

## **Service Corporation International**

### **Audit Committee Charter**

#### **Purpose**

The Audit Committee (“Committee”) is a committee of the Board of Directors (“Board”) of Service Corporation International (the “Company”). Its primary function is to assist the Board in fulfilling its oversight responsibilities to ensure the integrity of the Company’s financial statements, the Company’s compliance with legal and regulatory requirements, the independent auditor’s qualifications, independence and performance and the performance of the Company’s internal audit functions and to produce the audit committee report required to be included in the Company’s proxy statement. The Committee provides an open avenue of communication between the internal auditors, the independent auditor, and the Board.

While the fundamental responsibility for preparing the Company’s financial statements rests with management and the responsibility for the audit of such financial statements rests with the independent auditor, and while the internal auditor and independent auditor are responsible for conducting audits related to the Company’s compliance with laws and regulations and the Company’s compliance policies, the Committee shall have the authority, responsibilities and duties set forth below.

#### **Membership and Policies**

1. The Board, based upon a recommendation by the Nominating and Corporate Governance Committee, shall appoint the Chairperson and members of the Committee annually. The Committee shall be comprised of not less than three members of the Board, and the Committee’s composition will meet the requirements of Federal securities laws and the listing standards of the New York Stock Exchange (“NYSE”). Accordingly, all of the members will be directors:
  - a. who are “independent” as such term is defined pursuant to Section 10A of the Securities Exchange Act of 1934, and the NYSE listing standards; and
  - b. who are financially literate or who become financially literate within a reasonable period of time after appointment to the Committee, as such qualification is interpreted by the Board in its business judgment.
2. At least one member of the Committee shall be an “audit committee financial expert” as defined under the rules and regulations adopted by the Securities and Exchange Commission (“SEC”) and interpreted by the Board in its business judgment; *provided, however*, that if at least one member of the Committee is not determined by the Board to be an “audit committee financial expert,” then the

Company shall disclose such determination as required by applicable SEC rules and regulations.

3. If a Committee member serves on the audit committee of more than three public companies, the Board shall be required to determine that the simultaneous service does not impair the Committee member's ability to effectively serve on the Committee and disclose such determination in the Company's annual proxy statement.
4. The Committee shall have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties. Such engagement shall not require approval of the Board.
5. The Committee shall meet at least quarterly or more frequently as circumstances require.
6. The Committee may designate a subcommittee consisting of at least one member to address specific issues on behalf of the Committee.
7. The Committee shall report regularly to the Board on its activities.
8. The Company shall provide appropriate funding, as determined by the Committee, for payment of (i) compensation to any registered public accounting firm engaged by the Committee, (ii) compensation to any advisers employed by the Committee, and (iii) ordinary administrative expenses incurred by the Committee.

#### **Duties and Responsibilities – Independent Auditor**

1. The Committee shall be directly responsible for the appointment, retention, termination, compensation and oversight of the work of the independent auditing firm employed by the Company (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, and the independent auditor shall report directly to the Committee. All auditing services and permitted non-audit services provided to the Company by the independent auditor shall be pre-approved by the Committee in accordance with applicable law and NYSE listing standards; provided, however, that the Committee may delegate such pre-approval authority to the Chairperson or another member, who will then report all such approvals to the Committee at its next scheduled meeting. These responsibilities do not preclude the Committee from obtaining the input of management, but these responsibilities may not be delegated to management.
2. The Committee shall evaluate, at least annually, the independent auditor's qualifications, performance and independence.
3. The Committee shall consider whether it is appropriate to adopt a policy of rotating independent auditors on a regular basis. If so determined, the Committee shall have

the responsibility for securing the engagement of the replacement of the independent auditor.

4. The Committee shall set clear hiring policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account. At a minimum, the Committee will adopt hiring policies in compliance with Section 10A(l) of the Securities Exchange Act of 1934.
5. The Committee shall meet with the independent auditor prior to the audit to review and discuss (1) the auditors' responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (2) the overall audit strategy, (3) the scope and timing of the annual audit, (4) any significant risks identified during the auditors' risk assessment procedures and (5) when completed, the results, including significant findings, of the annual audit.
6. At least annually, the Committee shall obtain and review a report by the independent auditor describing the firm's internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues, and (to assess the auditor's independence) all relationships between the independent auditor and the Company.

