

CARRIAGE SERVICES, INC.
(the “Company”)

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS
CHARTER

Revised February 15, 2017

I. PURPOSE

The Compensation Committee (the “Committee”) is appointed by the Company’s Board of Directors (the “Board”) to discharge the Board’s responsibilities relating to compensation of the Company’s directors and officers, as set forth in this Compensation Committee Charter (this “Charter”). The Committee shall 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 shall consider the Company’s **High Performance Culture Framework** when making decisions regarding compensation and also the Company’s **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 Committee has overall responsibility to:

- (1) Review, evaluate and approve the officer, and to review and recommend to the Board director, compensation plans, policies and programs of the Company;
- (2) Produce an annual report (the “Compensation Committee Report”) as required by Item 407(e)(5) of Regulation S-K on executive compensation for inclusion in the Company’s proxy statement for its annual meeting of stockholders (the “Proxy Statement”) in accordance with the applicable rules and regulations;
- (3) Review and approve the compensation of the officers and directors, including grants under our stock incentive plans; and
- (4) 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 three independent members of the Board, with independence as defined by the New York Stock Exchange (the “NYSE”) and Section 952(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

In addition, at least two members of the Committee shall be “Non-Employee Directors” for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Act”), and “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code.

The members of the Committee and its Chairman shall be selected annually by the Board on the recommendation of the Corporate Governance Committee and shall serve for such term or terms as the Board may determine or until earlier resignation or death.

Any vacancy may be filled and/or any Committee member may be removed 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

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

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

(1) In its sole discretion, retain, at the Company’s sole cost, and determine funding for independent legal counsel as well as other experts and advisers, including the authority to retain, approve the fees payable to, amend the engagement with, and terminate any compensation consultant to be used in the evaluation of compensation for the Company’s directors, the Chief Executive Officer (“CEO”) and every other employee at the level of a senior leader or higher (the CEO and such other officers being collectively referred to as “Senior Management”), as it deems necessary or appropriate to fulfill its responsibilities.

- i. Prior to any such engagement, the Committee shall analyze the relationships such consultants, counsel, or advisers have with members of the Committee as well as with management and the Company as a whole. This analysis will include the specific factors that affect the independence of compensation advisers, as identified by the Securities and Exchange Commission and NYSE.
- ii. 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 compensation committee.

(2) 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, except that at least two members of the subcommittee shall be “Non-Employee Directors” for the purposes of Rule 16b-3 under

the Act and “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code. Each subcommittee shall keep minutes and regularly report to the Committee.

IV. RESPONSIBILITIES

The Committee shall have the following responsibilities:

(1) Executive Compensation

Annually, the Committee shall review, modify (if necessary) and approve the Company’s data sources for purposes of evaluating the Company’s compensation competitiveness and establishing the appropriate competitive positioning of the levels and mix of compensation elements.

Annually, the Committee shall review, modify (if necessary) and approve corporate goals and objectives relevant to the compensation of the CEO. The Committee shall also evaluate the CEO’s performance in light of those goals and objectives. The Committee shall further determine and approve the CEO’s compensation levels based on this evaluation.

In determining the long-term incentive component, if any, of the CEO compensation, the Committee should consider the Company’s performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years. The Committee is not precluded from approving awards (with or without ratification of the Board) as may be required to comply with applicable tax laws.

The Committee shall review the compensation of all other Senior Management, including the compensation structure.

The Committee shall review and approve annually, for the CEO and, in consultation with the CEO, for the other members of Senior Management, and any person deemed to be an officer pursuant to Rule 16a-1(f) under the Act:

- (a) the annual base salary level;
- (b) the annual incentive opportunity level;
- (c) the long-term incentive opportunity level;
- (d) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate; and
- (e) any material special or supplemental benefits not generally available to all employees.

The Committee may approve any such arrangements for members of Senior Management with or without full Board approval, as the Committee may determine.

The Committee shall review and discuss with the Company's management the Compensation Discussion and Analysis ("CD&A") to be included in the Company's Proxy Statement, and, based on that review, determine whether to recommend to the Board that the CD&A be included in the Proxy Statement in accordance with applicable rules and regulations.

The Committee shall annually prepare a Compensation Committee Report as required by Item 407(e)(5) of Regulation S-K and publish the report in the Proxy Statement in accordance with applicable rules and regulations.

The Committee shall review and recommend to the Board how frequently the Company should permit its stockholders to have an advisory vote on executive compensation ("say-on-pay"), provided that say-on-pay votes occur at least once every three years and that, at least once every six years, stockholders vote on whether a say on pay vote should be held every one, two or three years. This review should take into account the historical results of stockholder advisory votes on the frequency of say-on-pay resolutions at the Company.

Following each stockholder meeting at which say-on-pay resolutions are proposed for a stockholder advisory vote, the Committee shall review the results of the advisory vote, and consider whether to make any adjustments to the Company's executive compensation policies and practices.

(2) Incentive and Equity Compensation

The Committee shall review the Company's long-term incentive/equity-based plans and recommend changes to the Board as it deems appropriate. The Committee shall have all authority granted to a committee of the Board under the terms of any such plan with respect to the granting of awards thereunder, and to controlling, operating, managing, interpreting and the administration of such plans.

(3) Annual Reviews

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

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

V. PROCEDURES

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities, but shall meet at least once each year.

The Committee shall keep such records of its meetings as it deems appropriate and 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.

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.

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.

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.

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 or as Chairman.

VI. 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 the Proxy Statement 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.