



2021 Choice Hotels

Environmental Social Governance Report





*Cambria Hotel Omaha Downtown, **LEED Silver Certified***

About Choice Hotels

Choice Hotels International, Inc. (NYSE: CHH) is one of the largest lodging franchisors in the world. With more than 7,100 hotels, representing over 600,000 rooms, in nearly 40 countries and territories as of September 30, 2021, the Choice® family of hotel brands provide 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 Rockville, Maryland, and technology center in Scottsdale, Arizona, and through our associates around the globe, we keep Choice hotels thriving by serving as a champion for our franchisees and providing cutting-edge technology.

Message from
Pat Pacious
President & CEO



The past two years have challenged all of us – as leaders, companies and, above all, as people.

Despite vaccinations accelerating around the world, we continue to face a global pandemic that has presented one of the biggest health, economic and social challenges ever.

These challenges drive us as a company to do more for the communities we serve, building upon the work we've been committed to for decades:

- Our company's purpose puts our franchisees at the center of what we do – and that has been our guiding star throughout the pandemic and as we move forward. Every day, Choice associates work to support the 13,000 small business owners who fly a Choice flag. From finding new business to advocating for small business support from the government and evolving brand standards and protocols, we have made it our mission to stand shoulder-to-shoulder with our franchisees to overcome the challenges they face.*
- We are immensely proud to have provided safe and reliable lodging for guests who travelled throughout the pandemic to keep the country safe and running, including essential workers and first responders. As more and more travelers returned, we've been pleased to welcome families who turned to our trusted brands for getaways closer to home, near destinations where they could experience the great outdoors, like beaches and national parks.*
- With issues of racial injustice at the forefront, we continue to take fresh actions that enhance our enduring commitment to diversity, equity and belonging, and ensure that our brand promise – that everyone feels welcome, wanted and respected – comes to life.*
- At every turn, one of our highest priorities has also been to protect the physical health and emotional wellbeing of our over 1,300 associates around the globe, all of whom showed incredible dedication to our franchisees, guests, and each other amid rapidly evolving circumstances and while caring for their own families. We are excited to have welcomed them back to our corporate offices in Rockville, Maryland and Scottsdale, Arizona this year.*

While the challenges of the last two years have been unique, we have adapted our business to this new environment and are emerging in a position of strength – just as we have before in our more than 80-year history. It's our long-term view as a company that sustains our growth and success, and creates a bright future for our shareholders, investors, associates, franchisees, and guests.

A handwritten signature in black ink, appearing to read "Pat Pacious". The signature is written in a cursive, flowing style.

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Environmental Sustainability

Glacier National Park, Montana

With hundreds of Choice Hotels® near national parks across the country, we know how important it is to preserve these natural wonders. Through our Room to be Green® program, we require our franchised hotels to join us in our efforts to promote environmentally friendly practices.



