

## CARETRUST REIT, INC.

### CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of CareTrust REIT, Inc. (the “Company”) has established the following guidelines (“Governance Guidelines”) for the conduct and operation of the Board.

#### 1. ROLE AND RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board is selected by the stockholders to provide oversight of, and strategic guidance to, the Company in a manner consistent with the best interests of the Company. In this oversight role, the Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the stockholders. The Board selects and oversees members of senior management, who are charged by the Board with conducting the business of the Company.

#### 2. BOARD COMPOSITION AND SELECTION

##### 2.1 Size of the Board

The number of directors shall be established by the Board in accordance with the Company’s Amended and Restated Bylaws (“Bylaws”) as in effect from time to time. The Board periodically reviews the appropriate size of the Board, which may vary from time to time to accommodate the availability of suitable candidates and the needs of the Company.

##### 2.2 Independence of Directors

The Board shall be composed of a majority of directors who, in the business judgment of the Board, qualify as “independent directors” (each, an “Independent Director”) under the listing standards of The Nasdaq Stock Market LLC (the “Listing Standards”). The Board shall make an affirmative determination at least annually as to the independence of each director.

##### 2.3 Selection of Chairman and CEO

The Board is free to make its choice for Chairman and Chief Executive Officer (“CEO”) in any way that the Board considers best for the Company at a given point in time. Therefore, the Board does not have a policy on whether or not the role of the CEO and Chairman should be separate and, if it is to be separate, whether the Chairman should be selected from the non-employee directors or be an employee director.

##### 2.4 Selection of Directors

The Board will be responsible for nominating members for election to the Board by the Company’s stockholders at the annual meeting of stockholders. The Board is also responsible for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nominating and Corporate Governance Committee is responsible for identifying, evaluating and recommending to the Board individuals qualified to become members of the Board, in accordance with the Bylaws and consistent with the criteria, policies and principles set by the Board in Section 2.5 below and any additional criteria (such as experience, qualifications, attributes and skills) desired for directors and director candidates as may be determined from time to time by the Board. Stockholders may also recommend director candidates for election to the Board and the Nominating and Corporate Governance Committee will consider such director candidates in the same manner and using the same criteria as that

used for any other director candidate. Stockholders who wish to recommend a director candidate for consideration by the Nominating and Corporate Governance Committee and the Board should submit their recommendation in writing to the Chair of the Nominating and Corporate Governance Committee, care of the Secretary of the Company, no later than the January 1 prior to the next annual meeting of stockholders. Such recommendation must include all information about the stockholder and the candidate otherwise required for director nominations by a stockholder pursuant to the Company's Bylaws. The Nominating and Corporate Governance Committee may request additional information concerning such director candidate as it deems reasonably required to determine the eligibility and qualification of the director candidate to serve as a member of the Board. The invitation to join the Board should be extended by the Chairman.

## **2.5 Board Membership Criteria**

The Nominating and Corporate Governance Committee of the Board is responsible for reviewing and recommending to the Board from time to time the knowledge, experience, skills, expertise and diversity or other criteria desired for directors and director candidates. In considering candidates for nomination or appointment to the Board, the Board also intends to consider such factors as whether the director candidate possesses skills and knowledge in the areas of leadership of large, complex organizations, leadership experience in publicly-traded companies, operational experience in heavily-regulated businesses, finance, strategic planning, legal, government relations and relevant industries, especially the healthcare and real estate industries. In conducting its assessment, the Board considers diversity, ability, judgment, skills and experience in the context of the needs and current make-up of the Board of Directors, and also considers whether the candidate is an Independent Director for purposes of the Listing Standards and whether the candidate satisfies other qualification requirements for service on committees of the Board. In the case of incumbent directors whose terms of office are set to expire, the Board reviews such directors' overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair such directors' independence.

## **2.6 Changes in Board Member Criteria**

The Board and the Company wish to maintain a Board composed of members who can productively contribute to the success of the Company. From time to time, the Board may change the criteria for Board membership to maximize the opportunity to achieve this success. When this occurs, existing members will be evaluated according to the new criteria. A director who no longer meets the complete criteria for board membership may be asked to adjust his or her committee assignments or resign from the Board.

## **2.7 Term Limits**

The Board does not believe it should limit the number of terms for which an individual may serve as a director. Term limits may result in the loss of long-serving directors who over time have developed unique and valuable insights into the Company's business and therefore can provide a significant contribution to the Board. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new ideas and viewpoints through the director nomination process described in these Governance Guidelines.

## **2.8 Limits on Board Memberships and Other Significant Activities**

Service on the Board requires significant time and attention. Generally, directors are not expected to serve simultaneously on more than five public company boards, including the Company's Board,

except with the prior approval of the Board. In addition, directors who also serve as Chief Executive Officers, or in equivalent positions, generally should not serve on more than two public company boards, including the Company's Board, in addition to their company's or employer's board. Directors should advise the chairperson of the Nominating and Corporate Governance Committee before accepting membership on other boards or significant commitments involving affiliation with other businesses, non-profit entities or governmental units. In addition, no director may serve as a member of the Audit Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Company's Audit Committee.

In addition, service on boards and board committees of other companies should be consistent with the Company's conflict-of-interest policies.

## **2.9 Conflict of Interest**

Directors are required to follow the Company's conflict-of-interest policies as outlined in the Company's Code of Business Conduct and Ethics in all regards, including in their personal business dealings. Without limiting the foregoing, no director should invest in a class of real estate in which the Company regularly invests, without first disclosing the opportunity to the chairperson of the Nominating and Corporate Governance Committee and the Chief Executive Officer, offering the opportunity to the Company, and obtaining a written waiver of the potential conflict from the Nominating and Corporate Governance Committee. No director should hold a material interest in a Company tenant, vendor or service provider.

