

**CARRIAGE SERVICES, INC.**  
**(the “Company”)**

**CORPORATE GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS  
CHARTER**

**(Revised March 5, 2012)**

**I. PURPOSE**

The Corporate Governance Committee (the “Committee”) is appointed by the Company’s full Board of Directors (the “Board”) with the authority, responsibility and specific duties as described in this Corporate Governance Charter (this “Charter”). The Committee shall (1) assist the Board by identifying individuals qualified to become Board members, and to recommend to the Board the director nominees for the next annual meeting of stockholders; (2) recommend to the Board the Corporate Governance Guidelines applicable to the Company; (3) lead the Board in its annual review of the performance of the Board and its committees and of the Company’s senior management; (4) recommend to the Board director nominees for each committee; and (5) perform such other functions as the Board may assign to the Committee from time to time.

**II. COMMITTEE MEMBERSHIP**

The Committee shall consist of no fewer than two members. The members of the Committee shall meet the independence requirements of the New York Stock Exchange. The members of the Committee shall be appointed and replaced by the affirmative vote of a majority of the Board. If a Chairman is not designated by the Board or present at a meeting, the Committee may designate a Chairman by majority vote of the Committee members then in office.

**III. COMMITTEE AUTHORITY AND RESPONSIBILITIES**

The Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Committee.

**A. Authority**

Without limiting the generality of the preceding statements, the Committee shall have authority to:

1. Conduct or authorize investigations into any matter within the scope of the responsibilities delegated to the Committee as it deems appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Committee or any advisors engaged by the Committee.

2. Retain and terminate any search firm or advisor to be used to identify director candidates and approve such search firm or advisor’s fees and other retention terms. The Committee may also utilize the services of the Company’s regular outside legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of (a) compensation to any advisors

employed by the Committee; and (b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

3. Delegate to its Chairman, any one of its members or any subcommittee it may form, the responsibility and authority for any particular matter, as it deems appropriate from time to time under the circumstances, including, without limitation, the responsibility to assess management performance to the Compensation Committee so long as the Compensation Committee is composed entirely of independent directors. Each subcommittee shall keep minutes and regularly report to the Committee.

## **B. *Responsibilities***

The Committee shall have the following responsibilities:

### *Director Nominations*

1. The Committee shall identify individuals qualified to become board members for recommendation to the Board prior to the regular meeting of the full Board at which nominations for directors are customarily considered.

2. Prior to recommending to the Board that an existing director be nominated for election as a director at the annual meeting of the Company's stockholders, the Committee shall consider and review the director's:

- (a) past Board and committee meeting attendance and performance;
- (b) length of Board service;
- (c) personal and professional integrity, including commitment to the Company's core values;
- (d) relevant experience, skills, qualifications and contributions that the existing director brings to the Board; and
- (e) independence under applicable standards.

3. In the event that a vacancy on the Board arises, the Committee shall seek and identify a qualified director nominee to be recommended to the Board for either appointment by the Board to serve the remainder of the term of the director position that is vacant or election at the next annual meeting of stockholders. To identify such a nominee, the Committee should solicit recommendations from existing directors and senior management. These recommendations should be considered by the Committee along with any recommendations that have been received from stockholders as discussed below. Prior to recommending to the Board that a person be elected to fill a vacancy on the Board, the Committee shall consider and review the candidate's:

- (a) relevant skills, qualifications and experience;

- (b) independence under applicable standards;
- (c) business judgment;
- (d) service on boards of directors of other companies;
- (e) personal and professional integrity, including commitment to the Company's core values;
- (f) openness and ability to work as part of a team;
- (g) willingness to commit the required time to serve as a Board member; and
- (h) familiarity with the Company and its industry.

4. The Committee shall treat recommendations for directors that are received from the Company's stockholders equally with recommendations received from any other source; *provided, however*, that in order for such stockholder recommendations to be considered, the recommendations must comply with the procedures outlined in the Company's proxy statement for its annual meeting of stockholders.

5. At least annually, the Committee shall review the criteria for the nomination of director candidates and approve changes to the criteria, as appropriate.

#### Director Independence

6. The Committee shall annually review the relationships between the Company and each director and report the results of its review to the Board, which will then determine which directors satisfy the applicable independence standards.