Worldwide Headquarters – Rockville, MD

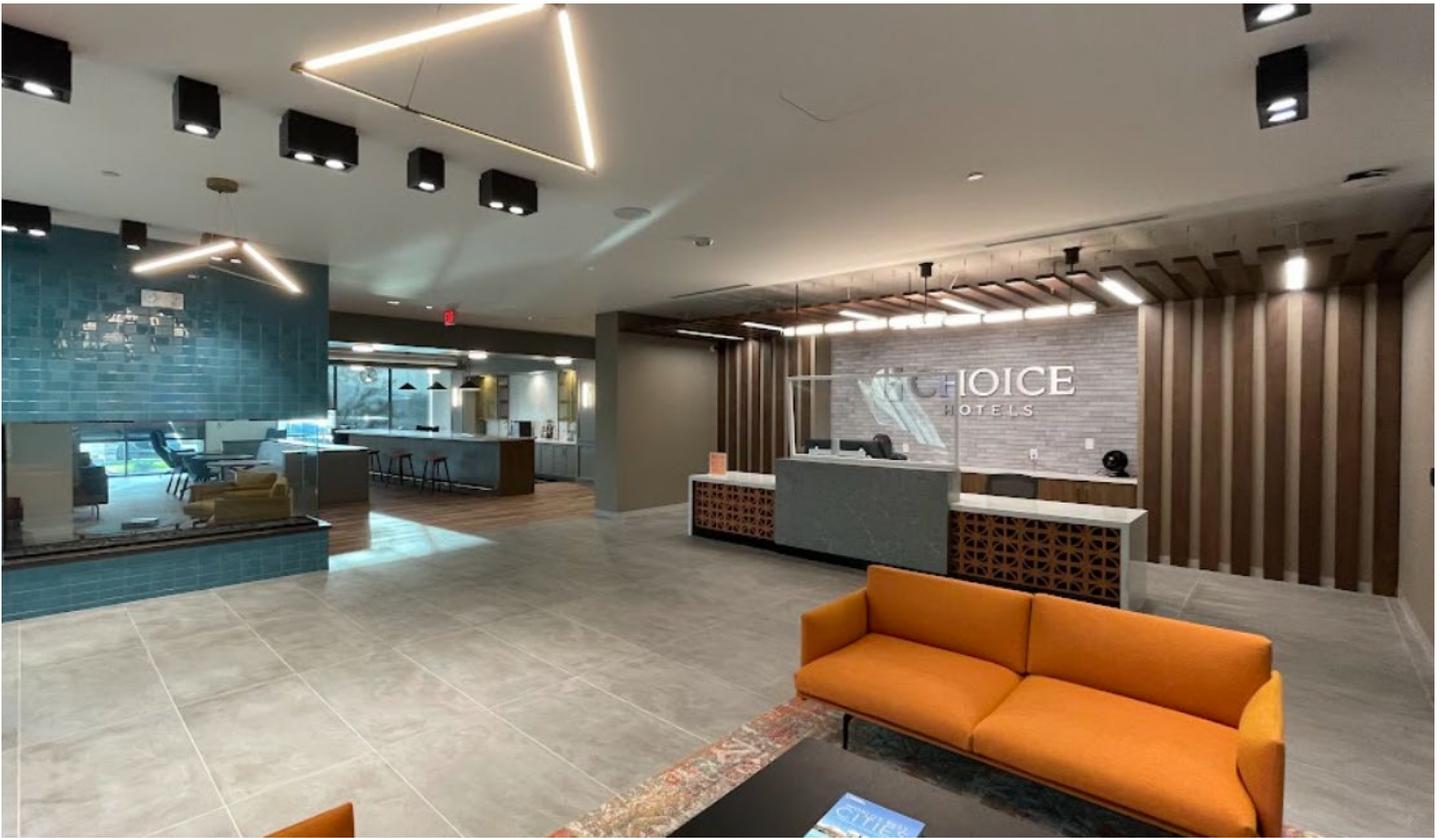
Our Rockville, MD office is **Platinum LEED (Leadership in Energy and Environmental Design) Certified**. LEED certified buildings are scored in several categories: location, transportation, sustainable sites, water efficiency, energy, atmosphere, materials, resources, indoor environmental quality, innovation, 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—to name a few—practicing sustainability is a way of life for our associates when they are in the office.



Choice Announces New Worldwide Headquarters in 2023

In October 2021, Choice announced its future move to new corporate headquarters in North Bethesda, Maryland. The new headquarters will occupy over 105,000 square feet of office space in the mixed-use development of Pike & Rose and is scheduled to open in 2023.

Choice's new headquarters will be part of a planned 16-story, LEED Gold-targeted building situated within the Pike & Rose neighborhood, a walkable community near many retail, services, dining and entertainment offerings.



Technology Center – Scottsdale, AZ

In October 2021, Choice opened a newly constructed world class innovation center in Scottsdale, Arizona. Located within Cavasson's 134-acre premiere mixed-use project with a walkable community and plentiful green space, the new office has numerous environmentally friendly features, including daylight harvesting, low flow faucets, energy efficient lighting, energy/lighting sensors, 42%+ recycled content carpet, Floorscore Certified LVT Flooring, low VOC Paints, low VOC adhesives, and 100% daylight views for all occupants.