## **2.10 Retirement Age**

The Board does not believe that a fixed retirement age for directors is appropriate.

## **2.11 Change in Director Circumstances**

A director who retires from his or her present employment or materially changes his or her job responsibility or business association or experiences other changed circumstances that could pose a conflict of interest or diminish his or her effectiveness as a Board member or ability to commit appropriate time and attention to his or her service on the Board should promptly notify the Board and the Nominating and Corporate Governance Committee. The Board does not believe any director who experiences such a change in circumstances should necessarily leave the Board or any committee thereof; however, there should be an opportunity for the Board, through the Nominating and Corporate Governance Committee, to review the suitability for continued service as a director under these circumstances. In addition, the Board shall also review the suitability of each Board member for continued service on the Board and each relevant committee thereof at least annually.

## **3. DIRECTOR RESPONSIBILITIES**

The basic responsibility of the members of the Board is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company. Directors are expected to attend Board meetings and meetings of the committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting. In discharging their obligations, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside

advisors and auditors. Directors are invited and encouraged to attend the Company's annual meeting of stockholders, either in person or telephonically.

#### **4. BOARD COMMITTEES**

The Board shall have the following three standing committees: (a) an Audit Committee, (b) a Compensation Committee, and (c) a Nominating and Corporate Governance Committee. Committee members will be appointed by the Board upon recommendation by the Nominating and Corporate Governance Committee. The Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee will each have its own charter that will set forth the purposes, goals and responsibilities of each committee as well as the qualifications for committee membership. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

#### **5. DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

The Board will instruct management to provide an orientation process for new directors. This orientation process will include presentations by senior management to familiarize new directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of conduct and ethics, corporate governance guidelines and other policies. In addition, the Nominating and Corporate Governance Committee will monitor the continuing education for existing directors and the Company may, from time to time, offer or fund the cost of third-party continuing education programs to assist the directors in maintaining the level of expertise to perform his or her duties as a director.

#### **6. DIRECTOR COMPENSATION**

The Compensation Committee is responsible for recommending to the Board the level of director compensation for Board and committee service for directors. Director compensation should be competitive. From time to time, the Compensation Committee may request reports from management of the Company concerning the status of Board compensation in relation to similarly situated companies. The Compensation Committee may also retain compensation consultants as needed to assist with the committee's review of director compensation. Employee directors should not receive additional compensation for their service on the Board.

#### **7. BOARD ACCESS TO MANAGEMENT AND EMPLOYEES; USE OF OUTSIDE ADVISORS**

Board members have complete and open access to the officers and employees of the Company. It is assumed that Board members will use judgment to ensure that this contact is not distracting to the operations of the Company or to the duties and responsibilities of management and the Company's employees and that such contact, to the extent reasonably practical or appropriate, will be coordinated with the CEO. Written communications to management or employees should, whenever appropriate, be copied to the CEO.

The Board and each committee shall have the power to retain at the Company's expense such independent counsel and other advisors and experts as it deems necessary or appropriate to carry out its duties.

#### **8. SUCCESSION PLANNING**

The Compensation Committee will review the Company's plan for succession for the Company's CEO, including its emergency succession plan. The Compensation Committee will also work with

appropriate members of management to review the Company's general management succession plans. The CEO should at all times make available to the Board his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **9. BOARD ASSESSMENT**

The Nominating and Corporate Governance Committee will develop, subject to approval by the Board, a process for an annual evaluation of the Board and its committees and oversee the conduct of this evaluation on an annual basis. On an annual basis, the Board and each committee of the Board shall conduct a self-evaluation based on the process developed by such committee and approved by the Board. The results of these evaluations should be reported to the Board.

## **10. INTERACTION WITH INVESTORS, ANALYSTS AND PRESS**

The Board believes that management should speak for the Company. Each director shall refer all inquiries from investors, analysts, the press or others to the CEO or his or her designee in accordance with the Company's policies. Individual Board members may, from time to time, be requested by management to meet or otherwise communicate with various constituencies that are involved with the Company.

## **11. COMMUNICATIONS TO THE BOARD OF DIRECTORS**

Stockholders and other interested parties may send written communications to any member (or all members) of the Board (including without limitation the Independent Directors as a group), any Board committee or any chairperson of any Board committee. Communications should be addressed to the Board or any such individual director or group or Board committee by either name or title and sent c/o Secretary, CareTrust REIT, Inc., 905 Calle Amanecer, Suite 300, San Clemente, California, 92673. Stockholders may also communicate with our Board as a group using the form available on our website at [www.caretrustreit.com](http://www.caretrustreit.com) under "Contact the Board" in the Investors—Corporate Governance section. We suggest, but do not require, that such submissions include the name and contact information of the stockholder making the submission and a description of the matter that is the subject of the communication.

All communications received as set forth in the preceding paragraph will be opened by the Secretary (or his or her designee) for the sole purpose of determining whether the contents represent a message to the Company's directors. The Secretary (or his or her designee) will forward copies of all correspondence that, in the opinion of the Secretary (or his or her designee), deals with the functions of the Board or its committees or that he or she otherwise determines requires the attention of any member, group or committee of the Board. The Secretary (or his or her designee) will not forward junk mail, job inquiries, business solicitations, offensive or otherwise inappropriate materials.

## **12. REVIEW OF GOVERNANCE GUIDELINES**

The Nominating and Corporate Governance Committee will review and assess at least annually the adequacy of these Governance Guidelines and recommend any proposed changes to the Board for approval.

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