



## COLONY NORTHSTAR, INC.

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### Corporate Governance Guidelines

#### A. Introduction

The following Corporate Governance Guidelines (the “**Guidelines**”) have been adopted as guidelines and principles for the conduct of the Board of Directors (the “**Board**”) of Colony NorthStar, Inc. (the “**Company**”). They reflect the Board’s commitment to monitoring the effectiveness of decision-making at the Board and management level and ensuring adherence to good corporate governance principles, all with a goal of enhancing stockholder value over the long term. The Guidelines are subject to periodic review by the Nominating and Corporate Governance Committee of the Board (the “**Nominating Committee**”).

The Guidelines should be interpreted in the context of all applicable laws and regulations and the Company’s articles of incorporation and bylaws. The Guidelines are statements of policy and are not intended to supersede or interpret any federal or state law, rule or regulation, including the Maryland General Corporation Law, or the Company’s articles of incorporation or bylaws.

#### B. Director Responsibilities and Qualifications

##### 1. General Responsibilities.

The Board, which is elected by the stockholders, is the ultimate decision-making body of the Company, except with respect to those matters reserved to the stockholders by law or pursuant to the Company’s articles of incorporation and/or bylaws. The Board will have the following general responsibilities:

- supervising and directing the business and affairs of the Company in the interest, and for the benefit, of the Company’s stockholders in order to enhance stockholder value over the long term;
- reviewing and, where appropriate, approving the Company’s major strategic, financial and business objectives, plans and actions;
- reviewing and approving guidelines that set out the criteria to be used to evaluate the merits of specific investments as well as the Company’s overall portfolio composition; and
- establishing policies and principles for the selection, and possible succession planning, of directors, the Company’s Chief Executive Officer (the “**CEO**”) and other executive officers.

The Board will exercise its business judgment to act in a manner which it reasonably believes to be in the best interests of the Company and its stockholders consistent with

its legal duties. All directors owe a duty of loyalty to the Company which mandates that the best interests of the Company prevail over any individual interests of a director. Under the Maryland General Corporation Law, each director must perform his or her duties as a director (i) in good faith, (ii) in a manner he or she reasonably believes to be in the best interests of the Company and (iii) with the care that an ordinarily prudent person in a like position would use under similar circumstances.

Directors are expected to adhere to a high ethical standard in performing and carrying out their duties and responsibilities for the Company. In particular directors are expected to comply with these Guidelines and the Company's Code of Business Conduct and Ethics as in effect from time to time.

## 2. General Qualifications.

The Board places a high priority on the vitality and experience of its Board and in the discharge of its responsibilities. The Nominating Committee will identify and recommend to the Board candidates for director in accordance with the policies, procedures and criteria established by the Nominating Committee and the Board from time to time. When formulating its recommendations, the Nominating Committee will also consider advice and recommendations from others as it deems appropriate. The Board will also consider the director candidates that are submitted for election by the stockholders at the annual stockholders' meeting. At a minimum, director candidates will be selected on the basis of integrity, judgment, ability to make independent analytical inquiries, willingness and ability to devote adequate time and resources to diligently perform Board duties, appropriate and relevant business experience and acumen, and reputation, both personal and professional, consistent with the image and reputation of the Company. The Board is committed to a diversified membership, in terms of both the individuals involved and their various experiences and areas of expertise.

## 3. Election of Directors.

As provided in the Company's bylaws, in any uncontested election of directors, each director will be elected by the vote of a majority of all the votes cast at a meeting of stockholders duly called and at which a quorum is present. In any uncontested election of directors, any incumbent director who does not receive a majority of the votes cast by stockholders entitled to vote with respect to the election of that director shall tender his or her resignation within three (3) days after certification of the results. However, directors shall be elected by a plurality of the votes cast at a meeting of stockholders duly called and at which a quorum is present for which (i) the secretary of the Company receives notice that a stockholder has nominated an individual for election as a director in compliance with the requirements set forth in the Company bylaws; and (ii) such nomination has not been withdrawn by such stockholder on or before the close of business on the tenth day before the date of filing of the definitive proxy statement of the Company with the Securities and Exchange Commission, and, as a result of which, the number of nominees is greater than the number of directors to be elected at the meeting. For purposes of the foregoing, a majority of the votes cast means that the number of shares that are cast and are voted "for" the election of a director must exceed the number of shares of the Company that are withheld from his or her election.

