

**August 9, 2011**

## ***CODE OF CONDUCT AND ETHICS FOR OFFICERS AND EMPLOYEES***

This Code of Conduct and Ethics applies to all officers and employees of Service Corporation International and its affiliated companies (collectively referred to herein as “the Company”). No provision of this Code of Conduct and Ethics may be waived for executive officers of the Company unless such waiver is granted by the Company’s board of directors or a committee of that board and is promptly disclosed to the Company’s shareholders as required. All references to “employees” herein shall be deemed to include officers.

All employees are expected to fully comply with all provisions of this Code of Conduct and Ethics. Failure to do so is grounds for disciplinary action, up to and including termination of employment.

### **CONFLICTS OF INTEREST**

It is not accepted as good business practice for employees to engage in any outside activities or interests which may potentially conflict or appear to conflict with the Company’s best interest. It is the policy of the Company to require disclosure of these activities.

While it is not possible to describe or anticipate all the circumstances and situations that might involve or appear to involve conflicts of interest, the following are some examples which are not intended to be all-inclusive.

- Employees shall not be connected directly or indirectly with any business (as owner, partner, officer, director, participant, licensee, consultant, or shareholder; or as the recipient of wages, salary, bonuses, fees, commissions, or other compensation of value of any kind) which:
  - Sells and/or provides materials, supplies, equipment, facilities, or services to the Company or any of its affiliates.
  - Is in direct or indirect competition with the Company or any of its affiliates.
  - Is a customer of the Company or any of its affiliates.

Ownership of shares of stock in listed, publicly traded companies acquired as a part of a normal investment program is permitted.

- Employees shall not seek or accept any gifts, payments, fees, services, privileges, vacations, or pleasure trips without a business purpose, loans (other than conventional loans from lending institutions), or other favors from any person(s) or business organization(s) that does or seeks to do business with, or is a competitor of the Company or any of its affiliates. No employee shall accept anything of value in exchange for referral of third parties to any such person or business organization. Employees are not prohibited from accepting a gift of *nominal* value made in the course of a normal business relationship.
- Employees shall not disclose (directly or indirectly) any proprietary or other confidential information about the Company or its affiliates. Under no circumstances should such information be placed, posted or discussed on the Internet or discussed at social gatherings, at home or otherwise disclosed. Employees shall not use such information to further personal interest to the disadvantage of the Company or any of its affiliates. The success of the Company is largely dependent upon the strict adherence by all employees to the Company's policy of nondisclosure of proprietary or confidential information. The sharing of such information with others may (a) result in penalties under state and federal securities laws, (b) constitute the theft of trade secrets, which is a crime, (c) generate criticism and embarrassment to the employee and the Company, and (d) compromise the Company's ability to achieve its strategic objectives.
- Employees shall not acquire (directly or indirectly) through ownership or lease any property, real estate, or facilities in which the Company or any of its affiliates have an active or potential interest.
- Employees shall not speculate or commercially deal in the products (first quality, used, obsolete, or scrap) sold by the Company or any of its affiliates or in any used property (machinery, equipment, facilities, furniture, fixtures, flowers, etc.) of the Company or any of its affiliates.
- Employees shall not take for their personal benefit any business opportunities that are discovered through the use of Company property, information or position, unless (1) such opportunity is first disclosed to and declined by the Company; and (2) pursuing such opportunity does not violate any other provision of this Code of Conduct and Ethics.
- Each employee of the Company has a responsibility to protect Company assets entrusted to them from loss, theft, misuse and waste. Company assets and funds may be used only for business purposes and may never be used for illegal purposes. If an employee becomes aware of theft, waste or misuse of our assets or funds or has any questions about the proper use of such assets, the employee should immediately notify their supervisor or contact the CareLine.

Any employee engaging in these or similar activities may be subject to disciplinary action, including termination.

Business Gifts. A business gift may be defined as “*anything of value*” given to a business associate or business entity by an employee. The term “*anything of value*”

applies to cash and material items including but not limited to bonuses, gifts, trips or appliances. The term business entity includes any person or company with whom an employee could reasonably expect to engage or deal in the active conduct of the Company's business. The term includes suppliers, agents, civic or charitable organizations, clients, advisors, and clergy.

Business gifts may be given to non-government representatives at Company expense only if the gift:

- Is consistent with accepted business practices.
- Is limited to nominal value.
- Is consistent with applicable laws and regulations.
- Will not embarrass the Company if it is disclosed publicly.

