



CHOICE
HOTELS[®]

2019
Environmental
Social Governance
Report



The Cambria Hotel in Omaha is LEED certified and has a unique history. It was once a train yard, the Webster Street Station, part of the Omaha Belt Line railway. When excavation for the hotel began, contractors discovered several large wooden timbers buried in the ground. The owner had these removed and sawn into planks that were incorporated into the lobby; adding a unique aspect to the interior and making the 'recycled' aspect of LEED quite visible in the final design.

About Choice Hotels

Choice Hotels International, Inc. (NYSE: CHH) is one of the world's largest lodging companies. With more than 7,000 hotels franchised in more than 40 countries and territories, Choice represents nearly 570,000 rooms around the globe. The Choice® family of hotel brands provides business and leisure travelers with a range of high-quality lodging options from limited service to full-service hotels in the upscale, midscale, extended-stay and economy segments. The award-winning Choice Privileges® loyalty program offers members benefits ranging from everyday rewards to exceptional experiences.

At our worldwide corporate headquarters in the Washington, D.C. metro area (Rockville, MD), and in our technology center in Phoenix, AZ, we create cutting-edge technology and serve as a champion for our franchisees.

Message from President & CEO Pat Pacious

Who are we and who do we aspire to be?

These are powerful and timely questions as we mark the 80th anniversary of Choice Hotels International.

The answers begin with our mission to bring together the people, brands and technology that enable the success of our franchisees and guests. We are a company with a strong legacy of success and a long-term view. We create significant value for our stakeholders by focusing on the sustainability of our business and by investing in our people and in new growth opportunities that can positively impact the communities we serve. Our impact is reflected in the work catalogued here, in this inaugural environmental, social and governance report.

In the pages that follow, you will see how our identity and aspirations as a company come to life through:

- Supporting our powerful network of 12,000 franchisees — the majority of whom are small business owners — in their efforts to serve their guests, employees, local communities, and families as they pursue their entrepreneurial dreams.
- Promoting environmental sustainability in our business practices, our offices and our more than 7,000 franchised hotels across the globe.
- Nurturing a welcoming and respectful culture of inclusion that embraces our franchisees and guests as well as the Choice family of 1,700 associates across the globe.
- Being a good corporate citizen in our daily demonstration of our core values of respect and integrity, especially in our approach to governance.

Our long-term view — linking our aspirations of enabling the success of others with the positive impact they will create in their communities — will sustain our company past the century mark, for the next eight decades and longer. Our shareholders, investors, associates, franchisees and their guests depend upon it.



A handwritten signature in black ink that reads "Pat Pacious".

Pat Pacious
President & Chief Executive Officer
Choice Hotels International



Room for Responsibility

Choice Hotels and Choice-branded franchised hotels across the globe work hard to make everyone feel welcome, wanted and respected—and we believe that this spirit should be alive in the communities where we work and live. It’s not just a way of doing business; it’s how we make Room for Responsibility. Our corporate associates and the owners and employees of our more than 7,000 franchised hotels around the world embody a commitment to giving back and embracing the pillars of our corporate responsibility program each and every day.

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Awards



Environmental Sustainability

Room
to be **Green**[®]





Our Rockville, MD office is [Platinum LEED](#) (Leadership in Energy and Environmental Design) Certified. LEED certified buildings are scored in several categories: location; transportation; sustainable sites, water efficiency; energy; atmosphere, materials; resources, indoor environmental quality; innovation; and more. Based on the number of points achieved, Choice’s headquarters reached Platinum, the highest of four levels. With features like a green roof, Energy Star® appliances, recycling, walkable communities, monthly public transportation subsidies, reusable cups and technological enhancements to reduce paper waste—just to name a few—practicing a sustainable lifestyle is a way of life for our associates.



We are committed to reducing our carbon footprint, and so we require our franchised hotels to join us in our efforts to promote environmentally friendly practices. Our [Room to be Green](#) (RTBG) program focuses on five key pillars that make a difference in our environmental impact. Mandatory* Level 1 requirements include:



Energy Conservation - Use energy efficient indoor lighting solutions, such as LED or compact fluorescent (CFL) bulbs.



Water Conservation - Offer all guests a towel and linen re-use program via approved in-room collateral and/or signage.



Recycling and Waste Production - In accordance with state or local recycling laws, ensure that the hotel offers designated recycling receptacles for staff and guest use.



Employee Engagement & Operational Excellence - Designate a staff member to be the "Green Leader" for the hotel.



Sustainable Product Usage – Replace polystyrene foam with sustainable alternatives in midscale and above properties.



*The Room to be Green Level 1 program is mandatory for US and Canadian hotels. Specific requirements may vary by brand and segment.

2019 Room to be Green Compliance

The required elements of the RTBG program are incorporated into Choice's Quality Assurance Review (QAR) process. Failure to complete the requirements results in a loss of points on the overall QAR.

	Compliant
Energy Conservation	99%
Water Conservation	87%
Recycling and Waste Production	90%
Employee Engagement & Operational Excellence	89%
Sustainable Product Usage	80%

Optional Level 2 and Level 3 Hotels

Many Choice hotels go the extra mile to conserve resources and make environmentally friendly decisions. In addition to meeting our minimum Room to Be Green Level 1 requirements, hotels engage in a selection of enhanced environmentally friendly initiatives to earn Choice's Room to be Green Level 2 and Level 3 recognition. These hotels apply for Level 2 and Level 3 designation through a robust self-audit and a commitment to participate in a variety of activities that include:

- Utilizing Energy Star Portfolio Manager to track and manage energy and water consumption
- Partnering with non-profit Clean the World® to recycle soap and amenities
- Using eco-friendly cleaning products or consumables
- Investing in enhancements like energy management systems or renewable energy sources
- Pursuing LEED certified status

These hotels make a conscious effort to do their part because it's simply the right thing to do. – and we want to recognize them for their success.

Featured Hotels Environmental Sustainability

We're proud of all Choice hotels that go above and beyond to be green, but here are just a couple of our shining stars:



Cambria Hotel - College Park, MD USA

The Cambria Hotel College Park recycled and diverted construction waste from disposal during construction. The project diverted or recycled 564 tons of construction material, which is equivalent to 69% of all construction waste generated.