To the extent that one or more directors' resignations are accepted by the Board, the Nominating Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board.

The Company's policy regarding election of directors will be summarized in each proxy statement relating to an election of directors.

#### 4. Independence and other Qualifications.

A majority of the members of the Board must meet the criteria for independence established by the New York Stock Exchange ("NYSE"), as in effect from time to time and as interpreted by the Board in its business judgment. The Board will undertake an annual review of the independence of all non-employee directors and, in accordance with the independence criteria established by the Board from time to time, will make an affirmative determination that each "independent" director has no direct or indirect material relationship with the Company. The names of the independent directors will be published in the Company's annual proxy statement to stockholders and/or in the Company's annual report on Form 10-K (the "**Form 10-K**").

The Nominating Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics required for new Board members as well as the composition of the Board as a whole. This assessment may include, among other things, the following:

- diversity, age, background, skills and experience;
- personal qualities and characteristics, accomplishments, and reputation in the business community;
- knowledge and contacts in the communities in which the Company conducts business and in the Company's industry or other industries relevant to the Company's business;
- ability and willingness to devote sufficient time to serve on the Board and committees of the Board;
- knowledge and expertise in various areas deemed appropriate by the Board; and
- fit of the individual's skills, experience, and personality with those of the other directors in maintaining an effective, collegial and responsive Board.

Nominations for directors, including nominees to committees of the Board and for designation as "lead" independent director ("**Lead Director**"), will be made or recommended by the Nominating Committee in accordance with the policies and principles in its charter and as determined by the Board. The Nominating Committee also will consider for Board membership individuals who are nominated by stockholders upon submission of the information required by the Company's bylaws in writing to the Secretary of the Company at the Company's principal executive offices. Unless otherwise determined by the Nominating Committee or the Board, the Nominating Committee's process for identifying and evaluating nominees for director will be the same regardless of who makes the recommendation.

5. Restrictions on Board Service and Actions.

- *Other Directorships.* The Board recognizes that it is important that each director have the requisite time to devote to the oversight of the Company's business. 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, in recommending nominees to the Board, the Nominating Committee shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee or a director is a member. Each director shall provide notice to, and receive approval from, the Chairperson of the Nominating Committee and the CEO in advance of accepting an invitation to serve on another public company board. However, no such approval shall be necessary for a director's continued service on any public company board of directors on which such director was serving on the date such director joined the Board. Service on boards of other organizations should be consistent with the Company's Code of Business Conduct and Ethics and the rules of the NYSE. 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.
- *Change in Circumstances.* If a director's principal occupation or business association changes, or if a director takes on significant additional business responsibilities, such director shall promptly inform the Board of such change and the Nominating Committee shall determine whether it is appropriate for such director to continue to serve on the Board. Whenever a member of the Board (i) accepts a position with a company that is competitive to the business(es) then engaged in by the Company or (ii) violates the Company's Code of Business Conduct and Ethics, Corporate Governance Guidelines or any other Company policy applicable to the members of the Board from time to time, he or she shall offer his or her resignation to the Nominating Committee. The director shall be expected to act in accordance with the Nominating Committee's recommendation in this regard.
- *Mandatory Retirement Age and Term Limits.* The Board does not believe it should establish a mandatory retirement age or term limits for directors, instead preferring to rely upon the evaluation procedures described above as the primary method of ensuring that each director continues to act in a manner consistent with the best interests of the stockholders, the Board and the Company. While a mandatory retirement age and term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations based on their understanding of the Company's history, policies and objectives and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits and mandatory retirement, the Nominating Committee will review each director's

continuation on the Board every three years. This will allow each director the opportunity to confirm his or her desire to continue as a member of the Board.

- *Director Tenure.* In connection with each director nomination recommendation, the Nominating 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 re-nomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted by the Nominating Committee in connection with each director nomination recommendation.