## **SECURITIES TRADING AND INVESTMENT POLICY**

Because Service Corporation International ("SCI") is a publicly traded corporation, there are certain legal limitations on the trading of SCI stock by employees of SCI and its affiliates. Violation of these laws can lead to fines, other monetary penalties and criminal prosecution. If you have any questions about the following policy, contact the Company's legal counsel.

Employees may not buy, sell or recommend the purchase or sale of SCI's stock, or *that of any other company* based on information known to the employee because of his/her employment which is not known to the general public. Examples of this type of information include, but are not limited to:

- Advance earnings reports.
- Proposed major acquisitions or investments.
- Substantial fraud by a company employee or officer.
- Widespread management reorganizations.
- Increase or decrease in dividend payments.
- Pending litigation or governmental proceedings.
- Major new customers or products.

Not only does the law prohibit employees from using the above type of information for their own account, but employees are also generally prohibited from disclosing such nonpublic information to anyone else who uses the information to buy or sell, even if the employee does not profit himself/herself.

## **ANTITRUST POLICY**

In the arena of antitrust issues, Company concern centers on those laws that prohibit unfair competition methods and agreements that unduly restrain competition. This section provides only a brief summary of key antitrust issues. Any employee questioning whether a particular action might expose the Company or its personnel to antitrust risk should contact his or her supervisor.

Violations of federal antitrust laws can result in severe fines, treble damage awards, injunctions, even imprisonment.

### **Interaction with Competitors**

Employees may not enter into agreements or understandings with present or potential competitors concerning the following subjects:

- Prices, discounts, credit terms, or other sale terms or conditions.
- Costs, profits, market share, customers served or similar Company information.
- Credit information concerning customers.

It is unlawful for any agreement between competitors to fix, stabilize, bolster, depress or tamper with a price. Mere discussion of these subjects with competitors may create the appearance of collusion or conspiracy, even where none actually exists. In turn, this may expose the employee and Company to liability. For example, price fixing may be alleged if competitors post an identical price increase after a trade association meeting where “business conditions” and pricing were discussed. Although competitors can easily determine prices of the Company’s funeral goods and services by requesting the General Price List, it is still important to avoid sharing prices with them.

“Price fixing” includes more than sales price agreements with competitors. It may also include agreements to follow a certain formula for determining prices, to standardize discounts, merchandise or services offered, to control merchandise or service prices, and any other agreement that will affect the price structure of a given product or service.

To avoid the appearance of collusion, do not model sales contracts after those of competitors. It is also unlawful for competitors to agree on the prices at which they will buy from suppliers.

It is unlawful for competitors to agree to divide or allocate sales territories or customers. Strictly avoid any information exchange with competitors relating to customers or territories. It can create the appearance of collusion or agreement.

## **Business with Customers**

There are certain customer dealings that can create antitrust violations. These dealings include the following.

Tie-Ins. Do not sell a product or service contingent upon the customer's purchase of an additional product or service.

Pricing. The Company may price its goods and services competitively. However, as a general rule, do not set prices at levels below cost without consulting your supervisor.

Sales Pricing. Sales efforts should emphasize service and competitive prices. Never attempt to make a sale by saying our affiliates are the only businesses serving the area. Also, never say, or imply, that the competition does not serve a particular area. Avoid any reference to "our area" or "their area."

## **Refusals to Deal**

It is illegal to make any agreement with others that results in a refusal to deal with suppliers or competitors. This may be considered a blacklist or a boycott. For this reason, avoid exchanging information concerning particular customers or suppliers that might lead others to make similar no-deal decisions.

## **Internal Company Communications**

Internal Company communications often deal with competition and are to keep abreast of competitive business developments. However, these memoranda could easily be misunderstood by outside observers and may therefore lead to antitrust charges. Every communication regarding competition may someday be produced for inspection by parties seeking evidence against the Company. Every Company communication should be written from this perspective.

Avoid any inference that the Company intends to restrict competition in any of its business. In particular, avoid vivid or dramatic language describing the Company's competitive tactics: do not speak of "driving" others "out of the market." Also, do not refer to the Company's position as "dominant," or of a particular part of a city or area as being a separate "market."

## **Government Investigations and Information Requests**

It is the Company's policy to cooperate with federal, state, and local investigators who seek information about Company operations. At the same time, the Company is entitled to all legal safeguards for the benefit of persons under investigation.