Environmental Practices in Choice Franchised Hotels

We are committed to reducing our carbon footprint and 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: energy conservation, water conservation, recycling and waste reduction, employee engagement and operational excellence, and sustainable product usage.

We hold hotels accountable for the required elements of the RTBG Level 1 program by incorporating an assessment into Choice’s Quality Assurance Review (QAR) process. A failure to complete the requirements results in a loss of points on the hotel’s overall QAR score.

Mandatory* Level 1 requirements include:

Room to be Green®



Recycling and Waste Reduction

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



Energy Conservation

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



Employee Engagement and Operational Excellence

Designate a staff member to be the “Green Leader” for the hotel.



Water Conservation

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



Sustainable Product Usage

Replace polystyrene foam with sustainable alternatives in midscale and above properties (with most other brands to follow by year-end 2023). Transition to bulk amenities by year-end 2025 for most brands.

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



Optional Level 2 and Level 3 Hotels

*Comfort Suites Manheim - Lancaster, a **Level 3 Room to be Green Hotel***  **BEST OF CHOICE WINNER**

Many Choice hotels go the extra mile to advance beyond our Room to be Green Level 1 requirements in conserving resources and making environmentally friendly decisions. In addition to meeting Level 1 requirements, these 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 and others that go beyond even Levels 2 and 3 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.

Additional Environmentally Friendly Practices

- Choice Hotels' **Housekeeping Upon Request** enables guests to elect when hotel employees enter their room for housekeeping. A reduction in housekeeping service yields a reduction of chemical, water, and energy usage.
- Choice Hotels now provides an **Electronic Guest Services Directory** and **digital check-in** that reduces paper and printing needs. Choice's efforts to digitize services as well as minimize in-room collateral across our portfolio of brands reduces both plastic and paper waste.
- Through brand reimagining efforts, approximately 4,000 properties have moved or are in the process of moving to energy-efficient LED signage by 11/1/2022. Converting from florescent to LED signage will reduce the use of signage electricity by 50% on average at each hotel.
- In 2021, Choice launched a new **Franchisee Sustainability Roundtable**, engaging owners from all of Choice's brand segments to share best practices, ranging from higher CAPEX investments to low-cost tactics focused on optimizing current equipment. We meet with this group several times a year to elicit their feedback as champions within the franchisee community.
- "When considering sustainable product usage, Choice already requires that all Quality®, Comfort®, Sleep Inn®, Clarion®, MainStay Suites®, Suburban Extended Stay®, and Cambria® Hotels properties refrain from using polystyrene breakfast cups, bowls and plates. In addition, Cambria Hotels have moved to bulk amenities, offering shower dispensers with soap, shampoo, and conditioner, to help reduce plastic waste. **Choice Hotels is proud to announce its commitment to phasing out single-use polystyrene products across domestic brands¹ by year-end 2023 and to making bulk amenities standard across domestic brands² by year-end 2025.**"

¹ Does not apply to the Ascend Hotel Collection, which is a soft brand.

² Does not apply to extended stay brands, which do not provide amenities on a daily basis, or the Ascend Hotel Collection.

Featured Green Hotels



Comfort Inn[®] by the Bay is San Francisco's first **net zero carbon hotel**.



Econo Lodge Darien Lakes is powered by an **on-site wind turbine**.



Rodeway Inn Decatur, TX has **270 solar panels**.

Partnership with Clean the World



Partnering with Clean the World is another way many of our franchisees support green initiatives that many of our franchisees support. The goal of this social enterprise is to recycle discarded soap and shampoo from hotels so that they 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, 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 65 million bars of soap in 127 countries. It is estimated that Clean the World has saved millions of lives by decreasing hygiene-related diseases.**

Year-to-Date Choice Hotels / Clean the World Metrics		
Bars of Soap Distributed	Pounds of Soap Collected	Pounds of Plastic Collected
9,209	1,007	978
Historical Choice Impact		
Bars of Soap Distributed	Pounds of Soap Collected	Pounds of Plastic Collected
402,336	74,711	49,540



Cage Free Egg Commitment

Choice is committed to provide the hotels in our system with suppliers of cage-free eggs, in order to source 100% of the eggs used (shell, liquid and egg products) from cage-free sources globally by 2025.