7. The Committee shall annually determine whether or not each director serving on a Board committee is independent, disinterested, a non-employee director or an outside director under the standards applicable to the committees on which such director is serving or may serve and report the results of its review to the Board, which will then determine which directors qualify as an independent, disinterested, non-employee or outside director under applicable standards.

#### Board and Committee Structure

8. The Committee shall annually evaluate the number of positions on the whole Board, the terms of service thereof, and the classification of directors, and make any recommendations to the full Board as it deems appropriate.

#### Committee, Board and Management Performance Evaluations

9. The Committee shall receive comments from all directors and report annually to the Board with an assessment of the performance of the Board and of the Company's senior management, to be discussed with the full Board following the end of each fiscal year. For purposes hereof, "senior management" is understood to mean the

Chief Executive Officer (the “CEO”), and every other employee at the level of Senior Vice President or higher.

10. The Committee shall request that the Chairman of each committee report to the full Board about the committee’s annual evaluation of its performance and evaluation of this Charter following the end of each fiscal year.

11. The Committee shall annually review its own performance.

#### Corporate Governance

12. The Committee shall prepare and recommend to the Board for adoption appropriate corporate governance guidelines and consider any other corporate governance issues that arise from time to time and develop appropriate recommendations for the Board.

13. The Committee shall annually review and reassess the adequacy of the Company’s Corporate Governance Guidelines of the Company and recommend any proposed changes to the Board for approval.

14. The Committee shall review management’s monitoring of the Company’s compliance programs and Corporate Code of Business Conduct and Ethics, including a report of violations and waivers of the Corporate Code of Business Conduct and Ethics.

#### Succession Planning

15. The Committee shall annually meet on succession planning, whereby the Committee shall identify, and periodically update, the qualities and characteristics necessary for an effective CEO and monitor and review the development and progression of potential candidates against these standards. The Committee shall also annually consult with the CEO on senior management succession planning.

#### Other Powers and Responsibilities

16. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

17. The Committee shall make regular reports to the Board.

18. The Committee shall perform any additional functions from time to time assigned or delegated to it under the Company’s Corporate Governance Guidelines.

## **IV. PROCEDURES**

**A. Meetings.** The Committee shall meet at the call of its Chairman, two or more members of the Committee or the Chairman of the Board. The Committee shall meet as frequently as circumstances dictate. Meetings of the Committee may be in person, by conference call or by unanimous written consent, in accordance with the Company’s By-

Laws. Meetings of the Committee shall be held at such time and place, and upon such notice, as its Chairman may from time to time determine. The Committee shall keep such records of its meetings as it deems appropriate. Meetings may, at the discretion of the Committee, include non-independent directors, members of the Company's management, independent advisors and consultants or any other persons whose presence the Committee believes to be necessary or appropriate. Those in attendance may observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including, but not limited to, any director that is not a member of the Committee.

**B. *Quorum and Approval.*** A majority of the Committee's members shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Committee may also act by unanimous written consent in lieu of a meeting.

**C. *Rules.*** The Committee may determine additional rules and procedures, including designation of a Chair pro tempore in the absence of its Chairman and designation of a secretary of the Committee at any meeting thereof.

**D. *Reports.*** The Committee shall maintain minutes of its meetings and make regular oral or written reports to the Board, directly or through its Chairman, of its actions and any recommendations to the Board.

**E. *Performance Review.*** The Committee shall annually review and evaluate its own performance and shall submit itself to a review and evaluation by the Board.

**F. *Fees; Reimbursement of Expenses.*** Each member of the Committee, as well as the Chairman, shall be paid the fee set by the Board for his or her services as a member, or Chairman, as the case may be, of the Committee. Subject to the Company's Corporate Governance Guidelines and other policies, Committee members, including the Chairman, will be reimbursed by the Company for all reasonable expenses incurred in connection with their duties as Committee members.

## **V. POSTING REQUIREMENT**

The Company shall make this Charter available on or through 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 this Charter is available on the Company's website and provide the website address.

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While the Committee members have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the Committee members, except to the extent otherwise provided under applicable federal or state law.