The **Cambria Hotel College Park** was designed and built to be more resource-efficient and environmentally sustainable; **earning LEED Silver certification**. Hotel highlights include:

- Central location in a walkable community with transit access
- Landscaping and bioretention as part of a comprehensive stormwater management system that reduces runoff and prevents pollutants from entering nearby streams
- Premium parking for low emitting and fuel-efficient vehicles
- Chilled water HVAC system
- LED lighting, occupancy sensors and other controls
- Low-flow plumbing fixtures and water-efficient landscaping
- Ventilation system that delivers conditioned fresh air to all occupied spaces
- Low-emitting finishes, including low VOC paints, adhesives, sealants and flooring



Alto Hotel On Bourke, Ascend Hotel Collection - Melbourne, Australia

Hotel highlights include:

- Carbon audit conducted by the Carbon Reduction Institute shows a one-night stay at Alto Hotel produces an average 11.8 kilograms of carbon, compared to the estimate for hotels as set by Sustainable Tourism CRC of 24-26 kilograms
- 100% of all electricity used is generated from renewable sources
- Air conditioner plant has a six-star energy rating that uses inverter and movement sensor
- Rainwater is used for public toilet cisterns, gardening and cleaning duties
- Water flow restrictors to all showers and taps, eight liters and six liters per minute, respectively
- Double glazed, heat-reflecting windows
- Offers locally grown or produced food items including honey from their own rooftop beehive and fresh herbs grown onsite
- Refillable, pump-action amenity dispensers
- Recycling and composting onsite
- Central location in a walkable community with transit access
- Use of products made from recycled materials, such as paper and key cards
- Low-emitting finishes, including low VOC paints, adhesives, sealants and flooring

The Alto Hotel On Bourke is Australia's first carbon neutral hotel, powered by 100% renewable energy.



Many of our franchisees go the extra mile to conserve resources and make environmentally friendly decisions, including partnering with Clean the World. The goal of this social enterprise is to recycle discarded soap and shampoo from hotels so that it can be distributed to people in need around the world to prevent hygiene-related illnesses and death.



Clean the World®

With a mission to save millions of lives around the world, Clean the World leads a global hygiene revolution to distribute recycled soap and hygiene products from more than 5,000-plus hotel and resort partners to children and families in countries with a high death rate due to acute respiratory infection (pneumonia) and diarrheal diseases (cholera), two of the top killers of children under five. **Since 2009, Clean the World has distributed more than 46 million bars of soap in 127 countries. It is estimated that Clean the World has saved millions of lives by decreasing hygiene-related diseases.**

2019 Choice Hotels Totals

Pounds of Waste Collected	Bars of Soap Distributed	Pounds of Plastic Recycled	Plastic Bottles to Hygiene Kits
86,169	274,302	26,060	69,475



Social Responsibility

Room
to Give





Human Rights Policy

Choice Hotels is committed to conducting our business in a manner consistent with the principles contained in the United Nations Universal Declaration of Human Rights. Our Human Rights Policy outlines our commitment to ethical, non-exploitative and non-discriminatory business conduct and we strive to ensure awareness of these issues among the owners and staff of our franchised hotels.

ECPAT-USA Tourism Code of Conduct

We condemn human trafficking in all forms and in 2015, we joined ECPAT-USA (End Child Prostitution, Pornography and Trafficking of Children for Sexual Purposes) to take measures to prevent and protect children from human trafficking including by signing the Tourism Child- Protection Code of Conduct (The Code). The Code is the industry-driven tourism initiative in preventing child trafficking.



**We protect
children in
travel and
tourism**

Support for Polaris Project

We partner with and support the Polaris Project through fundraising as a part of the Choice Privileges® redemption program. The mission of the non-profit Polaris Project is to combat human trafficking and modern-day slavery and, through a comprehensive approach, strengthen the anti-trafficking movement. Founded as a grassroots initiative to create long-term solutions that address the underlying systems which allow human trafficking to occur, the Polaris Project advocates for stronger federal and state laws, operates the National Human Trafficking Resource Center hotline, conducts trainings, and provides services to trafficking victims. **In 2019, Choice donated over \$25,000 to Polaris Project and 5 million Choice Privileges Points – that’s up to 500 room nights to help survivors of human trafficking.**

Training – Employees of Franchised Hotels

As a signatory of the The Code and in conjunction with the Department of Homeland Security’s Blue Campaign, Choice offers education programs to employees of franchised properties via Choice University to drive awareness of how to identify and combat human trafficking at hotels. Tens of thousands of hotel employees have completed the online training since launch.



At our corporate offices and at Choice-branded franchised hotels across the globe, **we are committed to making every associate, every partner and every guest feel welcome, wanted and respected – that’s our brand promise.** Part of how we deliver on this promise is by weaving deliberate diversity initiatives throughout all levels of the enterprise, from the Board of Directors level to the front lines of our franchised hotels.



Committed to making every associate, every partner and every guest feel welcome, wanted and respected - that's our brand promise.

Choice Hotels Board of Directors

Choice’s commitment to diversity starts at the top with the Diversity Committee of our Board of Directors. This committee is comprised of four board members and meets twice a year, with the purpose of holding the business accountable for meeting deliberate and measurable diversity objectives in corporate workplace practices, franchise sales and advertising.

Corporate Culture

At Choice, we believe that our corporate culture should reflect the diverse world in which we live and the diverse guests and franchisees who we serve. We seek out the best talent that the hospitality, franchising and technology industries have to offer, and we nurture that talent in an open and inclusive workplace, yielding a high performing organization with positive business outcomes. We empower our associates to advance their careers by providing them with access to networks, resource groups and other tools that promote career development and cultural awareness. Choice proudly provides equal employment and advancement opportunities to all associates and all applicants regardless of race, color, religion, sex, national origin, age, sexual orientation, gender identity or expression, disability, veteran status, genetic information, or any other factor protected by applicable laws.



Executive Sponsorship and Diversity Advisory Council

Sponsored by our CFO, Dominic Dragisich, the Diversity Advisory Council (DAC) serves as an organizational thought partner, identifying issues and trends that impact our diverse workforce and/or serve to strengthen our inclusive culture. This council is comprised of 30 cross-functional leaders who serve three-year terms.

The mission of the DAC is to:

- Identify trends and issues in diversity and inclusion that impact Choice Hotels and challenge thinking with diverse perspectives and ideas
- Offer input and insights into corporate initiatives ranging from core business practices to corporate strategic objectives
- Provide expanded intelligence to business leaders within the organization so that they are equipped to provide an inclusive experience to all associates and, in return, are positioned to leverage the full power of the diversity within their teams
- Role model inclusive practices and demonstrate the value of diversity on a daily basis

In 2019, the group has worked together to identify ways to ensure that Choice is positioned to face the future—a future of changing global markets, evolving consumer needs and increasingly diverse talent pools. Partnered with the business, they worked to ensure alignment and buy-in for an enhanced focus on inclusive behaviors and practices and also designed a change in management approach to eliciting an “all leaders in” communal approach to attracting and growing diverse top talent.



Choice Resource Groups

Guided by a focus on Culture, Talent & Business, the Choice Resource Groups provide cultural vibrancy and a sense of connectedness and belonging for associates. The resource groups are added organically when there is associate interest and then supported by Choice. Chairs of the groups are provided with training and support throughout their tenure and emerge from the chair experiences as a diverse talent pool of future leaders. Choice has 10 core resource groups and, with three different locations, there are a total of 25 chapters representing associates in our Rockville, MD office, Phoenix, AZ technology center and our remote associates across the nation.