#### 6. Chairman.

The Board will elect its Chairman or Executive Chairman (“**Chairman**”) based on such factors as the directors deem relevant. There is no requirement that the offices of Chairman and CEO be held by the same person, or that the offices be filled by different people. The Company believes that this issue is part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination as to this matter when it elects a new CEO.

### **C. Functioning of the Board**

The Chairman of the Board, in consultation with other members of the Board, will determine the timing and length of meetings of the Board. There will be at least four regularly scheduled meetings of the Board in each calendar year. In addition to regularly scheduled meetings, additional unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the Company. Directors are expected to attend, in person or by telephone, all Board meetings and meetings of committees on which they serve, prepare for meetings, review relevant materials, ask questions and engage in discussion, and spend the time needed to properly discharge their responsibilities. In addition, directors are expected to attend the Company's annual meetings of stockholders.

The Chairman of the Board and the Lead Director, in consultation with the CEO (if the positions of Chairman and CEO are filled by different people), will set the agenda for Board meetings, with the understanding that certain items pertinent to the advisory and monitoring functions of the Board will be brought to it periodically by the Chairman for review and/or decision. Agenda items that fall within the scope of responsibilities of a Board committee will be reviewed with the chairperson of that committee. Each Board member is encouraged to suggest the inclusion of items on the agenda at any time.

Presentation materials are important to the Board's understanding of the business and essential to prepare Board members for productive meetings. Materials relating to specific agenda items will be provided to Board members sufficiently in advance of the Board meeting to allow the directors to prepare for discussion of such items at the meeting, and it is expected that all directors will review such materials in advance of each meeting. It is recognized that, in the event of a pressing need for the Board to meet on short notice, materials may not be available in advance of the meeting. In that event, sufficient time for discussion will be allocated to allow the Board to become adequately informed of any issues to be discussed at such meeting.

At the invitation of the Board, members of management of the Company that are recommended by the Chairman, in consultation with the CEO (if such offices are filled by different people), may attend Board meetings for the purpose of participating in discussions. Generally, presentations of matters to be considered by the Board will be made by the manager responsible for that area of the Company's operations. The Board shall review periodically, including with the Chief Legal Officer, as desired, material legal affairs of the Company and the Company's compliance with applicable law and rules of the NYSE.

In addition, Board members will have complete access to management and employees of the Company and or its affiliates, to the extent such employees of the Company and/or its affiliates provide services to, or are involved in the business affairs of, the Company. The CEO or Secretary of the Company will, whenever requested, assist in arranging and facilitating such meetings or contacts. Members of the Board will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company. The CEO or Secretary of the Company will, as deemed necessary or advisable by the Board, assist in arranging and facilitating meetings of the Board with the Company's independent advisors, including its legal counsel and independent auditing firm. 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.

In addition to the Chairman, the Board will have a Lead Director, who shall be an independent director, consistent with criteria established by the NYSE. The Lead Director will be selected on an annual basis by a majority of the independent directors then serving on the Board. The role of the Lead Director is to serve as liaison between the Board and (i) management, including the CEO, (ii) independent directors, (iii) employees reporting misconduct that by their nature cannot be brought to management, and (iv) interested third parties. The Lead Director serves as the focal point of communication to the Board regarding management plans and initiatives, and ensures that the role between board oversight and management operations is respected. The Lead Director also provides the medium for informal dialogue with and between independent directors, allowing for free and open communication within that group. In addition, the Lead Director will serve as the communication conduit for third parties who wish to communicate with the Board. Interested third parties may communicate with the Board by communicating directly with the Lead Director, either (i) by sending any correspondence they may have in writing to the "Lead Director" c/o the Chief Legal Officer of Colony NorthStar, Inc., 515 S. Flower St., 44<sup>th</sup> Floor, Los Angeles, CA 90071 who will then directly forward such correspondence to the Lead Director, or (ii) by e-mailing correspondence directly to the Lead Director at [lead.director@clns.com](mailto:lead.director@clns.com). The Lead Director will decide what action should be taken with respect to the communication, including whether such communication should be reported to the Board.

