

# **NORTHSTAR HEALTHCARE INCOME, INC.**

## **CORPORATE GOVERNANCE GUIDELINES**

**March 2019**

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “**Board**”) of NorthStar Healthcare Income, Inc. (the “**Company**”) to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines are not intended to change or interpret any federal or state law or regulation, including the Maryland General Corporation Law, or the Company’s Articles of Incorporation, as amended (the “**Charter**”) or Bylaws. These Corporate Governance Guidelines are subject to modification from time to time by the Board.

### **THE BOARD**

#### **Role of Directors**

The business and affairs of the Company shall be managed by or under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge such director’s responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting.

#### **The Board’s Goals and Responsibilities**

The Board’s goal is to build long-term value for the Company’s stockholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations that depend on the Company. To achieve these goals, the Board will monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer, and offer him or her constructive advice and feedback. When it is appropriate or necessary, it is the Board’s responsibility to remove the Chief Executive Officer and to select his or her successor.

The responsibilities of the Board are generally defined by statutory and judicial law (both Maryland and federal) and the rules and regulations of applicable administrative agencies (notably the Securities and Exchange Commission and state securities agencies). In managing the business and affairs of the Company, the Board shall focus its priorities on the following core responsibilities:

- Representing the interests of the Company’s stockholders in maintaining and monitoring the fulfillment of the Company’s primary investment objectives, as developed in accordance with the Charter.
- Evaluating and approving the Company’s strategic direction and initiatives and monitoring implementation and results.
- Overseeing, advising and interacting with the Company’s Chief Executive Officer and other senior executives and the Company’s advisor, CNI NSHC Advisors, LLC, a Delaware limited liability company (the “**Advisor**”), with respect to key aspects of, and issues affecting, the business, including strategic planning, investments, borrowings, operating performance and stockholder returns.
- Supervising and evaluating the relationship between the Company and the Advisor and other Affiliates (as defined below).

- Monitoring the Company's operating results and financial condition and the significant risks to the Company.
- Selecting and evaluating a well-qualified Chief Executive Officer of high integrity and, as appropriate, other members of the senior executive team.
- Selecting a well-qualified Chairman of the Board of high integrity.
- Overseeing the Company's integrity and ethics, compliance with laws, financial reporting and public disclosures. In furtherance of this responsibility, the Board has adopted and, acting through its Audit Committee, shall oversee compliance with a Code of Ethics for the Company and promptly disclose publicly any changes to or waivers of the Code of Ethics as required thereby.
- Reviewing and approving, upon recommendation of the appropriate committee of the Board, all matters to be recommended for stockholder approval.
- Reviewing and approving all public filings that require approval of the full Board.
- Regularly attending Board meetings (meeting materials should be reviewed in advance).
- Performing other such responsibilities as described in the Charter.

A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. The directors shall not be required to devote their full time to the affairs of the Company.

### **Independence of the Board**

The Board shall be comprised of a majority of independent directors. The term "independent director" shall have the same meaning assigned to it in the Charter.

### **Selection of the Chairman of the Board**

The Board does not require the separation of the offices of the Chairman of the Board and Chief Executive Officer. The Board shall be free to choose its Chairman in any way that it deems best for the Company at any given point in time.

### **Size of the Board**

The Board believes that it should generally have no fewer than four and no more than 12 directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. The size of the Board could, however, be increased or decreased from time to time pursuant to the Bylaws of the Company but must never be less than three.

### **Selection of New Directors**

The Board may establish a Nominating and Corporate Governance Committee if it deems appropriate to, among other things, address the selection and recommendation of qualified candidates for election to the Board. Unless and until the Nominating and Corporate Governance Committee is formed, the Board shall be

responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders.

The Board or Nominating and Corporate Governance Committee shall solicit candidate recommendations from its own members and management of the Advisor. The Board or Nominating and Corporate Governance Committee will also consider suggestions made by stockholders and other interested persons for director nominees who meet the established director criteria (as set forth below). In order for a stockholder to make a nomination, the stockholder must satisfy the procedural requirements for such nomination as provided in Article II, Section 11 of the Bylaws.

The Board or Nominating and Corporate Governance Committee may engage the services of a search firm to assist in identifying potential director nominees.

In evaluating the persons nominated as potential directors, the Board or Nominating and Corporate Governance Committee will consider each candidate without regard to the source of the recommendation and take into account those factors that the Board or Nominating and Corporate Governance Committee determines are relevant.

### **Board Membership Criteria**

At least one independent director of the Company must have at least three years of relevant real estate experience, and each director must have at least three years of relevant experience demonstrating the knowledge and experience required to successfully acquire and manage the type of assets being acquired by the Company.

