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**1ST SOURCE CORPORATION AND 1ST SOURCE BANK
EXECUTIVE COMPENSATION AND HUMAN RESOURCES COMMITTEE
CHARTER**

PURPOSE

The purpose of the Executive Compensation and Human Resources Committee (the “Committee”) of the Board of Directors of 1st Source Corporation and 1st Source Bank is to determine compensation for senior management personnel, review the CEO, establish wage and benefit policies for the Company and its subsidiaries, review general human resources guidelines, policies and procedures in regard to all employees, and oversee the Company’s stock and benefit plans.

MEMBERSHIP

The Committee shall consist of at least three directors. The members of the Committee and its chairperson shall be appointed and replaced by the Board on the recommendation of the Executive and Governance Committee. The chairperson shall serve a two-year term and the other Members shall serve a one-year term, subject to possible re-appointment and the expectation that they will serve at least two consecutive terms and preferably three.

QUALIFICATIONS FOR MEMBERSHIP

To qualify for membership on the Committee, a director must be independent in accordance with the Nasdaq exchange listing rules, a “Non-Employee Director” as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and an “Outside Director” as defined by the regulations under Section 162(m) of the Internal Revenue Code of 1986, as amended. The director also (i) must not accept any consulting, advisory or other compensatory fee from the Company, other than fees received for board or committee service or fixed amounts of compensation received under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service); and (ii) must

not be affiliated with the Company;¹ provided, however, that the director may still qualify for membership on the Committee if, after consideration of the facts and circumstances, the Board makes a determination that such affiliation will not impair the director's judgment.²

MEETINGS

The Committee shall meet at least twice a year. Additional meetings will occur as the Committee or its chair deems advisable. The Committee will cause to be kept adequate minutes of all its proceedings, and will report its actions to the next meeting of the Board. The CEO may attend meetings in an advisory, non-voting capacity. However, the CEO should not be in attendance during any portion of a meeting where the CEO's performance and/or compensation are discussed, unless specifically invited by the Committee.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee include the following:

- Determine the form and amount of director compensation with appropriate benchmarking against peer companies.
- Establish, in consultation with senior management, the Company's general compensation philosophy, and oversee the implementation of all compensation plans, policies and programs of the Company.
- Approve revisions to the Company's salary range structure and annual salary increase guidelines.
- Produce an annual report on executive compensation for inclusion in the Company's annual proxy statement.
- Review and approve on an annual basis the corporate goals and objectives relative to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and have the sole authority to determine the CEO's compensation levels based on that evaluation.

¹ A director will be considered affiliated if he/she controls directly or indirectly more than 10% of the ownership of the Company or any subsidiary of the Company, or is an executive officer, employee, partner or managing member of any subsidiary of the Company or any limited liability company or partnership in which the Company has an interest.

²Ownership of Company stock by itself, or possession of a controlling interest through ownership of Company stock by itself, does not preclude a board finding that it is appropriate for a director to serve on the Committee. In fact, it may be appropriate for certain affiliates, such as representatives of significant stockholders, to serve on the Committee because their interests are likely aligned with those of other stockholders in seeking an appropriate executive compensation program.

- Review and approve on an annual basis the compensation of senior officers and key executives other than the CEO, including other incentive compensation and equity-based plans.
- Appoint members to the Retirement Plan Committee and monitor the Committee's activities and the administration of the Company's retirement plans making sure the rules relating to investments in the Company's shares are properly protective of employee interests.
- Administer the Company's incentive stock plans, including making awards under such plans, and review and approve all proposed, new, or amended employee benefit plans.
- Approve the amount of any discretionary contributions to be made by the Company under any retirement or savings plan.
- Review periodic reports from management on matters relating to the Company's personnel appointments and practices.
- Review the Company's succession plans relating to the CEO and other senior management.
- Review the Committee's own performance and review and reassess the adequacy of this charter annually.
- Perform and delegate authority to sub-committees when appropriate.

OUTSIDE ADVISERS

In carrying out its duties and responsibilities, the Committee may, in its sole discretion, select and receive the advice of a compensation consultant, legal counsel or other adviser. It may do so only after conducting an independence assessment that takes into consideration the following factors:

- The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
- The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
- The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;

- Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Executive Officer of the Company.

The Committee may select and receive advice from the compensation consultant, legal counsel or other adviser it prefers notwithstanding that such consultant, counsel or other adviser may not be independent after considering the six independence factors outlined above.

The independence assessment described above shall not be required for a compensation adviser that acts in a role limited to (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; and/or (b) providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the Committee.

The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or other adviser retained by the Committee.

Notwithstanding anything stated herein, the Committee shall not have any obligation to implement or act consistently with the advice or recommendations of any compensation consultant, legal counsel or other adviser to the Committee and the Committee shall exercise its own judgment in fulfillment of its duties and responsibilities.

LIMITATION

Nothing in this charter is intended to alter in any way the standard of conduct that applies to any of the directors under Ind. Code § 23-1-35 or § 28-13-11, as applicable, as amended, and this charter does not impose, nor shall it be interpreted to impose, any duty on any director greater than, or in addition to, the duties or standard established by such provisions.