

**CARDINAL ETHANOL, LLC  
NOMINATING 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 Nominating Committee ("Committee") and this Nominating Committee Charter ("Charter") on the 12th day of September, 2008, as amended on this 20th day of December 2016.

**I. Purpose**

The Committee's role is to carry out the responsibilities delegated by the Board relating to the Company's director nominations process and procedures by recommending candidates for election to the Board and identifying and recommending candidates to fill vacancies occurring between annual member meetings.

**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. Additionally, the Committee shall have the authority to retain and terminate any search firm or outside counsel to be used to identify director candidates, including the authority to approve the search firm's fees and other retention terms. Any such outside advisor retained by the Committee shall be independent in accordance with the qualifications set forth in Section V.A. of this Charter

**III. Composition**

The Committee shall be comprised of at least three (3) members, the majority of whom shall be independent in accordance with the qualifications set forth in Section V.A. of this Charter. The Committee may at any time have members, who are not directors, serving as Committee members. Each Committee member shall be elected by a majority vote of the directors and shall individually meet the requirements as may be set by the Board from time to time. The Board may remove a Committee member, with or without cause, by a majority vote of the directors, provided that the Board at all times assures the Committee maintains the requisite number and composition of Committee members herein provided. Directors appointed by Appointing Members pursuant to Section 5.3(c) of the Operating Agreement shall not be entitled to vote in the election or removal of Committee members described above and furthermore shall not be entitled to serve on the Committee.

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.

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

The Committee's policies and procedures shall remain flexible in order to best react to changing conditions and to ensure that the nominating process and procedures of the Committee are in accordance with all Company requirements. In carrying out its responsibilities, the Committee will perform the following functions:

1. To develop a process to be used by the Committee in identifying and evaluating candidates for membership on the Board and the committees thereof, including determining the qualifications, qualities, skills and other expertise required to be a Director and to develop and recommend to the Board for its approval, criteria to be considered in selecting nominees for Director, such as the qualifications as provided in Section V.B. ("Director Criteria");
  - (i) The Committee may consider potential director candidates recommended by members, provided that the proposed candidates satisfy any minimum qualifications of the Company for its directors.
  - (ii) The Committee may identify prospective directors from any reasonable source, including, but not limited to, the consultation of third-party director search services.
2. To identify, recruit, and evaluate candidates for Director's positions on the Board and the committees thereof consistent with the Director Criteria and to consider the performance of incumbent directors in determining whether to nominate them for re-election;
3. To evaluate director candidates nominated by members, through the process identified in Section 5.3(b), to determine if such nominations are valid and to determine the eligibility of the proposed nominee to serve as a director.
4. To develop, subject to Board approval, a process for a periodic evaluation of the Board and its committees and to oversee the conduct of this evaluation.
  - (i) To evaluate the participation and contribution of each director coming to the end of his or her term before deciding whether to recommend re-election. The Committee may seek the views of other directors to assist them in this evaluation. The Committee shall periodically review the composition of the Board to determine whether it may be appropriate to add individuals with different backgrounds or skills from those already serving on the Board; and
  - (ii) To make recommendations to the Board concerning the composition of the Board, including its size and qualifications for membership;
  - (iii) To review the Board's committee structure and composition and to make recommendations to the Board regarding the appointment of directors to serve as members of each committee and committee chairmen annually.

5. To annually present to the Board, for its approval, a list of recommended candidates for election to the Board, to be submitted to a member vote at the annual meeting of members;
6. To present to the Board, as necessary, candidates for Committee membership;
7. If a vacancy on the Board or any Board committee occurs, to identify and make recommendations to the Board regarding the selection and approval of candidates to fill such vacancies either by election of the members or appointment by the Board; and
8. To perform any other activities consistent with this Charter, the Company's Articles of Organization (as the same may be amended and/or restated and in effect from time to time), the Company's Operating Agreement, and governing law, as the Committee or the Board deems necessary and appropriate.

## **V. Procedures and Eligibility**

### **A. Independence Requirements**

The Committee has adopted a policy of maintaining a partially independent nominating committee. For the purpose of carrying out such policy, a Committee candidate 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 current 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 that 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.

## **B. Qualification Requirements; Director Criteria**

In recommending candidates to the Board, the Committee shall consider such factors as it deems appropriate to assist in developing a Board and committees that are diverse in nature and comprised of experienced and seasoned advisors. The types of criteria the Committee shall take into account when identifying and evaluating potential candidates, shall include, but is not limited to the following:

1. The candidate’s agricultural, business, legal, technical/engineering, accounting, and financial background and experience;
2. The candidate’s community or civic involvement;
3. The candidate’s independence from the Company as determined pursuant to the standards provided in Section V.A. above, to maintain a Board that is composed of a majority of directors that meet the director independence standards as set forth above.
4. The candidate and his or her lack of potential conflict(s) with the Company that cannot be handled by fully disclosing the candidate’s interest in a given transaction or by abstaining from decisions of the board in which the candidate may have an interest. Candidates should not have, or appear to have, a conflict of interest that would unreasonably impair the candidate’s ability to represent the interests of all of the Company’s members or to fulfill the responsibilities of a director;
5. The candidate’s reputation for integrity, honesty, and adherence to high ethical standards. Candidates should have demonstrated business acumen, experience, and the ability to exercise sound judgment in matters related to the current and long-term objectives of the Company, and should be willing and able to contribute positively to the decision making process of the Company and to consider matters with objectivity and impartiality; and
6. The specific needs of the existing Board relative to any particular candidate so that the overall Board compensation reflects a mix of talents, experience, expertise, and perspectives appropriate to the Company’s circumstances.

The re-nomination of existing directors shall not be automatic, but should be based on continuing qualification under the criteria set forth above. In addition, the Committee shall consider the existing director’s performance on the Board and on any committee on which such director serves, which shall include attendance at Board and committee meetings and consideration of the extent to which such director(s) undertook continuing education programs.

### **C. Meetings**

The Committee shall meet at least once annually, 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. 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) a periodic performance evaluation of its own duties and present such results to the Board.

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