The Company will cooperate with representatives of the Department of Justice, the Federal Trade Commission, the FBI, or any other state or federal government agency that

requests an interview with any employee or seeks data, document copies, or file access. The representative should be told that the Company will cooperate, but the matter must be initially referred to a supervisor. All such requests, written or oral, must be immediately reported to your supervisor.

### **Cemetery Issues**

In addition to the above guidelines, cemeteries and their employees should comply with the following policies.

Cemeteries must not prohibit third parties from providing vaults, caskets, markers or monuments for use in the cemetery; nor from allowing others to install vaults, memorials or markers in the cemetery.

## **REPORTS AND FILINGS WITH GOVERNMENTAL AGENCIES**

Reports and documents filed with any governmental agency (including but not limited to the Securities and Exchange Commission) must be full, fair, accurate, timely and understandable. This requirement applies to all public communications made on behalf of the Company.

## **RULES OF CONDUCT**

### **General Rules**

It is important that all employees conduct themselves courteously and professionally. There are some forms of behavior that will not be tolerated, including, but not limited to:

- Unwelcome conduct whether physical, verbal or visual, that is based upon a person's race, sex, religion, color, ancestry, national origin, veteran status, age, disability or other legally protected group status. The conduct prohibited by this policy includes:
  - Epithets, slurs, negative stereotyping or intimidating acts that are based on a person's protected status.
  - Written or graphic material circulated within or posted within the workplace that shows hostility toward a person or persons because of their protected status.
- Insubordination, or refusal to comply with reasonable instructions.
- Disorderly, indecent, immoral, unethical, unprofessional, or abusive conduct.
- Use of tape recorders or other recording devices to record conversations by or with other employees without their knowledge and express permission, except in

connection with business-related investigations conducted at management's direction.

- Damage, destruction, theft, or misuse of Company property. Note: Company property includes documents and files, both paper and electronic format, including but not limited to customer documents and files. Such information may not be removed from the Company's premises without proper authorization.
- Possessing, using, selling, or being under the influence of alcohol or illegal drugs while on Company premises, on Company business, or driving a Company vehicle.
- Carrying unauthorized weapons (firearms, knives, explosives, etc.) on Company-owned facilities such as buildings, grounds, parking facilities, or in Company vehicles.
- Excessive absenteeism or tardiness.
- Unauthorized use of the Company's confidential information, or revealing such information to unauthorized persons.
- Employment with, or otherwise promoting or supporting, a direct competitor while still working for the Company.
- Violating federal, state, or local laws, rules or regulations.
- Failure to cooperate in any Company investigation.
- Embezzlement of Company assets.
- Falsifying Company records.
- Providing false information to supervisors, being deceitful, or withholding information.
- Engaging in any form of fraudulent activity.
- Violating safety rules and regulations or failure to report on-the-job accidents.
- Using Company-paid time for an unauthorized purpose.

All employees should refer questions or problems concerning these *Rules of Conduct* to their supervisor. Many of the behaviors discussed in these *Rules of Conduct* are discussed in more detail in the Company's Employee Handbook. When referring to the *Rules of Conduct*, determine if that topic is also addressed in the Employee Handbook.

### **Respect for the Deceased**

We must care for the departed with respect and dignity while protecting the family's privacy with compassion and integrity. The Company's policy is to handle human remains respectfully, ethically and professionally; adhering to all laws and regulations.

## **Policy Against Harassment**

A work environment that is comfortable and professional requires adherence to high standards of personal conduct. Harassment of any kind (sexual, racial, ethnic, etc.) must not be tolerated.

Harassment is defined as the persistent annoying of one person by another in any form (verbal, physical, or visual) for any reason, including sexual, racial, and/or ethnic, especially when it impairs the employee's ability to perform his or her job.

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- Submitting to such conduct is made a condition of a person's employment.
- A person's reaction to such conduct is used as a basis for decisions that affect his or her employment.
- The conduct interferes with a person's work performance or creates an intimidating, hostile, or offensive work environment.

If you have reason to believe that you, a fellow employee, or an employee who reports directly to you is a victim of harassment, you are required to report it immediately. Report all cases of alleged harassment to your supervisor, who will then assist in the investigation and problem resolution phases.

In the event that your complaint involves your supervisor, you should follow the procedures outlined in *Problem Solving Procedures*. Harassment can also be reported to the *CareLine* when anonymity is desired.

