

**CARDINAL ETHANOL, LLC**  
**COMPENSATION / HUMAN RELATIONS COMMITTEE CHARTER**

Pursuant to Section 5.4 of the Second Amended and Restated Operating Agreement of Cardinal Ethanol, LLC (the “Operating Agreement”), and in accordance with other provisions therein, the Board of Directors (“Board”) of Cardinal Ethanol, LLC (“Company”), established a Compensation/Human Relations Committee (“Committee”) and this Compensation/Human Relations Committee Charter (“Charter”) on the 3rd day of March, 2009 (as may have been revised), and as amended on this 20th day of December 2016.

**I. Purpose**

The Committee is responsible for assisting the Board in the oversight responsibilities relating to (i) the salaries and incentive compensation of the salaried employee’s of the Company; (ii) legal and regulatory compliance as relates to Human Relations; (iii) healthy working relations among staff and employee’s; and (iv) the performance of the other Committee functions set forth in this Charter.

**II. Authority**

The Committee shall have the resources and authority necessary to discharge its duties and responsibilities as it deems appropriate in its sole discretion. The Committee is empowered to conduct its own investigations into issues related to its responsibilities and to assess the independence of and retain, compensate and oversee any independent legal, accounting or other advisors to advise the Committee. The Company shall provide for appropriate funding as determined by the Committee in its capacity as a committee of the Board, for payment of compensation to any legal, accounting or other advisors employed by the Committee and for administrative expenses of the Committee.

**III. Composition**

The Committee shall be comprised of three (3) to five (5) members. The Board shall appoint the members of the Committee and the majority of them shall meet the independence criteria set forth herein. The members of the Committee shall be appointed by the Board and shall serve until removed by the Board, or until such member resigns or ceases to be a member of the Board.

Unless a Chairperson is appointed by the directors, the members of the Committee may designate a Chairperson by a majority vote of the full Committee. The Chairperson shall govern all regular and special sessions of the Committee, be responsible for the scheduling of regular meetings, and set agendas for all such meetings. The Chairperson shall serve until the expiration of his or her term or until his or her resignation, retirement, or removal and a successor has been appointed. If the Chairperson is absent from a meeting, another member of the Committee shall serve as chairperson for the purposes of that meeting.

The Committee shall review and reassess the adequacy of the Committee Charter and recommend any changes to the Board.

#### **IV. Duties and Responsibilities**

In carrying out its responsibilities, the Committee shall:

- Annually review the employee benefit package and compensation policies for all salaried employees other than senior management.
- Annually review and recommend to the Board, awards to employees pursuant to established incentive or bonus plans, for applicable employees. In reviewing and making recommendations regarding incentive or bonus compensation plans, including whether to adopt, amend or terminate any such plans, the Committee shall consider the results of the most recent member advisory vote on executive compensation (“Say on Pay Vote”).
- To review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.
- Approve modifications to any employee benefit plans with respect to the benefits salaried employees receive under such benefit plans.
- Review and monitor the Company’s financial performance as it affects the compensation policies or the administration of those policies.
- Act as intermediary and arbitrator for issues between Chief Executive Officer (“CEO”) and the Board as necessary.
- Monitor key employees for job satisfaction and discuss any concerns with CEO.
- Review and approve the annual goals and objectives relevant to compensation of the CEO, including the balance of the components of total compensation.
- At least annually, evaluate the performance of the CEO in light of the agreed upon goals and objectives and sets the compensation level of the CEO based on such evaluation.
- Establish and recommend to the full Board for review and ratification, the salary, annual and long-term incentives of the CEO. In evaluating and determining CEO compensation, the Committee shall consider the results of the most recent Say on Pay Vote.
- Review and approve the salary, annual and long-term incentives of all other senior management, including executive officers. In evaluating and determining executive compensation, the Committee shall consider the results of the most recent Say on Pay Vote.
- Evaluate and approve severance arrangements and employment contracts for the CEO, and all other executive officers.
- Periodically review Company policies relating to officer perquisites and other non-cash benefits.
- Periodically review the operation of the Company’s overall compensation program for executive officers and evaluate its effectiveness in promoting shareholder value and Company objectives.
- Have the sole authority to engage and terminate outside consultants to assist in determining appropriate compensation levels for the CEO, and to set fees and retention arrangements for such consultants.
- Have full access to any relevant records of the Company and may request any employee of the Company or other person to meet with the Committee or its consultants.

- To review and discuss with management the Company's Compensation Discussion and Analysis (“CD&A”) and the related executive compensation information, recommend that the CD&A and related executive compensation information be included in the Company's annual report on Form 10-K and proxy statement, and produce the Committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K.
- To develop and recommend to the Board for approval succession plans (the “Succession Plans”), to review the Succession Plans periodically with the CEO, develop and evaluate potential candidates for executive positions and recommend to the Board any changes to, and any candidates for succession under, the Succession Plans.
- Act as resource for CEO as requested.