Social Responsibility

Room for Responsibility

At Choice Hotels we 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.®

Protecting Human Rights

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 signing the Tourism Child-Protection Code of Conduct (The Code) – an industry-driven tourism initiative in preventing child trafficking.



In 2021, Choice Hotels will have **donated over \$25,000 to ECPAT** as a Catalyst for Protection sponsor.

Training – Employees of Franchised Hotels

As a signatory of 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. **Over 47,000 hotel employees have completed the online training since launch and 8,531 year-to-date in 2021.**

Support for the Polaris Project

We partner with and support the Polaris Project through donations and 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 Hotline, conducts trainings, and provides services to trafficking victims.



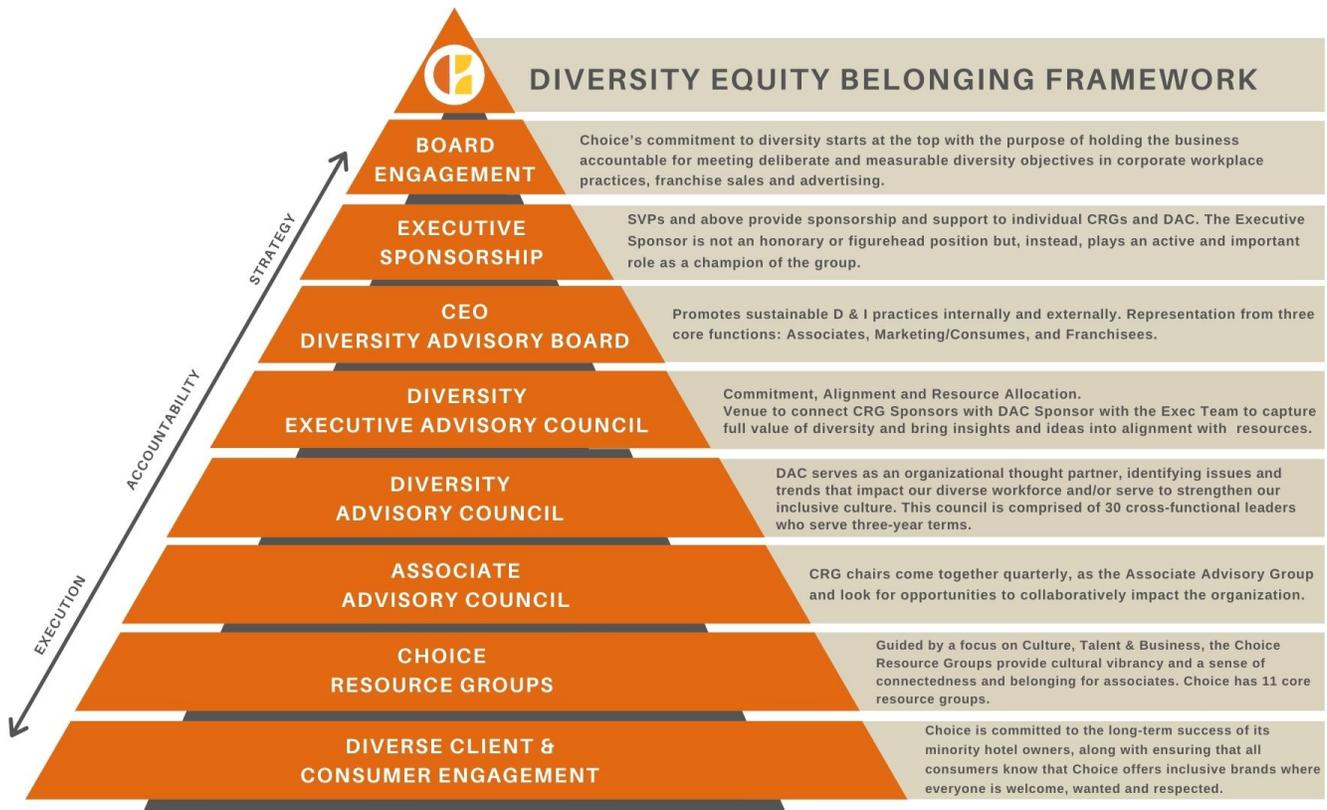
Choice's donations help support the National Human Trafficking Hotline.