### **Other Public Company Directorships**

The Company does not have a policy limiting the number of other public company boards of directors upon which a director may sit, in general. However, the Board or Nominating and Corporate Governance Committee shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member.

Although the Company does not impose a limit on outside directorships, it does recognize the substantial time commitments attendant to Board membership and expects that the members of its Board be fully committed to devoting all such time as is necessary to fulfill their Board responsibilities, both in terms of preparation for, and attendance and participation at meetings.

In addition, in recognition of the enhanced time commitments associated with membership on a public company's audit committee, the Board has adopted a policy that no member of the Audit Committee may serve simultaneously on the audit committees of more than two other public companies.

### **Directors Who Change Their Present Job Responsibility**

Whenever a member of the Board (i) resigns or is terminated from his or her existing principal officer position or (ii) violates the Company's Code of Ethics, Corporate Governance Guidelines or any other Company policy applicable to members of the Board from time to time, he or she shall offer his or her resignation to the Board or Nominating and Corporate Governance Committee for its consideration. The Board or Nominating and Corporate Governance Committee shall consider the resignation offer, giving due consideration to all relevant factors that the Board or Nominating and Corporate Governance Committee deems appropriate under the circumstances, including, without limitation, any rule or regulation promulgated under the Securities Exchange Act of 1934, and shall recommend to the Board or

Nominating and Corporate Governance Committee the action to be taken with respect to such resignation offer.

The Board or Nominating and Corporate Governance Committee shall have the absolute authority to determine whether a violation has occurred with respect to clause (ii) above. Any member of the Board who offers his or her resignation pursuant to these Corporate Governance Guidelines shall not participate in the Board or Nominating and Corporate Governance Committee recommendation or action of the Board or Nominating and Corporate Governance Committee regarding whether to accept the resignation offer.

### **Director Tenure**

In connection with each director nomination recommendation, the Board or Nominating and Corporate Governance Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's renomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted by the Board or Nominating and Corporate Governance Committee in connection with each director nomination recommendation.

### **Board Compensation**

A director who is also an officer of the Company, the Advisor or the Company's sponsor shall not receive additional compensation for such service as a director.

The Company believes that compensation for independent directors should be competitive and should encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock or similar compensation. The Board or Nominating and Corporate Governance Committee will periodically review the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. Such review will also include a review of both direct and indirect forms of compensation to the Company's directors, including any charitable contributions by the Company to organizations in which a director is affiliated and consulting or other similar arrangements between the Company and a director. Changes to director compensation will be proposed to the full Board for consideration. Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a member of the Audit Committee may receive from the Company; provided, however, that a member of the Audit Committee may also receive fixed amounts of compensation under a retirement plan (including deferred compensation) from the Company for prior service with the Company so long as such compensation is not contingent in any way on continued service. Committee chairpersons may receive such additional reasonable compensation for serving in that role as may be determined from time to time.

### **Separate Sessions of Independent Directors**

The independent directors of the Company shall meet in executive session without management on a regularly scheduled basis, but not less frequently than quarterly. Any interested parties desiring to communicate with the independent directors regarding the Company may directly contact such directors by delivering such correspondence in care of the Company's Secretary at NorthStar Healthcare Income, Inc., 590 Madison Avenue, 34th Floor, New York, New York, 10022.

### **Self-Evaluation by the Board**

The Board or Nominating and Corporate Governance Committee will sponsor an annual self-assessment of the Board's performance as well as the performance of each committee of the Board, which shall take such form as the Board or Nominating and Corporate Governance Committee deems appropriate. The results of such self-assessment will be discussed with the full Board and each committee, which self-assessment may

be in the form of an oral report to the Board and each committee thereof. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The Board will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

### **Strategic Direction of the Company**

Normally it is management's job to formalize, propose and implement strategic choices and the Board's role to approve strategic direction and evaluate strategic results. However, as a practical matter, the Board and management will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and other Board members. To facilitate such discussions, members of senior management who are not directors may be invited to participate in Board meetings when appropriate.

### **Board Access to Management**

Board members shall have access to the Company's management, the Company's Advisor and, as appropriate, the Company's outside advisors. Board members shall coordinate such access through the Chief Executive Officer, and Board members will use judgment to assure that this access is not distracting to the business operation of the Company.

### **Attendance of Management Personnel at Board Meetings**

The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve management; (ii) make presentations to the Board on matters which involve the management; and (iii) bring members of management with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

### **Board Materials Distributed in Advance**

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

### **Board Interaction with Institutional Investors, Analysts, Press and Customers**

The Board believes that management generally should speak for the Company. It is suggested that each director shall refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee.