## **V. Procedure and Eligibility**

### **A. Independence Requirements**

The Committee has adopted a policy of maintaining a majority independent Committee. For the purpose of carrying out such policy, a Committee member will NOT be considered independent if such person:

- is or was within the past three years an employee of the Company or a family member of the person is or was during the past three years an executive officer of the Company;
- or a family member of that person received more than \$120,000 in compensation from the Company during any 12-month period in the past three years (other than compensation for Board or committee services; benefits under a tax qualified retirement plan or non-discretionary compensation; compensation paid to a family member who is an employee of the Company, other than an executive officer; or compensation for service as an interim executive officer if that service was for less than one year);
- or a family member of that person is a partner of the Company’s auditor firm;
- or a family member of that person was a partner or employed by the Company’s auditor firm, and who worked on the Company’s audit at any time within the past three years;
- or a family member of that person is an executive officer of another entity of which during the past three years the executive officers of that company served on the compensation committee of the entity;
- is or has an family member who is a partner or controlling member/shareholder or executive officer of any organization to which the Company made, or from which the Company received, payments from for property or services in an amount (in the current fiscal year or any one of the past three fiscal years), that exceeds the greater of (i) 5% of the recipient’s consolidated gross revenues of that year, or (ii) \$200,000. This calculation excludes payments arising solely from investments in the Company’s securities or payments under non-discretionary charitable contribution matching programs.
- is an executive officer of a charitable organization and the Company’s annual charitable contributions to the organization (exclusive of gift-matching payments) exceed the greater of \$200,000 or 5% of the charitable organizations revenues;
- is a partner of or of counsel to a law firm that performs substantial legal services to the Company on a regular basis; or

- is a partner, officer or employee of an investment bank or consulting firm that performs substantial services to the Company on a regular basis.

The term “*family member*” is defined to include spouses, parents, children, siblings, whether by blood, marriage or adoption, and anyone else sharing that person’s home.

In cases where a person has a relationship that is not described above or is otherwise not covered in the above example, a majority of the Company’s independent directors, after considering all of the relevant circumstances, may make a determination whether or not such relationship is material and whether that person may therefore be considered independent. The Board MUST consider all factors relevant to whether a person has a relationship to the Company which is material to his or her ability to be independent from management, including:

- The sources of the person’s compensation.
- Any affiliate relationships between that person and the Company, and any of its subsidiaries or an affiliate of any subsidiary.

The term *affiliate* means a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the Company. A person will be deemed not to be in control of the Company for purposes of this section if such person or entity: (1) is not a beneficial owner, directly or indirectly, of more than 10% of any class of voting equity securities of the Company; and (2) is not an executive officer of the Company.

The ownership requirement set forth in the previous subparagraph does not create a presumption in any way that a person holding more than 10% of any class of the Company’s voting equity securities controls or is otherwise an affiliate of the Company.

The following will also be deemed affiliates:

- An executive officer of an affiliate;
- A director who is also an employee of an affiliate;
- A general partner of an affiliate; and
- A managing member of an affiliate.

## **B. Meetings**

The Committee shall meet periodically, at such times and such places as it deems necessary to fulfill its responsibilities. Additional meetings may occur as the Committee or its Chairperson deems advisable. The Committee will keep minutes at each of its meetings and such meeting minutes will be provided to the Board. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee’s actions, when appropriate, must be ratified by the Board.

Committee members will be furnished with copies of the minutes of each meeting. The Committee is governed by the same rules regarding meetings, action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board and set forth in the Operating Agreement. The Committee shall review this Charter periodically and

recommend any proposed changes to the Board for approval. The Committee will also conduct (as it deems appropriate) periodic performance evaluation of its own duties and present such results to the Board.

The Committee may invite such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members present, and in all cases the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined. In determining the CEO's compensation, the Committee will review evaluations prepared by the Board. The Committee will also take into consideration input from the CEO on the personal performance achievements of the executive officers and management employees who current report to the CEO, to determine a portion of the annual compensation of each particular executive or management employee. The Committee may also consider the input of the CEO on matters such as salary increases, incentive compensation opportunities, and long-term grants for the executive officers and management employees, when making such compensation decisions.

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion. The Committee may delegate to the CEO the authority to implement certain decisions of the Committee, to set compensation for lower executive officers, including but not limited to the Chief Financial Officer, Plant Manager, Commodity Manager, EHS Manager, and Controller, or to otherwise fulfill Committee administrative duties.

The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with any provision of this Charter, the Company's Operating Agreement, and the laws of the State of Indiana.