In 2021 Choice Hotels will have **donated over \$20,000 to Polaris** in addition to Choice Privileges points towards room nights to help survivors of human trafficking. Year-to-date 2021, Choice Privileges points have been redeemed for **148 hotel stays to support 34 survivors and 14 dependents/family members/advocates**. Since the beginning of our partnership in December 2019, we have provided over 600 room nights to assist nearly 140 survivors and 80 dependents/victim advocates.

Diversity, Equity and Belonging

At our corporate offices and together with Choice-branded franchised hotels, 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 to the front lines of our franchised hotels. Choice focuses diversity, equity and belonging efforts on three core areas:

- **Diversity** – Ensuring that the Choice workforce is an authentic representation of the world we live in, where associates from different backgrounds thrive.
- **Equity** – Commitment to providing fair and competitive pay regardless of gender, race or other demographics.
- **Trust, Belonging and Engagement** – Commitment to foster a culture of belonging where associates are inspired, engaged and feel welcome, wanted and respected.



Choice Hotels Board of Directors

Choice's commitment to diversity, equity and belonging (DEB) starts at the top with the Diversity Committee of our Board of Directors. This committee meets a minimum of twice annually, with the purpose of assisting and advising management in developing and sustaining an inclusive culture that values working with groups of people who offer diversity of thought and perspective; promoting diversity and inclusion in all aspects of the company's business; and overseeing and evaluating these efforts. Among other things, the committee reviews and holds the business accountable for meeting deliberate and measurable DEB objectives in talent acquisition, retention and development, franchise development, and marketing.

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, Diversity Advisory Board, and Diversity Advisory Council

Several of Choice's Executive Team Members sponsor a group that contributes to diversity, equity and belonging at work. In addition, they come together quarterly to share insights and fully leverage the power of our diverse talent. Further, Choice has a CEO Diversity Advisory Board, that includes representation from each of the associate, franchisee and guest stakeholder groups and meets with the CEO regularly to review opportunities, initiatives and efforts around DEB, at an enterprise level.

The Diversity Advisory Council (DAC), sponsored by our CFO, Dominic Dragisich, 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, with Patrick Cimerola, Chief Human Resources Officer, and Simone Wu, General Counsel and Secretary, serving as permanent members.

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 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

Choice Resource Groups (CRGs)

Guided by a three-pronged focus on Choice culture, talent, and business, Choice Resource Groups provide cultural vibrancy and a sense of connectedness and belonging for associates. New resource groups are added organically when there is associate interest or need, and then financially and otherwise 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 leaders. Choice has 11 core resource groups and a total of 27 chapters representing associates across the nation.



ADELANTE HISPANIC ALLIANCE

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 CHOICE HOTELS ASIAN AMERICAN PROFESSIONALS

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 CHOICE HOTELS AFRICAN AMERICAN RESOURCE GROUP FOR EMPLOYEES

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 Awareness, Access, Advantages & Advocacy for All Abilities

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

NOODLEGROUP

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.



