

## **IRWIN FINANCIAL CORPORATION GOVERNANCE COMMITTEE CHARTER**

### **Purpose**

The purpose of the Governance Committee of the Board of Directors (the "Board") of Irwin Financial Corporation (the "Company") shall be to assist the Board in fulfilling its responsibilities by directing the composition, structure and operations of the Board and its various committees so that they are designed and implemented in an effective manner that is consistent with sound corporate governance practices.

To accomplish this purpose, the Governance Committee (the "Committee") shall from time to time develop and review policies and processes regarding corporate governance and Board composition matters, as more particularly described under "Committee Authority and Responsibilities" below.

### **Committee Membership**

The Committee shall consist of no fewer than three members, who shall be appointed by the Board. All of the members of the Committee shall be independent directors of the Company, as determined by the Board in accordance with guidelines of the New York Stock Exchange and other applicable regulations.

Committee members may be removed or replaced by the Board from time to time in its discretion.

### **Committee Authority and Responsibilities**

The Committee shall have the following authority and responsibilities:

#### ***Board and Committee Qualifications and Composition***

1. *Board and Committee Composition.* The Committee shall periodically review the composition and organization of the Board and its various committees in order to ensure compliance with existing qualification standards, required levels of expertise, and sound corporate governance principles (including without limitation the independence standards of the New York Stock Exchange).

2. *Oversight of Independent Status.* The Committee shall annually review and monitor all relationships between each Board member and the Company in order to ensure that

all such relationships are reported to the Board for purposes of making a periodic independence determination with respect to each independent director.

3. *Criteria for Board Membership.* The Committee shall determine the criteria for selection of Board members and members of the various Board committees from time to time, including general qualification standards and requisite or desirable skills, backgrounds or levels of expertise.

4. *Membership of Board Committees.* The Committee shall annually recommend to the Board individuals to be appointed to the various committees of the Board and members to be selected as chairs of such committees, in accordance with the principles of corporate governance approved by the Board and the respective charters (if any) of such committees.

5. *Annual Election of Directors.* The Committee shall annually recommend to the Board the slate of nominees for election to the Board at the Annual Meeting of Shareholders

6. *Board Continuity.* The Committee shall, in consultation with the Chairman, plan for continuity on the Board by reviewing and recommending to the Board appropriate procedures to be followed upon the resignation or retirement of current Board members or upon the occurrence of other vacancies.

7. *Member Recruitment.* In connection with the filling of existing or anticipated vacancies on the Board, the Committee shall, in consultation with the Chairman, actively seek individuals who are qualified to become Board members, and make recommendations to the Board with respect to the nomination of such individuals for election to the Board.

8. *Mandatory Retirement; Term Limits.* The Committee may periodically review and recommend to the Board policies on age and term limits (if any) for Board members.

9. *Removal.* The Committee shall, when necessary, evaluate any basis for the removal of a director and make a recommendation to the Board with respect to such removal.

10. *Directors' Fees.* The Committee shall evaluate, consider and recommend to the Board the amount of directors' fees and other matters relating to the compensation of members of the Board. Board members shall be paid an annual retainer fee, which fee may, at the Board member's election, be paid in cash or equity form. In addition, Board members shall receive an annual fee paid in solely in equity form. Board members shall also receive fees for Committee service and meetings attended which shall also be paid, at the Board member's election, in cash or equity form.

11. *Oversight of Board Committee Performance.* The Committee shall periodically review the charter, composition and performance evaluation of each Board committee. The Committee shall monitor the frequency with which each committee conducts its meetings and reports to the Board to ensure compliance with the principles of corporate governance approved by the Board. The Committee may periodically make recommendations to the Board for the

creation of additional Board committees, any change in the purpose or mandate of existing committees, or the dissolution of existing committees.

### ***General Corporate Governance***

12. *Corporate Governance Principles.* The Committee is responsible for developing principles of corporate governance for the Company, taking into account both sound corporate governance practices and the Company's mission, and recommending such principles to the Board for approval. The Committee shall review and periodically reassess the adequacy of the corporate governance principles and recommend any proposed changes to the Board for approval. A copy of the Company's corporate governance principles is attached hereto as Appendix A, as the same may be amended from time to time pursuant to this charter provision.

13. *Constituent Documents.* The Committee shall review periodically the Articles of Incorporation and By-Laws of the Company and, when the Committee deems it necessary or appropriate, recommend to the Board such changes thereto as are necessary to ensure compliance with sound corporate governance practices.

14. *Shareholder Meetings.* The Committee shall periodically review the planning and procedures for the calling and convening of shareholder meetings (including the Annual Meeting of Shareholders) in order to ensure compliance with applicable rules and regulations concerning proxy solicitations and to promote effective communications between the Company and its shareholders.

15. *Annual Performance Evaluation of the Board.* The Committee shall administer, on an annual basis, a performance evaluation process for the entire Board and each of its Committees, which shall include the solicitation of observations, suggestions, preferences and other comments from all directors. The Committee shall provide a performance assessment report to the Board based on this process, and shall discuss such report with the full Board following the end of each fiscal year

16. *General.* The Committee shall from time to time take such other actions regarding the manner of governance of the Company as are in the best interests of the Company and its stakeholders, as the Committee shall deem necessary or appropriate in its discretion.

### **Committee Operations**

The Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm's fees and other terms of engagement. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors in carrying out its responsibilities. If the Governance Committee's consultation with an external auditor involves

the payment of additional fees, the engagement shall be subject to the prior approval of the Audit Committee.

The Committee may form subcommittees and delegate authority to those subcommittees, as and when appropriate. Section 6.03 of the Company's Code of By-Laws, which sets forth procedures for the operation of the Company's executive committee, shall apply to the proceedings of the Committee, as if the provisions of Section 6.03 were conformed with the terms names, offices and other terms of reference within this Charter.

The members of the Committee may consult, in their discretion and as necessary, with the Chairman and the President in carrying out their responsibilities, provided that such consultation complies with the Company's principles of corporate governance.

The Committee shall make regular reports to the Board.

The Committee shall review and reassess the adequacy of this Charter annually, taking into account the purpose of the Committee and the principles of corporate governance approved by the Board, and shall recommend any proposed changes to the Board for approval.

The Committee shall annually review its own performance. In connection with such review, the Committee shall, after taking into account its purpose and responsibilities, make an assessment of the manner in which it has met such responsibilities (including the number of meetings held, an overall review of matters considered and approved, and the number of meetings attended by each committee member).

Approved by Governance Committee August 15, 2005  
Approved by IFC Board of Directors August 24, 2005