Adelante, or forward movement in Spanish, enhances our diverse culture and creates awareness for the Hispanic and Latino communities within the company and in our consumer base.



CHAAMP was chartered to bring the organization's Asian community together and serve as a business resource for Choice. With a strong focus on sharing cultural insights and engaging the Asian traveler, this vibrant group also works to support and grow our Choice Asian professionals.



CHAARGE leverages the diverse talents and experiences of Choice's African American associates to assist in the execution of the company's strategic business objectives, creating long-term stakeholder value.



ENABLE increases awareness, access and advocacy of people with disabilities at Choice.



Noodle – A play on the phrase “use your noodle,” was formed out of a “brainstorming” session, pun intended, during a Diversity Advisory Council Meeting. The group partners with the business to identify issues that are looking for solutions and then brings together diverse groups of associates, eager to share their ideas and perspectives.



Choice PRIDE enhances Choice's standing in the corporate community as it relates to LGBT associates, suppliers, and guests.



Toastmasters International is a non-profit educational organization that promotes communication and public speaking skills. At Choice, our associate-led Toastmasters groups leverage the professional tools and approach of the international organization, while enjoying the intimate setting and peer support for their learning and growth.



VALOR makes a positive difference in the lives of veterans and their families through acknowledgement of service and sacrifice, promoting stewardship and assisting with needs.



WBA serves as a forum to provide resources and development opportunities for Choice associates.



CYPA offers networking and development opportunities designed to address those associates who are at the start of their careers.

Our resource group, Choice Hotels African American Resource Group for Employees (CHAARGE), held a panel event discussing the topic “Climbing the corporate ladder as your authentic self.” The Panel consisted of leaders located in our Rockville Office answering thought provoking questions based from their own corporate experiences.
(bottom photo)



Adelante presented Latin America dance and Folklore for Hispanic Heritage Month.
(top photo)



CHOICE
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Workplace Practices

Driven by the desire to capture the agility, creativity, innovative thinking and enhanced customer insights that diverse talent brings to organizations with inclusive cultures, we are always looking at the composition of our talent. We look at the traditional dimensions of diversity such as gender and ethnicity, as well as seek to attract and engage associates that bring with them a variety of life experiences, perspectives and abilities. At Choice, we strive to foster an environment that creates an energized and engaged workforce – and it's why we truly value our relationships with the local community near our corporate offices, as well as our national non-profit partnerships that have footprints in the communities where our franchisees own and operate.



Talent Acquisition

We actively work to attract diverse talent at all levels of the organization and take deliberate steps to eliminate unconscious bias. In addition, we require a diverse slate of candidates for all open roles at the director level and above.

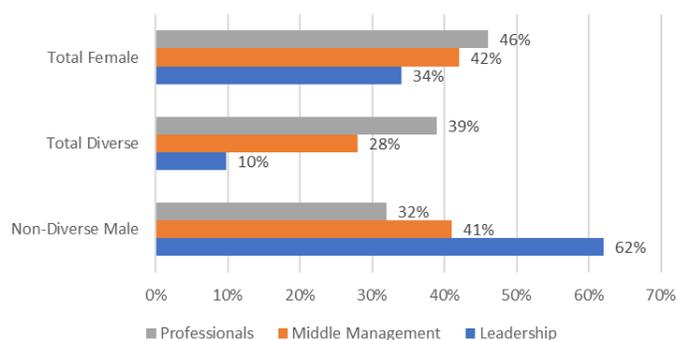
Pay Parity & Pay Opportunity

We foster an inclusive culture that empowers learning, growth, and the ability for all to make an impact. We are committed to providing fair and competitive pay regardless of gender, race or other demographics. To ensure that we are delivering on our commitment to making equitable compensation decisions, annually we conduct corporate pay parity and opportunity analyses.

- Pay Parity: Paying associates fairly and equitable relative to one another, regardless of gender or ethnicity.
- Pay Opportunity: Ensure fairness in promotions and horizontal career movement across the enterprise.

We were pleased with our pay parity results in 2019. For this analysis we focused on a range variance of .95 to 1.00. We found that 2.5% of our associates were outside this range and we took action to remediate this variance. In 2020, we are committed to achieving 100% pay parity. Our 2019 pay opportunity initiative was a continuance of our corporate Career Framework, completed over 2016-2018, which established the architecture to support our commitment to fair and equitable pay and opportunity throughout the employment lifecycle by aligning comparable jobs into a level and salary grade within one of four career tracks. Through our pay opportunity review and ongoing analysis, we will identify opportunities to reinforce fairness in career movement in 2020 and beyond. Below is a chart portraying the mix of female, diverse (male and female), and non-diverse males by management level in 2019.

2019 Corporate Associate Demographics





Inclusive Leader Workshop

Inclusive leaders see the value in assembling a diverse team and work to leverage their collective knowledge, perspectives and insights; producing better results while attracting and retaining top talent. Practicing inclusive leadership skills is not always intuitive, thus we provide access to the Inclusive Leader Workshop on an on-going basis for new Choice leaders and as a part of our Emerging Leader and Leadership Foundations programs.

Inclusion Starts with "I" Workshop

We provide this one-hour peer facilitated session designed for all associates that explores the impact of exclusion and details what inclusion means to each of us.

Job Experience: Rotation Program

In 2019, Choice kicked off a leadership rotation program, designed to attract and fast-track high potential women and leaders from under-represented groups, helping to prepare them for positions of greater responsibility. This program allows new Directors/Senior Directors to learn about our organization by taking on new job responsibilities through lateral moves across the organization. These rotations are completed during a set period before the associate transitions to a permanent role. The program is designed to increase associate business acumen, engagement and retention, and expand our pipeline of talent, as well as help participants to build broader business networks and new skills.

Advancing Women in Technology

Knowing the challenges that we face globally in attracting women to STEM roles, our Women's Business Alliance spearheaded an innovative program to attract women to Choice's technical coding roles by growing our own talent. A trainer was recruited from our own IT department and offered a one-week Java training to all associates. The program, entitled *Leading Cod(h)ers*, was comprised of 18 women and three male associates, and provided exposure to the fundamentals of Java, helping some participants speak the language of their business partners, and inspiring some to make career changes.

