

CARRIAGE SERVICES, INC.
(the “Company”)

CORPORATE GOVERNANCE GUIDELINES

Revised February 15, 2017

The Board of Directors (the “Board”) of the Company has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the proper exercise of its responsibilities. The Guidelines promote the Company’s **Mission** to being the most professional, ethical, and highest quality funeral and cemetery service organization in the death care industry and foster the Company’s **High Performance Culture Framework** and **Five Guiding Principles**:

- **Honesty, integrity, and quality in all that we do.**
- **Hard work, pride of accomplishment, and shared success through employee ownership.**
- **Belief in the power of people through individual initiative and teamwork.**
- **Outstanding service and profitability go hand-in-hand.**
- **Growth of the company is driven by decentralization and partnership.**

The Corporate Governance Committee reviews the Guidelines annually and recommends changes to the Board as appropriate.

I. DIRECTOR RESPONSIBILITIES

The directors must exercise their business judgment and act in what they reasonably believe to be in the best interests of the Company and its stockholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company’s senior leadership and its outside advisors and auditors.

Directors are expected to attend Board meetings and meetings of committees on which they serve (either in person or by telephone) and to spend the time needed, and meet as frequently as necessary, to properly discharge their responsibilities and to contribute to the Company’s **High Performance Culture Framework**. In advance of any Board or committee meeting, directors should review the information and data important to understanding the business to be conducted at the meeting that is distributed in writing or by electronic media to the directors prior to the meeting.

The Chairman of the Board will establish the agenda for each Board meeting. At the beginning of the year, the Chairman will establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen). Each Board member may suggest additional items for the agenda. Each Board member may also raise at any Board meeting subjects that are not on the agenda for that meeting.

The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

The non-management directors will meet in executive session at least once annually. Committee members shall have the option to request executive sessions more frequently. Executive sessions may, but need not, occur on the same day as regular meetings of the full Board. In the event that the non-management directors include directors who are not independent under the listing requirements of the New York Stock Exchange ("NYSE"), then, at least once a year, there should be an executive session including only independent directors. The Lead Director designated under Section II(1) below shall preside at these executive sessions, and his or her name will be disclosed in the annual proxy statement.

II. BOARD LEADERSHIP

(1) Lead Director Role, Responsibilities and Term

A majority of the Company's non-management directors shall appoint a Lead Director who qualifies as independent within the meaning of these Guidelines. The Lead Director facilitates the functioning of the Board independent of management and enhances the quality of the Board's governance.

The Lead Director shall also serve as an independent contact for other non-management directors to discuss any matter involving Company governance; preside over any scheduled meetings of the non-management directors of the Company; report to the Chairman of the Board and the CEO regarding any issues raised by the non-management directors; be available to the Chairman to consult on matters appropriate for review in advance of discussion with the full Board; and advise the Chairman as to the quality, quantity and timeliness of the flow of information from Company management that is necessary for the independent directors to effectively and responsibly perform their duties. Although Company management is responsible for the preparation of materials for the Board, the Lead Director may specifically request the inclusion of certain material.

The Lead Director holds office for a three-year term commensurate with that person's term as director, or until such earlier time as he or she ceases to be independent, resigns or is replaced by a majority vote of the non-management directors.

(2) The Chairman of the Board

The Board has no policy requiring that the offices of Chairman of the Board and the CEO be held by different persons. The Board believes that this issue is best addressed from time to time by the Board under the totality of the circumstances, based on factors deemed relevant by the Board, from time to time.

III. DIRECTOR INDEPENDENCE

It is the intent of the Board that it has a majority of directors who meet the criteria for independence required by the NYSE; and, in any event, the Board shall be in compliance with the NYSE's director independence guidelines when and as required by those guidelines.

IV. DIRECTOR QUALIFICATIONS

The Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include members' qualifications as independent, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board. In addition, the Corporate Governance Committee shall consider whether a potential Board member has:

- i. A deep, genuine belief, understanding and commitment to the Company's **Being The Best Mission Statement** and **Five Guiding Principles**;
- ii. Business and investment savvy, including an owner-oriented attitude and conviction that the Company has evolved into a superior shareholder value creation investment platform and therefore represents a superior long-term investment opportunity; and
- iii. An ability to make a meaningful contribution and engagement to the Board's oversight of all elements and linkages of our **High Performance Culture Framework**.

Nominees for directorship will be selected by the Corporate Governance Committee in accordance with the policies and principles set forth in the Corporate Governance Committee Charter.

(1) Invitations to Join the Board

The invitation to join the Board should be extended by the Board itself, acting by and through its Chairman of the Board and/or the Chairman of the Corporate Governance Committee, as the Board's representatives. In addition, the Board should consult with the Chief Executive Officer of the Company (the "CEO") regarding the experience, expertise and potential added value of any potential candidate for the Board, including whether a potential candidate will continue and add to the Company's **Mission of Being The Best**.

(2) Changed Circumstances

A director who experiences any change in circumstances that would affect his or her qualification as an independent director immediately shall advise and consult with the Chairman of the Board and the Chairman of the Corporate Governance Committee. No director may serve

on more than three other public company boards or on the audit committee for more than two other public companies.

Directors should make a good faith effort to advise the Chairman of the Board and the Chairman of the Corporate Governance Committee in advance of accepting an invitation to serve on another public company board.

(3) Term Limits

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole and to the Company's **High Performance Culture Framework**.