#### **Duties and Responsibilities – Financial Statements and Internal Controls**

The Committee shall perform the following functions on a recurring basis in carrying out its oversight responsibilities. These functions are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate, given the circumstances.

1. The Committee shall review with management and the independent auditor (a) the audited financial statements and (b) management's discussion and analysis of financial condition and results of operations, to be included in the Company's Annual Report on Form 10-K (or the Annual Report to Shareholders if distributed prior to the filing of Form 10-K) and review and consider with the independent auditor the matters required to be discussed by Public Company Accounting Oversight Board ("PCAOB") Accounting Standard 1301 [Communication with Audit Committees] ("AS 1301").
2. The Committee shall review with management and the independent auditor the Company's (a) interim financial results and (b) management's discussion and analysis of financial condition and results of operations, to be included in the Company's quarterly reports to be filed with the SEC, the results of the independent auditor's quarterly review in accordance with PCAOB Accounting Standard 4105 [Reviews of Interim Financial Information], the matters required to be discussed by AS 1301, and the Company's earnings releases; this review will occur prior to the release of quarterly earnings and prior to the Company's filing of the Form 10-Q.

3. The Committee shall review with management other financial information and earnings guidance provided to analysts and ratings agencies.
4. The Committee shall review an analysis prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including all critical accounting policies, an analysis of the effect of alternative GAAP methods on the Company's financial statements, a description of any transactions as to which management obtained PCAOB Accounting Standard 6105 [Reports on the Application of Accounting Principles] letters, and other material written communications between the independent auditor and management.
5. The Committee shall review with management and the independent auditor the effect of regulatory and accounting initiatives on the Company's financial statements.
6. The Committee shall meet periodically with management to discuss policies with respect to risk assessment and risk management, including fraud risks, and to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including antifraud programs.
7. The Committee shall review major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management.
8. The Committee shall review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
9. The Committee shall review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.
10. The Committee shall review with the independent auditor any problems or difficulties the independent auditor may have encountered and any management letter provided by the independent auditor and the Company's response to that letter. Such review should include: (a) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information and (b) the Risk Assurance and Advisory Services department responsibilities and staffing.
11. The Committee shall review with the Company's independent auditor team the significant issues on which the independent auditor team consulted with their national office.
12. The Committee shall review the activities, organizational structure and effectiveness of the Risk Assurance and Advisory Services function and concur in the appointment, replacement, reassignment, or dismissal of the Managing Director

of Risk Assurance and Advisory Services. The Committee shall review the significant issues in reports to management prepared by the Risk Assurance and Advisory Services department and management's responses.

13. The Committee shall discuss with management and the independent auditor the quality and adequacy of the Company's internal controls, including management's certifications and any material issues raised by the independent auditor's report on internal controls and any steps taken to deal with such issues.
14. The Committee shall ensure that significant findings and recommendations made by the internal or external auditors are received and discussed on a timely basis.
15. The Committee shall review and discuss with the Company's independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.

#### **Duties and Responsibilities – Oversight and Compliance**

1. The Committee shall establish and review procedures for (a) the receipt, retention and treatment of complaints received by the Company (in connection with its Whistleblower procedures or otherwise) regarding accounting, internal control and auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
2. The Committee shall review the program for monitoring compliance with the code of conduct and periodically obtain updates from management and general counsel regarding compliance.
3. The Committee shall review the policies and procedures in effect for considering officers' expenses and perquisites.
4. The Committee shall investigate any material matter brought to its attention and shall have full access to all books, records, facilities and personnel of the Company and the power to retain independent counsel, auditors or other experts for this purpose.
5. The Committee shall prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement.

#### **Other Duties and Responsibilities**

1. On an annual basis, the Committee shall review the adequacy of this Charter and conduct a performance evaluation of the Committee, which may be done in conjunction with the annual evaluation of the Board and other committees thereof conducted by the Nominating and Corporate Governance Committee.

2. The Committee shall meet at least quarterly with the Chief Financial Officer and Corporate Controller, the Managing Director of Risk Assurance and Advisory Services and the independent auditor in separate executive sessions, to discuss any matter the Committee believes should be discussed privately.
3. The Committee will perform such other functions as assigned by law, the Company's restated certificate of incorporation or bylaws, or the Board.

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