

High Performance Culture Framework

CARRIAGE SERVICES INC. **“BEING THE BEST”**

Funeral and Cemetery Operating Company
Consolidator Of Independent Family Businesses
Value Creation Investment Platform

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

Concepts of Good To Great

First Who, Then What
Right People in the Right Seats
Flywheel Effect

Standards Operating Model

Market Share
People
Operating & Financial Metrics

Being The Best League Table
Being The Best Annual Incentive
Good To Great Five Year Incentive

High Standards Achievement

4E Leadership Model

Energy
Energize
Edge
Execution

Integrity

Passion

Strategic Acquisition Model

Ten Year Vision
Strategic Markets
Strategic Market Methodology
Selective Growth Strategy

Valuation Ranking Methodology

ROIC & LOI Methodology

Capital Allocation

Acquisitions
Internal Growth Projects
Share Repurchases
Dividends
Debt Repayment

Maximize Intrinsic Shareholder Value Per Share

Valuation Creation Financial Dynamics

Operating Leverage
Overhead Leverage
Capital Structure Leverage
Consolidation Platform Leverage

Five Year Trend Reports

Sustained High Financial Performance

Carriage Journey From Good To Great

Carriage Achieves High Valuation
Carriage Becomes Built To Last

“Being the Best”

Characteristics of a High Performance Culture

HIGH

Vision
Leader
Dynamic
Fast Moving
Innovative
Change
Mistakes
Failure
Success
Risk Taking
Fire/Hire
Winners
Champions
Competitive
Learning
Transform
Confidence
Drive
Results
Growth
Flat
Entrepreneurial
Empowered
Action
Bottoms-Up
Standards
Principles
Passion for Work
A Players
Practice/Training
Teamwork
Partnership
Communication
Simple
Can
Engaged
Never Been Done
Decentralized
Walk the Talk
Mission Driven
Making a Difference
Recognition
Difficult Choices
Desire
Fun
High Performance
High Valuation

LOW

Yearly/Quarterly Goals
Follower
Plodding
Slow Moving
Static
Status Quo
Punishment
Fear of Failure
Hoping for Success
Risk Avoidance
Enable/Needs To
Losers
Runner Ups
Complacent
Know It All
Conform
Afraid
Acceptance
Process
Maintenance
Layered
Bureaucratic
Permission
Analyze
Top Down
Budgets
Initiatives
A Job
B Players with Authority
Game Playing
Self
Authoritarian
Intimidation
Complex
Can't
Going Along
Always Done It This Way
Centralized
Talk the Talk
Compensation Driven
Don't Make Waves
Out of Sight / Out of Trouble
Easy Choices
Satisfied
Unfun
Excuses
Low Valuation

BUILT TO LAST

BUILT TO SELL

Carriage Teams – Stress Tested for High Performance

Mission Statement

We are committed to being the most professional, ethical, and highest quality funeral and cemetery service organization in our industry.

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*

Quantitative Standards Review

(Review includes analysis of Market Share Strength and year over year contract count)

4E Assessment

Continuous Upgrading of Staff

4E Assessment of Team

Right Quality of Staff

Market Share

Goal of Operations:

Achieve incremental annual growth in revenues of 3% (1% Contract, 2% ARPC) at sustainable "Earning Power" margins of profit sufficient for reinvestments and growth of the business