

SERVICE CORPORATION INTERNATIONAL

AUDIT COMMITTEE CHARTER

A. Purpose

The Audit Committee is a committee of the Board of Directors 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. The Audit Committee provides an open avenue of communication between the internal auditors, the independent auditor, and the Board of Directors.

B. Membership and Policies

1. The Board of Directors, 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.
 - 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 Company’s Board in its business judgment.
2. At least one member of the Audit 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 Company’s board in its business judgment; *provided, however*, that if at least one member of the Audit 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 an Audit 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 Audit Committee member’s ability to effectively serve on this Company’s

Audit Committee and disclose such determination in the Company's annual proxy statement.

4. The Audit 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 Audit 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 Audit Committee shall report periodically to the Board on its activities.
8. The Company shall provide appropriate funding, as determined by the Audit Committee, for payment of (i) compensation to any registered public accounting firm engaged by the Audit Committee, (ii) compensation to any advisers employed by the Audit Committee, and (iii) ordinary administrative expenses incurred by the Audit Committee.

C. Key Responsibilities – Independent Auditor

1. The Audit Committee shall be directly responsible for the appointment, termination, compensation and oversight of the work of the independent auditing firm employed by the Company (including resolution of disputes between management and the 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 Audit Committee. All auditing services and permitted non-audit services provided to the Company by the independent auditor shall be pre-approved by the Audit Committee in accordance with applicable law; 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 Audit Committee from obtaining the input of management, but these responsibilities may not be delegated to management.
2. The Audit Committee shall evaluate, at least annually, the independent auditor's qualifications, performance and independence.
3. The Audit Committee shall consider whether it is appropriate to adopt a policy of rotating independent auditors on a regular basis. If so determined, the Audit Committee shall have the responsibility for securing the engagement of the replacement of the independent auditor.
4. The Audit 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 Audit Committee will adopt hiring policies in compliance with Section 10A(1) of the Securities Exchange Act of 1934.

5. The Audit Committee shall meet with the independent auditor prior to the audit to review the planning and staffing of the audits.
6. At least annually, the Audit 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.

D. Key Responsibilities – Financial Statements and Internal Controls

The Audit 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 the audited financial statements 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 Clarified Statements on Auditing Standards ("AU-C") sec. 260.
2. The Committee shall review with management and the independent auditor the Company's interim financial results to be included in the Company's quarterly reports to be filed with the Securities and Exchange Commission, the results of the independent auditor's quarterly review in accordance with AU-C sec. 930, the matters required to be discussed by AU-C sec. 260, 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 AU-C sec. 915 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 Audit Committee shall review, with the Company's legal counsel, any legal matters that could have a significant impact on the Company's financial statements.
10. The Audit 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 Audit 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 Audit 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 Audit 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 Audit 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 Audit Committee shall ensure that significant findings and recommendations made by the internal and external auditors are received and discussed on a timely basis.

E. Key Responsibilities – Oversight and Compliance

1. The Audit Committee shall 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 Audit 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 Audit Committee shall review the policies and procedures in effect for considering officers' expenses and perquisites.
4. The Audit 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 Audit Committee shall prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement.

F. Other Duties

1. On an annual basis, the Audit 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 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 Audit Committee believes should be discussed privately.
3. The Audit Committee will perform such other functions as assigned by law, the Company's restated certificate of incorporation or By-laws, or the Board of Directors.
4. The Audit committee's function is one of oversight. While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Rather, it is the responsibility of management to ensure the financial statements are complete and accurate, and it is the responsibility of the independent auditor to plan and conduct audits of those financial statements. In addition, it is not the duty of the Audit Committee to assure compliance with the laws and regulations and the Company's compliance policies. Lastly, the Audit Committee recognizes that financial management, including the Risk Assurance and Advisory Services staff, as well as the independent auditor, have more knowledge and more detailed information about the Company than do members of the Audit Committee; consequently, in carrying out its oversight responsibilities, the Audit Committee is not providing any expert assurance as to the Company's financial statements or any professional certification as to the independent auditor's work.

*The title of each AU-C referenced in this charter is set forth below.

AU-C sec. 915 Reports on the Application of Accounting Principles

AU-C sec. 930 Interim Financial Information

AU-C sec. 260 The Auditor's Communication With Those Charged With Governance

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