As an alternative to term limits, the Corporate Governance Committee will review each director's continuation on the Board every three years, in advance of the full Board Meeting at which nominations are considered for the class of positions which includes that director. This will allow each director the opportunity to confirm his or her desire to continue as a member of the Board.

III. DIRECTOR LIABILITY INSURANCE

The directors shall be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's charter, by-laws and any indemnification agreements, and to exculpation as provided by state law and the Company's charter.

IV. BOARD COMMITTEES

At all times, the Board shall have an Audit Committee, a Compensation Committee and a Corporate Governance Committee. It may (but need not) also have other standing or ad hoc committees from time to time established in accordance with the Company's by-laws.

All of the members of the Audit Committee, Compensation Committee and Corporate Governance Committee must be independent directors under the criteria established by the NYSE. The CEO, regardless of his independence, may be a member of other standing or ad hoc committees that may be established from time to time. Committee members will be appointed by the Board upon recommendation of the Corporate Governance Committee with consideration of the desires of individual directors. Consideration should be given to rotating committee members periodically, but rotation is not mandated.

Each committee will have its own charter. The charters will set forth the authority, purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure

and operations and committee reporting to the Board. The charters will also provide that each committee, other than any other standing or ad hoc committees, will annually evaluate its performance.

The Chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of the year, each committee, other than any other standing or ad hoc committees, will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). The schedule for each committee will be furnished to all directors.

V. DIRECTOR ACCESS TO OFFICERS, EMPLOYEES AND OUTSIDE ADVISORS

All directors are encouraged to learn and to be as current as possible about the Company's operations, business practices, condition, trends, people and properties. Discussing such topics and other matters directly with Company officers, employees and outside advisors is an ideal way for directors to stay current.

Therefore, directors shall have full and free access to officers and employees of the Company, as well as outside advisors, such as Company attorneys and accountants. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary, or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications between a director and an officer, employee or outside advisor of the Company.

The Board welcomes regular attendance at each Board meeting of senior officers of the Company, although, for sake of efficiency, such attendance shall be coordinated by the Chairman of the Board. If the CEO wishes to have additional Company personnel as attendees on a regular basis, this suggestion should be brought to the Board for approval.

VI. DIRECTOR COMPENSATION

The form and amount of director compensation will be determined by the full Board in accordance with a written compensation policy adopted by the Board, as the same may from time to time be amended or modified, and the Board will conduct an annual review of director compensation. The Board will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

VII. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

The Corporate Governance Committee is responsible for developing and evaluating an orientation and continuing education program for directors and for making appropriate recommendations for final Board action regarding this program.

VIII. CEO EVALUATION AND MANAGEMENT SUCCESSION

The Compensation Committee will conduct an annual review of the CEO's performance, as set forth in its charter. The Board will review the Compensation Committee's report to ensure that the CEO is providing the best leadership for the Company in the long- and short-term. The Corporate Governance Committee should make an annual report to the Board on succession planning, including contingencies in the event of an emergency.

The entire Board will work with the Corporate Governance Committee to consider a long-range plan for CEO succession. In this process, the CEO will be consulted regarding the nature and implementation of a succession plan, the timetable therefor, and at the appropriate time, the CEO's recommendations and evaluations of potential successors, including a potential successor's fit with the Company's **High Performance Culture Framework**, along with a review of any development plans recommended for such potential successors.

IX. ANNUAL PERFORMANCE EVALUATION

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively and are contributing to the Company's **Mission to Being The Best**. The Corporate Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. An assessment of the Board's performance will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Company and will specifically focus on areas in which the Board or management believes that the Board could improve.

X. STOCKHOLDER COMMUNICATIONS WITH DIRECTORS

The Board welcomes communications from the Company's stockholders and other interested parties. Stockholders and any other interested parties may send communications to the Board, any committee of the Board, the Chairman of the Board, the Lead Director or any other director to:

Stockholder Communication with Directors
[Name of Intended Recipient]
Carriage Services, Inc.
3040 Post Oak Blvd, Suite 300
Houston, TX 77056

The Company's legal counsel will review each communication received from stockholders and other interested parties and will forward the communication, as expeditiously as reasonably practicable, to the addressees if:

- (1) the communication complies with the requirements of any applicable policy adopted by the Board relating to the subject matter of the communication; and
- (2) the communication falls within the scope of matters generally considered by the Board.

To the extent the subject matter of a communication relates to matters that have been delegated by the Board to a committee or to an executive officer of the Company, then the Company's legal counsel may forward the communication to the executive officer or Chairman of the committee to which the matter has been delegated. The acceptance and forwarding of communications to the members of the Board or an executive officer does not imply or create any fiduciary duty of the Board members or executive officer to the person submitting the communications.

XI. BOARD INTERACTION WITH EXTERNAL CONSTITUENCIES

The Board believes that the management speaks for the Company. As such, individual directors will not meet or otherwise directly communicate with stockholders, research analysts, vendors, the press or other external constituencies on behalf of the Company unless the communication is:

- (1) requested by the Chairman of the Board, the CEO or the full Board; or
- (2) required to discharge his or her duties as set forth in committee charters.

Where comments from the Board are appropriate, they will normally come from the Chairman.

XII. POSTING REQUIREMENT

The Company shall post these Guidelines, the charters of each Board committee, and the Company's Corporate Code of Business Conduct and Ethics on the Company's website as required by applicable rules and regulations. In addition, the Company shall disclose in its proxy statement for its annual meeting of stockholders that a copy of each document is available on the Company's website and provide the website address.