To promote open discussion among non-management directors, the Board will devote a portion of each regularly scheduled Board meeting to executive sessions without management participation. If the group of non-management directors includes directors who are not independent, as defined in the NYSE's listing standards, it is the Company's policy that at least one such executive session convened per year shall include only independent directors. The Board will not take formal actions at such sessions, although the participating non-management directors may make recommendations for consideration by the Board. If appropriate, the non-management directors will record minutes of such sessions. The Lead Director will preside at such sessions.

## **D. Responsibility, Composition and Functioning of Committees**

It is the general policy of the Company that all major decisions will be considered by the Board as a whole, except to the extent that the Audit Committee is required by applicable laws, rules or regulations to act alone. As a consequence, the committee structure of the Board is limited to those committees considered to be basic to or required for the operation of a publicly-owned company. The Board will maintain at all times a Compensation Committee, an Audit Committee and a Nominating Committee. The members of each of these committees shall meet the independence requirements for directors as set forth in the rules of the NYSE and applicable securities laws and regulations and as set forth in committee charters. While each such committee will have a written charter addressing the purpose, goals, duties and responsibilities of the committee, the key responsibilities of each committee are as follows:

- The Compensation Committee is responsible for (i) discharging responsibilities relating to compensation of the Company's Chief Executive Officer, other executive officers and directors, taking into consideration, among other factors, any stockholder vote on compensation, (ii) implementing and administering the Company's incentive compensation plans and equity-based plans, (iii) overseeing and assisting the Company in preparing the Compensation Discussion & Analysis for inclusion in the Company's proxy statement and/or Form 10-K, (iv) providing for inclusion in the Company's proxy statement a description of the processes and procedures for the consideration and determination of executive officer and director compensation and (v) preparing and submitting for inclusion in the Company's proxy statement and/or annual report on Form 10-K a Compensation Committee report, in accordance with applicable rules and regulations.
- The Audit Committee prepares an Audit Committee Report to be included in the Company's annual proxy statement and assists the Board in the oversight of the Company's accounting and financial reporting processes, integrity of the Company's consolidated financial statements and financial reporting process, including disclosure controls and procedures, the compliance by the Company with financial, legal and regulatory requirements, including applicable NYSE listing requirements, and its ethics program, as set forth in the Company's Code of Business Conduct and Ethics and the Company's Code of Ethics for Senior Financial Officers, the qualification and independence of the Company's independent auditors, the Company's overall risk profile, and the performance of the Company's internal audit function and independent auditors.
- The Nominating Committee develops, recommends, implements and monitors the adherence to these Guidelines, annually facilitates the assessment of the Board's performance as a whole and of individual directors, as required by applicable law, regulations and the NYSE corporate governance listing standards, oversees the Board's evaluation of the management, makes recommendations as to appropriate size and composition of the Board, identifies and recommends to the full Board qualified candidates to serve as Board members and recommends nominees for election as directors at the annual meeting of stockholders consistent with the criteria approved by the Board.

The Board may from time to time form such other committees as it determines to be appropriate to facilitate and assist in the execution of the Board's responsibilities.

Committee members and chairs will, upon recommendations from time to time of the Nominating Committee, be appointed by the Board, after consideration of the desires, experience and expertise of individual directors. The Nominating Committee will review the committee membership and chairpersonship on an annual basis, and may recommend to the Board rotating members and chairpersons from time to time, balancing the interests of continuity with diversity of experience and taking into account any legal, regulatory or NYSE requirements regarding the composition of a particular committee.

Each committee chair will establish the frequency, length and agenda of meetings as appropriate and necessary to carry out the committee's responsibilities. Sufficient time to consider the agenda items will be provided. Materials relating to specific agenda items will be provided to committee members sufficiently in advance of the committee meeting where necessary to allow the members to prepare for discussion of such items at the meeting. It is recognized that, in the event of a pressing need for a committee to meet on short notice, materials may not be available in advance of the meeting. In that event, sufficient time for discussion will be allocated to allow the committee to become adequately informed of any issues to be discussed at such meeting. At the invitation of the committee chair, members of management of the Company that are recommended by such committee chair, may attend committee meetings for the purpose of participating in discussions.