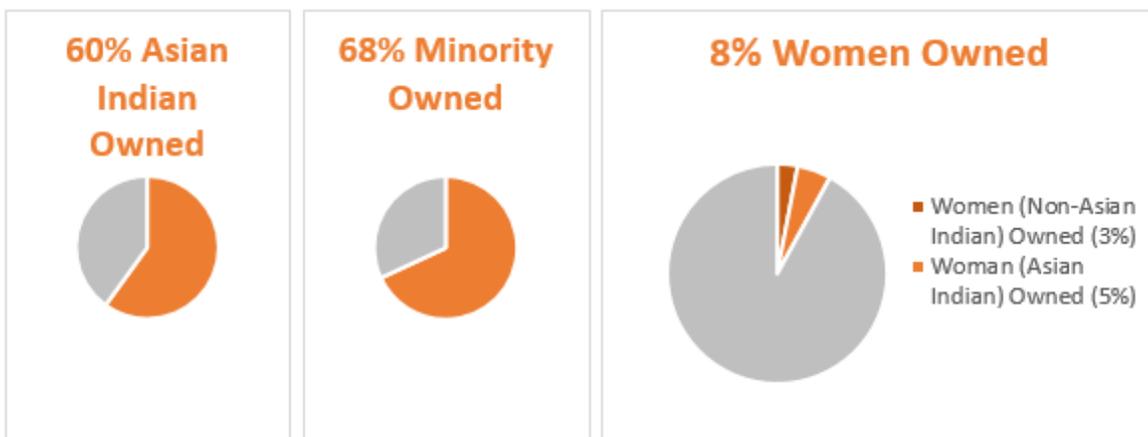


Diverse Client and Consumer Engagement

Franchise Agreements

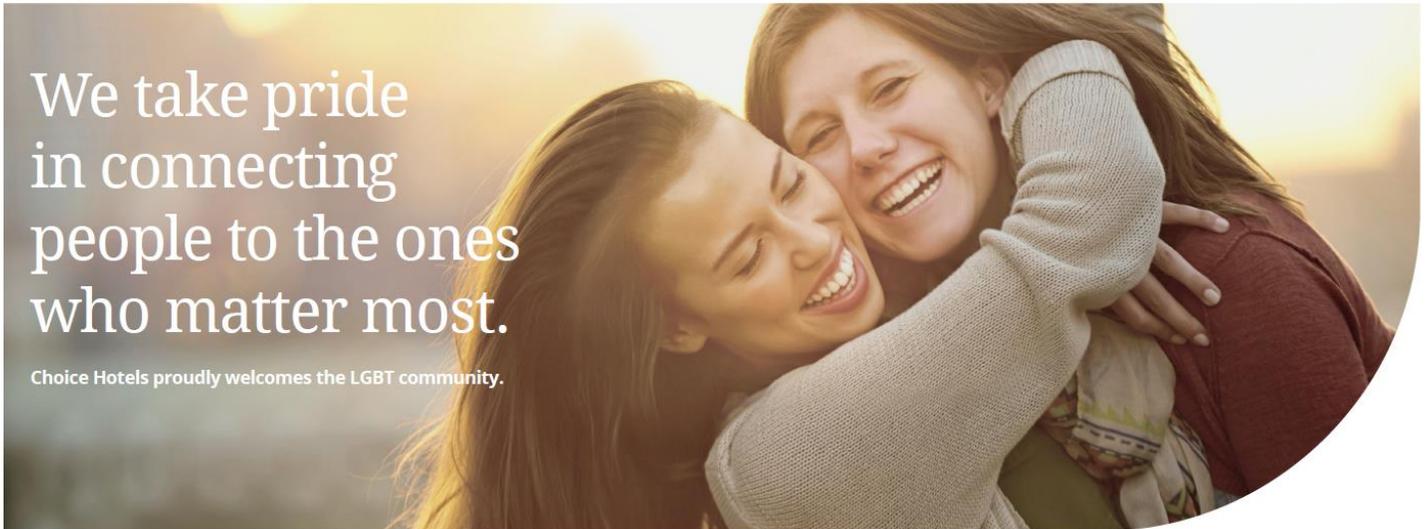


As franchisor, it is our vision to fuel small business through proven brands. It is important to Choice that all are welcome to pursue the American dream of entrepreneurship. To reach underrepresented groups, Choice has a dedicated team focused on establishing relationships within the African American, Hispanic, Native American and veteran communities; offering incentives for new franchises, yielding 34 contracts in 2019. The following charts portray the demographic breakdown of Choice franchise owners.



Advertising and Marketing

It is important that our advertising and marketing efforts are an authentic representation of our diverse guests – ensuring that all consumers know that Choice offers inclusive brands where everyone is welcome, wanted and respected.

