

## **HERON LAKE BIOENERGY, LLC**

### **CHARTER OF THE NOMINATION AND GOVERNANCE COMMITTEE OF THE BOARD OF GOVERNORS**

#### **PURPOSE**

The purpose of the Nomination and Governance Committee (the “Committee”) of the Board of Governors (the “Board”) of Heron Lake BioEnergy, LLC (the “Company”) shall be to approve the nomination of individuals to serve as governors of the Company and recommend to the Board individuals to serve as members of the Board committees; to advise the Board with respect to Board procedures and committees; to advise the Board with respect to the corporate governance guidelines and corporate governance matters applicable to the Company, including those relating to the Company’s Member Control Agreement; and to oversee the evaluation of the Board and the committees.

#### **COMPOSITION**

The Committee shall consist of at least two (2) members of the Board of Governors. A majority of the members of the Committee shall satisfy the independence requirements set forth in the listing standards of The Nasdaq Stock Market (“Nasdaq”), as amended from time to time, as adopted by the Company in paragraph 3 of the Company’s Governance Guidelines.

The members of the Committee shall be appointed by and serve at the discretion of the Board. Vacancies occurring on the Committee shall be filled by the Board. The Committee’s Chairperson shall be elected by majority vote of the Committee’s members.

#### **MEETINGS AND MINUTES**

The Committee shall hold such meetings as its members deem necessary or appropriate, but in any event not less than twice annually. Minutes of each meeting will be prepared and distributed to each member of the Board and the Secretary of the Company. The Chairman of the Committee will report to the Board from time to time, or whenever so requested by the Board.

#### **RESPONSIBILITIES**

The Committee shall be charged with the following duties and responsibilities:

1. Identification, Evaluation and Approval of Nominees. The Committee shall identify, evaluate the suitability of, and approve all governor nominees for appointment by the Board, according to criteria for selecting new governors as set forth in the Company’s Governance Guidelines, including the possession of knowledge, experience, skills, expertise and diversity so as to enhance the Board’s ability to manage and direct the affairs and business of the Company, including, when applicable, to enhance the ability of committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation or Nasdaq listing standards, and any other criteria as determined by the Committee. The Committee shall also evaluate and approve nominees recommended by the Company’s members,

provided that the Committee determines that such member is eligible to make the nomination under, and follows the procedures set forth in the Company's Member Control Agreement. The Committee will consider persons recommended by the members using the same standards as other nominees. Following approval by the Board of Governors, the chair of the Committee shall extend invitations to join the Board of Governors.

2. Governor Orientation and Education. The Committee shall establish the process of, and oversee, the training and orientation of new governors. The Committee shall also implement and oversee ongoing governor education as appropriate.

3. Review of Existing Board Composition. The Committee shall review annually the size and composition of the Board as a whole and recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise, diversity and independence required for the Board as a whole. The Board shall consist of a majority of independent governors, as defined by Nasdaq and the rules of the Securities and Exchange Commission.

4. Review of Board Committees Composition and Function. The Committee shall review annually the size, composition, and functions of each committee of the Board, including the identification of individuals qualified to serve as members of a committee, and make recommendations to the Board for any changes, including changes in membership, or the creation or elimination of committees. The Committee shall review at least annually the independence of the Audit, Compensation and Nomination and Governance Committee members.

5. Special Committees. The Committee may recommend that the Board establish such special committees as may be desirable or necessary from time to time in order to address ethical, legal, risk management, or other matters that may arise.

6. Governance Guidelines and Matters. The Committee shall develop and review periodically, and at least annually, the corporate governance guidelines adopted by the Board to assure that they are appropriate for the Company and comply with the requirements imposed by law, regulation or otherwise and recommend any desirable changes to the Board. The Committee shall also consider any other corporate governance issues that arise from time to time, and develop appropriate recommendations for the Board.

7. Annual Evaluation of the Board. The Committee shall be responsible for overseeing the annual evaluation of the Board as a whole, and of individual governors who may be nominated to the Board. The Committee shall establish procedures to allow it to exercise this oversight function. The Committee shall also develop procedures to allow each of the committees of the Board to conduct an evaluation of its own performance.

8. Annual Evaluation of the Committee. The Committee shall review, discuss and assess at least annually its own performance under this Charter. In addition, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall deliver to the Board the results of its evaluation, including any recommended amendments to this Charter.

9. Annual Evaluation of the CEO. The Committee shall be responsible for establishing a CEO evaluation process.

10. Member Control Agreement. The Committee shall be responsible for identifying and recommending any amendment to the Company's Member Control Agreement.

## **OUTSIDE ADVISERS**

The Committee may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary to carry out its responsibilities.