### **Board Orientation and Continuing Education**

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of ethics, corporate governance guidelines, principal officers, internal auditors and independent auditors. Each director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

## **Director Attendance at Annual Meetings of Stockholders**

Directors are invited to attend the Company's annual meeting of stockholders. Attendance in person is encouraged; however, directors may participate by telephone conference pursuant to the policy more fully described below in "Board Meetings — Commitment and Attendance."

## **Reliance on Management and Outside Advice**

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors, as they deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

## **BOARD MEETINGS**

### **Frequency of Meetings**

There shall be not less than four regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held quarterly.

### **Selection of Agenda Items for Board Meetings**

The Chairman of the Board and the Secretary, in consultation with independent directors and the Chief Executive Officer, shall annually prepare a "**Board of Directors Master Agenda**." This Master Agenda shall set forth a general agenda of items to be considered by the Board at each of its specified meetings during the year. Thereafter, the Chairman of the Board, in consultation with the independent directors, the Chief Executive Officer and the Secretary, may adjust the agenda to include special items not contemplated during the initial preparation of the annual Board of Directors Master Agenda.

Upon completion, a copy of the Board of Directors Master Agenda shall be provided to the entire Board. Each Board member shall be free to suggest inclusion of items on the agenda as well as free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

### **Commitment and Attendance**

All directors should make every effort to attend meetings of the Board and meetings of committees of which they are members. Attendance in person is encouraged. However, any individual director may participate in a meeting by means of a conference telephone if all persons who are participating in the meeting can hear each other at the same time. Participation in a meeting by telephone conference shall constitute attendance in person at the meeting.

### **Participation in Meetings**

Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, management will make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

## **COMMITTEE MATTERS**

### **Number, Structure and Independence of Committees**

The Board shall at all times have an Audit Committee composed solely of independent directors. For further information on the responsibilities, functions and composition of the Audit Committee, see the Audit Committee Charter. The Board may also establish various advisory Committees on which certain members of the Board sit to assist the Advisor and its affiliates in areas that have a direct impact on the Company's operations, such as an Investment Committee, Compensation Committee, Nominating and Corporate Governance Committee, Asset Management Committee, Stockholder Relations, Communications and Development Committee and Finance and Planning Committee. The majority of the members of all of these committees must be independent directors.

### **Frequency and Length of Committee Meetings**

Committee chairpersons, in consultation with committee members, will determine the frequency and length of committee meetings. Each committee shall meet at least as frequently as is required by the terms of such committee's charter, as applicable.

### **Committee Agendas**

Committee chairpersons, in consultation with the appropriate members of senior management and the committee, will develop each of the committee's meeting agendas.

## **LEADERSHIP DEVELOPMENT**

### **Selection of the Chief Executive Officer and President**

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer and President. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer and President, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

### **Evaluation of Chief Executive Officer and President**

Not later than the second regularly scheduled meeting of the Board each fiscal year, the Board will provide the Chief Executive Officer and President with an annual performance review for the prior year. The Board will develop policies and procedures to the extent necessary or desirable.

### **Succession Planning**

The Board shall plan for the succession to the positions of the Chief Executive Officer and President. To assist the Board, the Chief Executive Officer and President shall prepare and disclose to the Board an annual report, which may be written or oral, on succession planning for all senior officers of the Company with an assessment of senior managers and their potential to succeed the Chief Executive Officer and President and other senior management positions. In addition, the Chief Executive Officer and President shall prepare, on a continuing basis thereafter, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Company, if all or a portion of the senior officers should unexpectedly become unable to perform their duties. The short-term succession plan shall be approved by the Board and shall be in effect until the Board has the opportunity to consider the situation and take action, when necessary.

## **COMMUNICATIONS WITH STOCKHOLDERS**

The Company has established the following means for stockholders to communicate concerns to the Board. If the concern relates to the Company's financial statements, accounting practices or internal controls, the concerns should be submitted in writing to the Chairman of the Audit Committee in care of the Company's Secretary at the Company's headquarters address. If the concern relates to the Company's governance practices, business ethics or corporate conduct, the concern may be submitted in writing to the Company's Secretary at the Company's headquarters address.

The Company's Whistleblower Policy prohibits the Company and its affiliates and their officers, employees and agents from discharging, demoting, suspending, threatening, harassing or in any other manner discriminating against any employee for raising a concern. If a stockholder or employee nonetheless prefers to raise his or her concern in a confidential or anonymous manner, the concern may be directed to the Compliance Officer of the Company at the Company's headquarters address.

## **CONDUCT AND ETHICS STANDARDS FOR DIRECTORS**

Directors are subject to applicable provisions of a Code of Ethics, Insider Trading Policy Statement and Whistleblower Policy for the Company. A copy of the Code of Ethics can be found on the Company's website at [www.northstarhealthcarereit.com](http://www.northstarhealthcarereit.com).