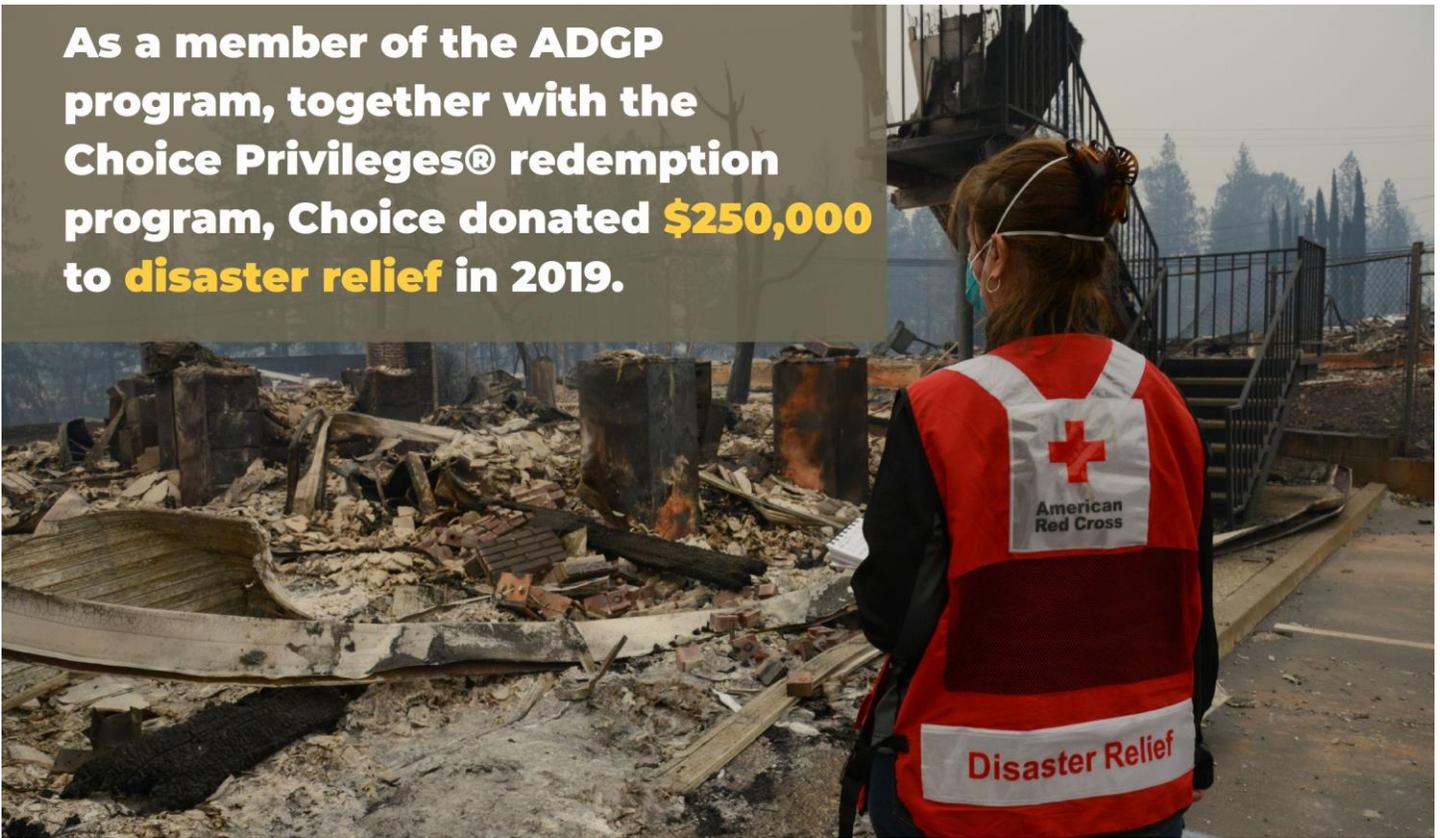


Training – Employees of Franchised Properties

As a resource for the employees on the front lines of our franchised hotels, we offer content via our online training portal, Choice University. Choice released a video piece titled, *"Welcome, Wanted & Respected – It's Good for Everyone,"* in 2019 to drive awareness of unconscious bias and remind our owners and operators how important it is to have respectful interactions with every guest.



As a member of the ADGP program, together with the Choice Privileges® redemption program, Choice donated \$250,000 to disaster relief in 2019.



Annual Disaster Giving Program (ADGP) and Disaster Responder

Each year, the American Red Cross responds to an average of more than 62,000 disasters around the country, from home fires to tornadoes and severe winter weather, hurricanes and floods to transportation accidents, to explosions. The Red Cross not only provides food, shelter and clothing, but also offers comfort and care to help those affected by disaster during their time of greatest need. Choice is a member of the Annual Disaster Giving Program (ADGP) and Disaster Responder Program, and pre-invests in disaster relief. This ensures that the Red Cross can pre-position supplies, secure shelters, maintain vehicles and train volunteers nationwide so that they're always ready to respond, day and night.



American Red Cross

As a member of the ADGP program, combined with guest Choice Privileges® redemptions, Choice donated \$250,000 to the American Red Cross in 2019.

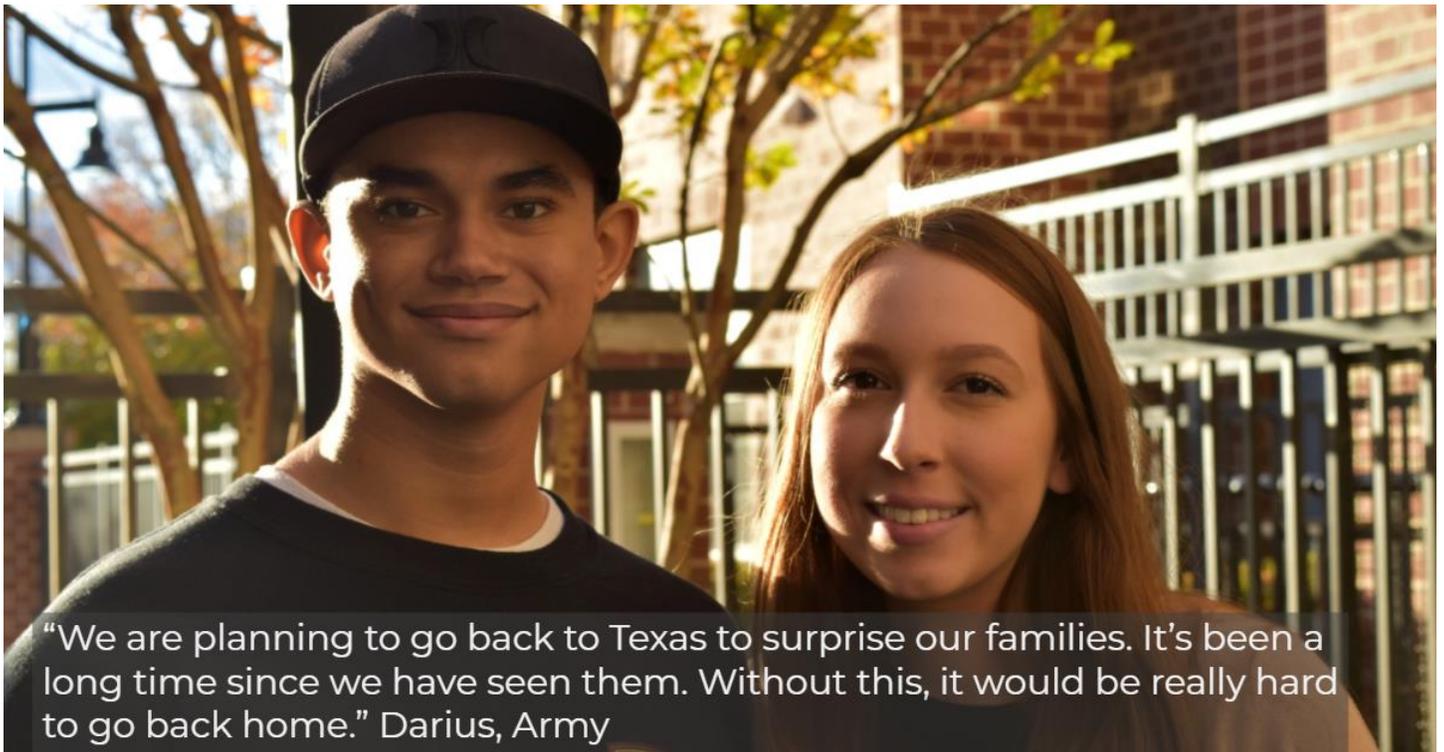
Operation Homefront Partnership

Americans have the confidence and security to travel because of the dedication of our servicemen and women that protect our freedom at home and abroad. To show our appreciation, Choice established a partnership with Operation Homefront, a national nonprofit whose mission is to build strong, stable, and secure military families so they can thrive, not simply struggle to get by, in the communities they have worked so hard to protect. We believe that no military family should go hungry, struggle to pay bills or risk losing their home. **That is why Choice donated over \$160,000 in cash and in-kind donations to Operation Homefront in 2019.**



In honor of Veterans Day, Choice awarded 10 families at the Gaithersburg Operation Homefront transitional housing village complimentary hotel and airfare to go home for the holidays. Washington, D.C.'s on-air personality Michael J. from 98.7 WMZQ-FM joined Choice for an event to announce the gifts to the families.





“We are planning to go back to Texas to surprise our families. It’s been a long time since we have seen them. Without this, it would be really hard to go back home.” Darius, Army

Choice Portfolio of Hotels, Discounts & Extended Stay

Choice supports our active duty and retired military personnel with discounts at thousands of franchised properties nationwide. Choice also provides a variety of extended stay hotels, key for the short-term housing needs of military families.

