflicts of interest;
- (iv) any business or personal relationship of the Advisor with a member of the Committee; and

- (v) any stock of the issuer owned by the Advisor.

The Committee may also utilize the services of the Company's regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee in its sole discretion, for payment of compensation to any Advisors retained by the Committee.

The Chair or the Vice Chair (if one is appointed) shall report to the Board following meetings of the Committee and as otherwise requested by the Chairman of the Board.

IV. Duties and Responsibilities

1. The Committee shall, from time to time, review the compensation philosophy of the Company.

2. The Committee shall, to the extent that the Company is responsible for paying the compensation and/or any other employee benefits of the Company's chief executive officer ("CEO"), from time to time, review and approve corporate goals and objectives relating to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives and determine and approve the compensation of the CEO based on such evaluation and in compliance with any applicable employment contract. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider the Company's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company's CEO in past years.

3. In addition to the CEO, the Committee shall, to the extent that the Company is responsible for paying the compensation and/or any other employee benefits of the Company's non-CEO officers, from time to time, review and approve all compensation for all other officers (as such term is defined in Rule 16a-1 promulgated under the 1934 Act).

4. The Committee shall, from time to time, review and make recommendations to the Board regarding incentive-compensation and equity-based plans that are subject to Board approval.

5. The Committee shall, from time to time, review and make recommendations to the Board with respect to employment agreements and severance arrangements or plans, including any benefits to be provided in connection with a change in control of persons who are "officers" (as such term is defined in Rule 16a-1 promulgated under the 1934 Act).

6. To the extent that the Company is responsible for paying incentive compensation and equity-based compensation to employees of the Company or any external manager of the Company, the Committee shall manage and periodically review all annual bonus, long-term incentive compensation, stock option, employee pension and welfare benefit plans (including 401(k), employee stock purchase plan, restricted stock plan, long-term incentive plan, management incentive plan and others), and with respect to each plan shall have responsibility for:

- (i) general administration;
- (ii) setting Company-wide performance targets under all annual bonus and long-term incentive compensation plans as appropriate and committing to writing any and all performance targets for all executive officers who may be "covered employees" under Section 162(m) of the Code

within the first 90 days of the performance period to which such target relates or, if shorter, within the period provided by Section 162(m) of the Code in order for such target to be “pre-established” within the meaning of Section 162(m) and the Treasury Regulations thereunder;

(iii) certifying that any and all performance targets used for any performance-based equity compensation plans have been met before payment of any executive bonus or compensation or exercise of any executive award granted under any such plan(s);

(iv) approving all amendments to, and terminations of, all compensation plans and any awards under such plans;

(v) granting any awards under any performance-based annual bonus, long-term incentive compensation and equity compensation plans to executive officers or current employees the Committee has identified as having the potential to become the CEO or an executive officer, including stock options and other equity rights (*e.g.*, restricted stock, stock purchase rights); and

(vi) as applicable, determining and repurchasing securities from terminated employees.

All plan reviews should include reviewing the plan’s administrative costs, reviewing current plan features relative to any proposed new features, and assessing the performance of the plan’s internal and external administrators if any duties have been delegated.

7. To the extent the Company is responsible for paying perquisite benefits to employees of the Company or any external manager, the Committee shall establish and periodically review policies concerning perquisite benefits.

8. The Committee shall periodically review the need for a Company policy regarding compensation paid to the Company’s executive officers in excess of limits deductible under Section 162(m) of the Code.

9. The Committee shall determine the Company’s policy with respect to change of control or “parachute” payments.

10. The Committee shall review and make recommendations from time to time on executive officer and director indemnification and insurance matters.

11. Review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, review and discuss at least annually the relationship between risk management policies and practices and compensation, and evaluate compensation policies and practices that could mitigate any such risk.

12. If the Company is not considered a “smaller reporting company” within the meaning of Regulation S-K, then the Committee shall prepare and approve (or cause to be prepared and approved), review, and discuss with management the Compensation Committee Report (meeting the requirements set forth in Item 407(e)(5) of Regulation S-K) and the Compensation Discussion and Analysis section to be included as part of the Company’s annual proxy statement, information statement, and / or annual report on Form 10-K.

13. The Committee shall evaluate its own performance at least annually, including its compliance with this Charter, and provide any written material with respect to such evaluation to the Board, including any recommendations for changes in procedures or policies governing the Committee. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.

14. To the extent that the Company is responsible for paying the compensation of the CEO and other executive officers, the Committee may recommend that the Board adopt stock ownership guidelines for the CEO and other executive officers and shall monitor any such guidelines that are adopted.

15. The Committee shall review director compensation for service on the Board and committees thereof at least once a year and recommend any changes to the Board.

16. The Committee shall review and reassess this Charter at least annually and submit any recommended changes to the Board for its consideration.

V. Delegation of Duties

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, except that it shall not delegate its responsibilities set forth in paragraphs 2, 3 and 6 of Section IV above. In accordance with the rules of the NYSE, any subcommittee to which the Committee delegates any or all of its responsibilities must be composed entirely of independent directors.