#### **E. Director Compensation**

Non-management directors will be compensated for their service to the Company in cash and/or equity of the Company on a basis that is commensurate with the commitment made by such directors to serve the Company, and taking into account the compensation paid to directors by other similarly situated public companies. The Compensation Committee will periodically review the amount and nature of compensation paid to directors, and make recommendations to the full Board regarding any adjustments to such compensation arrangements as appropriate. Directors who also are employees of the Company will not receive additional compensation in their capacity, or for their service, as directors.

The Board recognizes that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated, and therefore such actions will be discouraged. The Board will critically evaluate each of these matters when determining the form and amount of director compensation, and the independence of a director.



## **F. 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.

## **G. Director Orientation and Continuing Education**

All new directors will participate in the Company's orientation program. This orientation will include presentations by management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers and its independent auditors.

All directors are expected to stay actively informed and up to date on current issues relating to director responsibilities and are encouraged to participate in continuing educational programs. From time to time, the Board may set aside time at its meetings to provide continuing director education for the benefit of the directors. The Company will pay all reasonable expenses relating to continuing director education.

## **H. Retention of Outside Advisors**

The Board and each committee shall have the power to retain and terminate independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

## **I. Transactions with Directors**

It is the policy of the Board that any transaction involving the Company in which a director (or any member of a director's immediate family) has a personal or financial interest (direct or indirect) should be scrutinized carefully to ensure that the transaction is in the best interests of the Company and will not otherwise create a conflict of interest. It is incumbent upon each director to promptly notify the Audit Committee when he or she becomes aware of a matter in which he or she (or any member of a director's immediate family) has, or may have, a personal or financial interest (whether direct or indirect) or may otherwise have a potential conflict of interest.

Without approval in accordance with the Company's Related Party Transaction Policy, the Company will not enter into a transaction or arrangement (including utilizing the services of any director to provide legal, accounting, financial, consulting or other similar services to the Company) in which a director has a material personal or financial interest (direct or indirect) or which would cause the Board to fail to meet any requirement of the NYSE. Whether a director has a material personal or financial interest in a transaction or arrangement will be determined by the Board on a case-by-case basis, but at a minimum a director will be considered to have a material personal or financial interest in a transaction or arrangement if the Company will be required to disclose the transaction or arrangement in its annual proxy statement to stockholders or the Company's Form 10-K. The interested director will not participate in any Board discussion regarding the matter in which the director has such an interest. For purposes hereof, "director" will include any entity

with which the director is affiliated, any immediate family member of a director and any entity in which a director's immediate family member has a material interest.

#### **J. CEO Evaluation and Management Succession**

The Compensation Committee will conduct an annual review of the CEO's performance in accordance with policies and principles set forth in its charter. The Board will review the Compensation Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long and short term.

The Board will periodically evaluate policies and principles for CEO selection and succession planning so as to facilitate smooth transitions of leadership. If appropriate, the Board will establish a committee to assist it in evaluating potential successors to the CEO.

#### **K. Annual Board Review**

The Board will conduct an annual review and self-evaluation to determine whether it and its committees are functioning effectively. The review will focus on the Board's contribution to the Company and will seek to identify specific areas, if any, that need improvement or strengthening. Such review shall include presentations to the Board by each committee chairperson, and may, if deemed necessary or appropriate by the Board, include reviews and/or presentations by the Company's independent advisors, including its legal counsel and independent auditing firm. The Nominating Committee shall be responsible for overseeing the Board and committee evaluation process and reporting its assessments to the Board.

The Board also will conduct an annual review to ensure that the Company is in compliance with all applicable NYSE listing requirements and to ensure that all required certifications and public disclosures are made.

#### **L. Periodic Review of Corporate Governance Guidelines**

The Guidelines, as set forth herein, will be reviewed by the Nominating Committee from time to time. If the Nominating Committee determines that modifications are in order, it will make recommendations of changes for the Board to consider.

#### **M. Disclosure**

The Guidelines, as may be amended from time to time, shall be posted on the Company's website. The Company shall state in its annual proxy statement that these Guidelines are available on the Company's website and provide the website address.

Approved: January 10, 2017