Choice Privileges® Military Membership

As a special salute to Choice Privileges® members who are active duty military, veterans and military spouses, these members can now be upgraded to Lifetime Gold status. They also receive 2,500 bonus points after their next qualifying stay. Eligible members can apply at choicehotels.com.

BENEFITS OF LIFETIME GOLD STATUS

As a lifetime member, you’ll get all the benefits of Gold Status without any yearly stay requirements. Enjoy perks like:

- > 10% Elite point bonus on your hotel stays¹
- > Exclusive Elite member offers
- > Your choice of an Elite welcome gift or up to 250 bonus points at participating U.S. hotels²
- > Exclusive reservations and customer services phone numbers for U.S. and Canadian properties



At Choice we strive to foster an environment that creates an energized and engaged workforce – and it's why we truly value our relationships with the local community near our corporate offices, and our national non-profit partnerships that have footprints in the communities where our franchisees own and operate.

Choice gives **over \$750,000 a year in cash and in-kind donations** to deserving non-profits. And we don't just write checks - our associates get out into the community, roll up their sleeves and donate their time through our **paid volunteer leave program**.





2019 Major Gifts Donations Include

American Red Cross

Prevents and alleviates human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors.

AZ Audubon

Envision an Arizona with a rich and diverse natural heritage, with ample habitat for birds and other wildlife, and whose children are educated and motivated to become the conservation leaders of tomorrow.

Boys & Girls Clubs of America

Mission is to enable all young people, especially those who need us most, to reach their full potential as productive, caring, responsible citizens.

Count on Me Family Foundation

Help to deliver immersive experiences through art to underserved youth.

Cummins Leadership Foundation

Focuses on increasing literacy and reading comprehension in school-aged children through book donations, holding community reading nights, and offering supplemental funding for literacy programs.

Fisher House Hotels for Heroes

This program provides free hotel rooms to our wounded and infirm military members and their loved ones, while they undergo treatment at a military or VA medical center.

For 3Sisters - Bundle of Love

Dedicated to raising awareness and improving the lives of men and women affected by breast cancer.

H.E.L.P. Snackz

Helping to improve a homeless student's life by intervening to fill these hunger gaps with daily afternoon nutritional snack bags (HelpSnackz).

Habitat for Humanity	Building strength, stability and self-reliance through shelter.
Identity	Attempts to close the gap between young Latinos and negative life outcomes and adversities they face.
Junior League of Phoenix	Emphasizes building a healthy Arizona with programs addressing food insecurities or food access, nutrition and obesity.
Katie's Bridge to Independence	Encourages young adults with neuromuscular disease to become more independent. They provide financial assistance, academic sponsorships and camp sponsorships.
Montgomery County Coalition for the Homeless	Mission is to provide solutions in Montgomery County to ensure that homelessness is rare, brief, or nonrecurring.
NAU, School of Hotel & Restaurant Management	Northern Arizona University, School of Restaurant Management
One.N.Ten	One-n-ten is a youth center that is a safe and free space for LGBTQ+ youth and allies to be themselves, have fun, meet friends, and obtain resources, food, clothing, and support.
Operation Homefront	Mission is to build strong, stable, and secure military families so they can thrive—not simply struggle to get by—in the communities they have worked so hard to protect.
Polaris	Polaris is a leader in the global fight to eradicate modern slavery.
Project EDEN	Invests in the wellness and sustainable development of local communities by providing jobs and job training, entrepreneurial opportunities, nutrition education and food sovereignty through ecological urban agriculture.
ServiceSource Foundation	Mission to facilitate services and partnerships that support people with disabilities, their families, their caregivers, and community members in order to build more inclusive communities.
Shatterproof	National nonprofit organization dedicated to ending the devastation addiction causes families.
Steve Harvey Foundation	Aims to foster excellence in at-risk youth through multiple outreach programs, such as the Steve Harvey Mentoring Program for Young Men.
Susan G. Komen Foundation	Mission is to eradicate breast cancer as a life-threatening disease by advancing research, education, screening, and treatment.
Wolf Trap Foundation	Mission to present and create excellent and innovative performing arts programs for the enrichment, education, and enjoyment of diverse audiences and participants.

*Includes funds raised through the Choice Privileges Redemption program.

Associate Matching Gift and Volunteer Grant Program

We're proud of the difference that so many of our associates make in their local communities and Choice is honored to help support the organizations that are close to their hearts by matching dollar-for-dollar, tax-deductible donations made by eligible full-time corporate associates; up to \$1,500 per calendar year, as funds are available. Choice also offers \$500 grants for every 100 hours of volunteer service an associate completes with a singular organization within the calendar year. **In 2019, Choice matched over \$40,000 in donations to hundreds of organizations through this program.**

Choice Privileges® Redemption Program

Choice enables members of our rewards program, Choice Privileges®, to redeem their points towards donations to noteworthy non-profit organizations. In 2019, Choice Privileges® members donated over \$50,000 through this program.

Supporting Volunteerism

Whether it's a corporate-wide event, team outing, or a small group event hosted by an employee resource group, Choice encourages its corporate associates to volunteer in our surrounding communities, including during regular business hours on company time. Among other activities, Choice associates have hosted drives, volunteered at homeless shelters and food



pantries, and built homes with Habitat for Humanity. In addition to these sponsored events, Choice also supports associates by offering **eight hours of paid volunteer leave per year for personal volunteerism with a non-profit organization close to their hearts.**

Featured Franchisees – Room to Give Your Community, Your Choice Grant Program

Choice Hotels is one of the world's leading franchisors and has been a champion of local businesses since its founding 80 years ago, when seven independent hotel owners pooled their resources to refer business to one another. Today, the company fuels small business by empowering the success of more than 12,000 independent hotel owners around the country. Through the "Your Community, Your Choice. Choice Hotels Local Business Grant Program," Choice helps its hotel owners further their longstanding commitment to caring for the communities outside their hotel doors.

The grant program rewards initiatives that benefit the communities that welcome Choice-brand hotels, such as those that:

- Rebuild a community affected by natural disasters;
- Care for those less fortunate with food or clothing drives;
- Mentor community youth or young professionals;
- Honor local heroes;
- Support other local businesses or organizations, such as schools, parks, etc.

After reviewing more than 80 applications from owners across the country, the following hotels were awarded a \$5,000 grant for their planned philanthropic initiatives:



Comfort Inn & Suites – Murrieta

This hotel is a proud sponsor of Linens N Love, a student-run nonprofit dedicated to collecting and donating gently used blankets, sheets, pillows and towels to animal shelters, women's homes and children's outreach centers. The hotel will use the grant funds to support the transportation, and event costs of Linens N Love's 2020 Social Impact Bootcamp, an intensive full-day leadership seminar that teaches student leaders in Southern California how to start and sustain their own successful community initiatives.