If the supervisor is part of the problem, report it to the next level of management. Complaints will be investigated promptly and will be resolved through the Company's *Problem Solving Procedure*, and if a determination is made that harassment occurred, disciplinary action will be taken, up to and including termination. Employees must never be exposed to retaliation for having made a complaint or for participating in any investigation.

## **Equal Opportunity**

The Company is an Equal Opportunity Employer. Discrimination against any employee, applicant, customer or any other person on the basis of race, religion, ethnicity, age, gender, veteran status or disability is prohibited. It is the Company's goal to provide fair employment for all employees and to follow the laws and regulations governing each location.

In some locations, state or local laws and regulations may be more restrictive than federal laws. Locations operating within those areas must abide by the more restrictive laws.

## **The Americans with Disabilities Act**

The Company is committed to complying fully with the Americans with Disabilities Act (ADA). The Company will not discriminate against any employee or job applicant because of a physical or mental disability.

Procedures. The Company will make reasonable accommodations, as necessary, for employees with known disabilities who are otherwise qualified to safely perform the duties and assignments of their jobs. The accommodation must be one that can be made without undue hardship to the Company.

Employees or applicants who need a reasonable accommodation in order to perform the essential functions of a job must request such accommodation.

Safety and Health. The Company reserves the right to require an employee to submit to a medical examination by a physician of the Company's choice and at the Company's expense when there is reason to fear that an employee's condition might be hazardous to the safety and health of co-workers.

## **Retaliation**

Retaliation of any type against any employee will not be tolerated. Employees will not be subjected to retribution or reprisal for filing complaints, participating in any investigation, or reporting any violations of law or Company policy. Report retaliation to your supervisor, the next level of management, or the CareLine.

## **Illegal or Fraudulent Acts**

All employees are responsible for promptly reporting any fraud, misappropriation and/or any other irregularity occurring in the workplace, including any and all violations of this Code of Conduct and Ethics.

One of the Company's goals is to maintain open lines of communication. For that reason, the Company's Problem-Solving procedure and the CareLine are important resources. In addition, employees may communicate concerns about company financial matters directly to the Manager of Client Satisfaction at 713-525-5479. Concerns will be relayed to the Audit Committee.

The Company will cooperate with law enforcement agencies in the detection, investigation, and reporting of criminal acts. The Company is not responsible for an employee's personal effects due to loss or theft on company premises.

## **Employee Assistance Program (EAP)**

The Employee Assistance Program (800/531-0200) is a confidential counseling and referral program designed to help employees, their spouses, and dependent children cope with personal problems before they reach crisis proportions.

The EAP does not represent Company management and should not be considered a substitute for reporting to management when such disclosures are warranted.

## **CareLine**

The CareLine (800/455-1140) is a toll-free number that can be used by employees to report workplace situations which cannot be resolved through the Problem Solving Procedure. Auditing or accounting matters may also be reported through the CareLine. To help management address your concerns quickly, please provide all relevant circumstances. Your call will be taken seriously and investigated thoroughly. Anonymous calls are accepted; however, some situations may be difficult to resolve without adequate information.

## **Problem-Solving Procedures**

Employees are encouraged to bring to management's attention any violations of law or Company policy, as well as any other work-related problem. Each employee has the right to:

- Discuss work-related complaints or problems with management and receive a carefully considered response.
- Appeal a supervisor's decision to a higher authority *without fear of retribution or prejudice*.

Definitions. A complaint or problem is defined as a condition of employment that the employee believes or feels is unjust or inequitable.

An appeal is defined as an employee's right to take a decision to a higher authority.

Procedures. All personnel are actively encouraged to solve problems by discussing them with management. Occasionally, an employee's complaint involves his or her supervisor. In such a case, employees are encouraged to discuss these complaints with the next level of management. *An employee must never be exposed to retaliation for making a complaint or participating in any investigation.*

### Response

Supervisors have been encouraged to respond to an employee within ten (10) business days of the initial complaint.

### Witnesses

An employee has the right to request that a fellow employee witness the lodging of a complaint with a supervisor. Conversely, a supervisor may also request that an employee witness the proceedings.

### Appeals

Unresolved complaints may be appealed to the next level of management.

Complaints which are not resolved to an employee's satisfaction may be appealed through successive levels of management.

Appeals through the chain-of-command must be made within ten (10) calendar days of the previous supervisor's decision. Each level of management will attempt to respond in writing within ten (10) calendar days. If a response is not received within the designated time, the employee may continue the appeal process.

*8/9/11*