Comfort Inn & Suites – Lynchburg

The Comfort Inn & Suites – Lynchburg is committed to helping hometown heroes succeed in their local communities. The hotel will use the grant funds to support Providence Veterans Farm, a nonprofit dedicated to supporting veterans, first responders and their families, as they renovate a space to help military families thrive.



Clarion Inn Seekonk – Providence

The Clarion hotel will use the grant to grow their collaboration with the Northern Rhode Island Collaborative, a nonprofit that advocates for students and young adults with disabilities. In addition to providing program participants with job-exploration opportunities and community-based work experiences, the hotel will use its grant funds to provide transition services, uniforms and personal items for their students.



The Oasis Hotel & Convention Center, Ascend Hotel Collection

Through its own community-outreach taskforce, the Oasis Give Squad, the hotel and its staff frequently engage in numerous volunteer opportunities throughout the community and proudly sponsor several nonprofit organizations, including Harmony House. The nonprofit strives to end domestic violence by providing shelter, advocacy and education to survivors, and the hotel will use the grant funds to help Harmony House further this work.

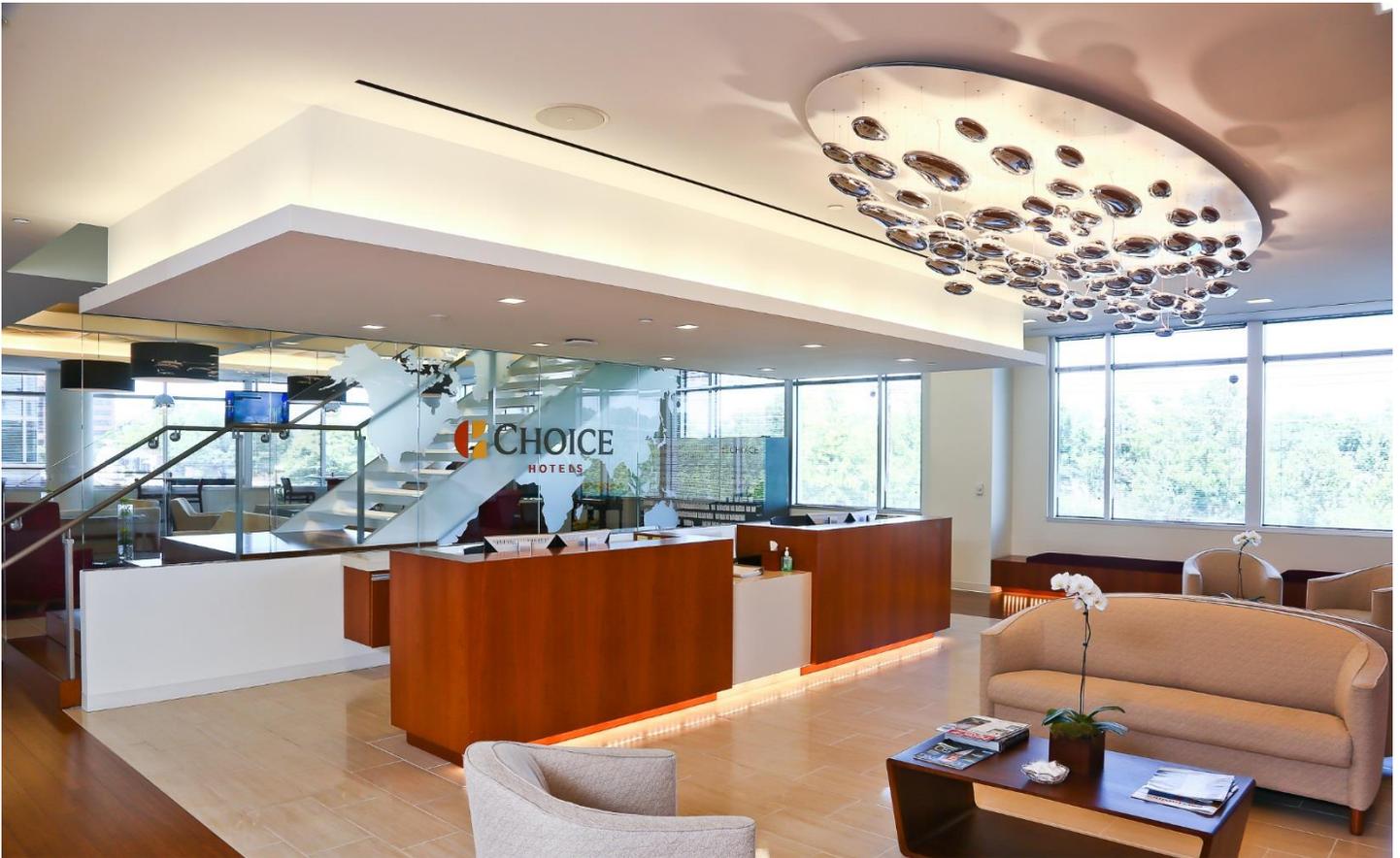


Comfort Inn Auburn – Seattle

The Comfort Inn Auburn – Seattle currently distributes 500 hot meals to local food banks and shelters every Saturday to feed those in need, working with Degh Tegh Community Kitchen, a nonprofit organization. The hotel will use the grant funds to double the distribution to 1,000 hot meals each week and continue their collaboration with Degh Tegh Community Kitchen to provide non-perishable food products to those less fortunate.

Governance





Choice is committed to maintaining good corporate governance as a critical component of our success in driving sustained shareholder value. With a focus on serving the interests of shareholders, the Board collaborates with Choice's senior management and external advisors to remain abreast of and evaluate corporate governance trends and best practices.

For complete SEC filings information, visit: investor.choicehotels.com

- ✓ Annual election of directors by majority vote
- ✓ Separate positions for Chairman of the Board and CEO
- ✓ The independent directors of the Board meet regularly in executive sessions (four independent director executive sessions were held in 2019)

-  Lead independent director - In addition to chairing the executive sessions, the lead independent director manages the Board's review of the CEO's performance, coordinates activities of the independent directors and performs other duties assigned by the Board
-  Stock ownership and holding requirements - Directors and executive officers have robust stock ownership and holding requirements
-  Clawback policy - Executives' incentives are subject to a clawback that applies in the event of certain financial restatements
-  Board governance training program
-  Independent Board committees - The Compensation and Management Development Committee, Audit Committee and Corporate Governance and Nominating Committee are made up entirely of independent directors
-  Annual report of succession planning and management development by CEO
-  Annual assessment of Board and committee effectiveness by the Corporate Governance and Nominating Committee
-  Hedging policy - The Company has a comprehensive insider trading policy and prohibits hedging by any Associates (employees, directors, contractor or consultants), other than Bainum family directors in relation to certain indirectly held shares
-  The Company prohibits pledging of shares by executives as collateral for loans or holding shares in margin account
-  Global hotline and web portal to encourage employees to report financial, ethics and employee relations issues
-  Long-standing commitment to sustainability and environmentally friendly building and operating practices

Board Composition and Tenure

Choice is committed to a Board comprised of diverse individuals and diverse thought. Notably, the Board has three female directors, representing 30% of the Board seats.

Women represent 30%
of the Choice Hotels
Board of Director seats.

Choice has an average tenure of approximately 11 years as of December 31, 2019 (excluding Mr. Stewart W. Bainum, Jr., one of the largest Choice shareholders, the average tenure is approximately seven years). In addition, the Company's Board has shown a healthy degree of refreshment, adding six new directors in the previous seven years (five of whom are independent).



Photos from left to right:

[Stewart Bainum, Jr.](#) – Chairman of the Board of Directors

[Pat Pacious](#) - President and Chief Executive Officer, Choice Hotels International

[Barbara Alexander](#) - Independent consultant, former senior advisor to UBS Securities

[Brian Bainum](#), Management Consultant, SunBridge Capital Management, LLC,

[Bill Jews](#) - Former President and CEO of CareFirst Inc.

[Monte J. M. Koch](#) - Partner at BDT & Company

[Liza Landsman](#) - Venture partner with New Enterprise Associates, Inc.

[Ervin Shames](#) - Independent Management Consultant

[Maureen Sullivan](#) - Chief Operating Officer of Rent the Runway

[John Tague](#) - Former President, CEO and Director, Hertz Global Holdings

Director Nominee Information and Qualifications

The Board requires that its members possess the highest personal and professional integrity and be positioned to contribute to the Board’s effectiveness through their experience. The Board values diversity of viewpoint and opinion, and the Board has been, and continues to be, focused on diversity, including diversity of gender, race and ethnicity. The Board, and specifically the Corporate Governance and Nominating Committee, views diverse representation as the best way to represent the interests of all of our shareholders and maximize the Company’s success.

Board’s Role in Risk Oversight

The Board administers its risk oversight function through two primary mechanisms:



through the adoption and enforcement of Board policies and procedures intended to require the full Board to discuss, address and approve or disapprove certain items determined by their nature to involve various risks requiring Board consideration; and,



through the efforts of the Board’s Audit Committee, which focuses on the particular risks to the Company that arise out of financial reporting and other pertinent areas.

The Board’s primary role in risk oversight is to establish and maintain effective policies and procedures that serve to highlight or expose critical risks. For higher degrees of risk than ordinary course transactions, Choice is required to obtain Board approval. These include transactions above certain limits, certain lending arrangements, certain litigation settlements, and certain related party transactions. In addition to the full Board’s role in risk oversight, different committees of the Board play a role in overseeing risks attendant to the committee’s particular area of focus – compensation, development, governance, diversity, financial reporting, compliance and cybersecurity.

Corporate Governance Guidelines

The main aspects of Choice's Corporate Governance Guidelines are to:

- Create value for shareholders;
- Focus on the future;
- Duty of loyalty;
- Annual CEO evaluation;
- Annual approval of strategic plans;
- Annual assessment of Board and committee effectiveness;
- Reach and maintain specified ownership;
- Set Directors attendance expectations; and
- Evaluate annual report of succession planning and management development delivered by the CEO.



Committees of the Board

The standing committees of the Board are the:

- Audit Committee
- Compensation and Management Development Committee
- Corporate Governance and Nominating Committee
- Diversity Committee

The following is an overview of each committee.

Compensation and Management Development Committee

Under the terms of its charter, the Compensation and Management Development Committee discharges the Board's responsibilities relating to compensation of Choice's executives through the following functions, among others:

- Overseeing the administration of Choice's equity compensation plans and authorizing equity awards thereunder;
- Establishing and updating the "peer group" used to compare Choice's compensation practices;
- Reviewing and approving the compensation of executive officers, in light of shareholder "Say on Pay" results and other relevant factors;
- Setting the compensation for the non-employee members of the Board;
- Reviewing bonus and incentive plans, pensions and retirement;
- Reviewing other employee benefit plans and programs;
- Reviewing Choice's succession plan and management development;
- Self-evaluating annually;
- Setting criteria and guidelines for performance of the CEO;
- Assessing performance of the CEO against performance objectives; and
- Reviewing and discussing Choice's Compensation Discussion and Analysis and producing the annual Compensation and Management Development Committee report for the Company's proxy statement.



Audit Committee

The Audit Committee assists the Board to fulfill its oversight responsibilities with respect to the Choice's auditing, accounting and financial reporting processes. The Committee discharges these duties through the following functions, among others:

- Conferring separately with the Choice's independent registered public accounting firm and internal auditors regarding their responsibilities;
- Reviewing reports of Choice's independent registered public accounting firm and internal auditors and annual and quarterly reports for filing with the SEC;
- Reviewing reports of Choice's independent registered public accounting firm concerning financial reporting processes and internal controls, discussing these internal controls with and suggesting improvements to management;
- Establishing and monitoring an anonymous complaint hotline and other complaints procedures regarding accounting and auditing matters;
- Pre-approving all audit and non-audit services provided by Choice's independent registered public accounting firm;
- Self-evaluating annually;
- Determining the selection, compensation and appointment of Choice's independent registered public accounting firm and overseeing their work;
- Reviewing Choice's policies with respect to risk management;
- Reviewing with the CEO, CFO or Chief Accounting Officer, Choice's disclosure controls and procedures; and
- Overseeing Choice's cyber security and data security practices and procedures.



Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee identifies individuals qualified to become members of the Board; selects, or recommends that the Board selects the director nominees for election or to fill vacancies; develops and recommends a set of Corporate Governance Guidelines applicable to Choice; and oversees the evaluation of the Board. The Committee also has the following functions, among others:

- Establishing criteria for Board membership;
- Conducting the appropriate and necessary inquiries into the backgrounds and qualifications of proposed Board candidates;
- Reviewing and making recommendations on the size and composition of the Board and its committees;
- Reviewing and making recommendations with respect to directors, if any, who are unable to perform their duties;
- Reviewing and making recommendations with respect to the retirement of directors;
- Reviewing and making recommendations with respect to Choice's policies regarding director or senior executive conflict of interest matters;
- Monitoring and making recommendations concerning matters of corporate governance; and
- Reviewing the outside board service by senior executives.

Diversity Committee

The Diversity Committee seeks to assist and advise management in developing a workplace culture that values working with diverse groups of people, offering diversity of thought and perspective. The Committee goals reach beyond the workplace culture, also focusing on diverse franchise development, diverse sourcing, inclusive advertising and inclusive community involvement. The Committee seeks to achieve its goals through the following functions, among others:

- Review and evaluate diversity efforts in workforce development, franchise development, vendor relations, marketing and philanthropy;
- Review the efforts by management to increase the diversity of the Company's workforce, including at management levels; and
- Reporting to the Board on diversity matters.