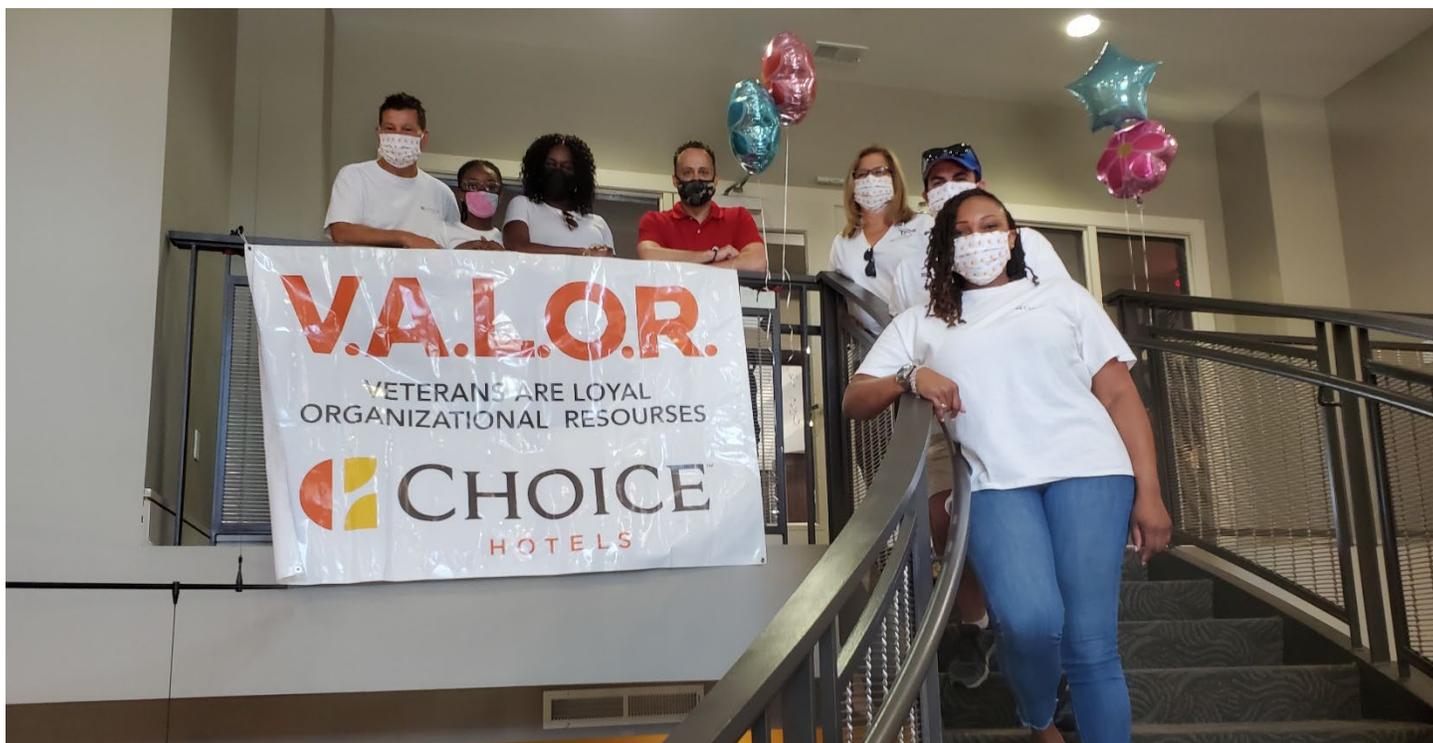
Choice Working Parents Group (CWP) - Creating a culture where working parents feel welcome, wanted, and respected—and supported.



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



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





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.

In 2021, Choice committed \$100,000 to sponsor the Executive Leadership Council (ELC), a national program, comprised of current and former Black CEOs, executives and senior leaders at Fortune 1000 companies. The ELC is dedicated to building an inclusive leadership pipeline by developing Black Leaders.

Our \$100,000 sponsorship supported scholarships for students enrolled in Historically Black Colleges and Universities, as well as talent development opportunities for Choice associates. The talent development opportunities included an in-house *Growing Black Corporate Leaders Program*, as well as attendance at ELC's renowned *Mid-Level Manager Leadership Symposium*, held virtually, over the course of two days in October.

Our guests also have the opportunity to support the ELC by redeeming Choice Privileges® points on Choicehotels.com to drive further dollars to the organization.



Choice associates at the Growing Black Corporate Leaders program.

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 externally posted roles.

Pay Parity and 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 equitable and competitive pay regardless of gender, ethnicity, or other demographics. To ensure we are delivering on our commitment to making equitable compensation decisions, we conduct corporate pay parity and opportunity analyses annually.

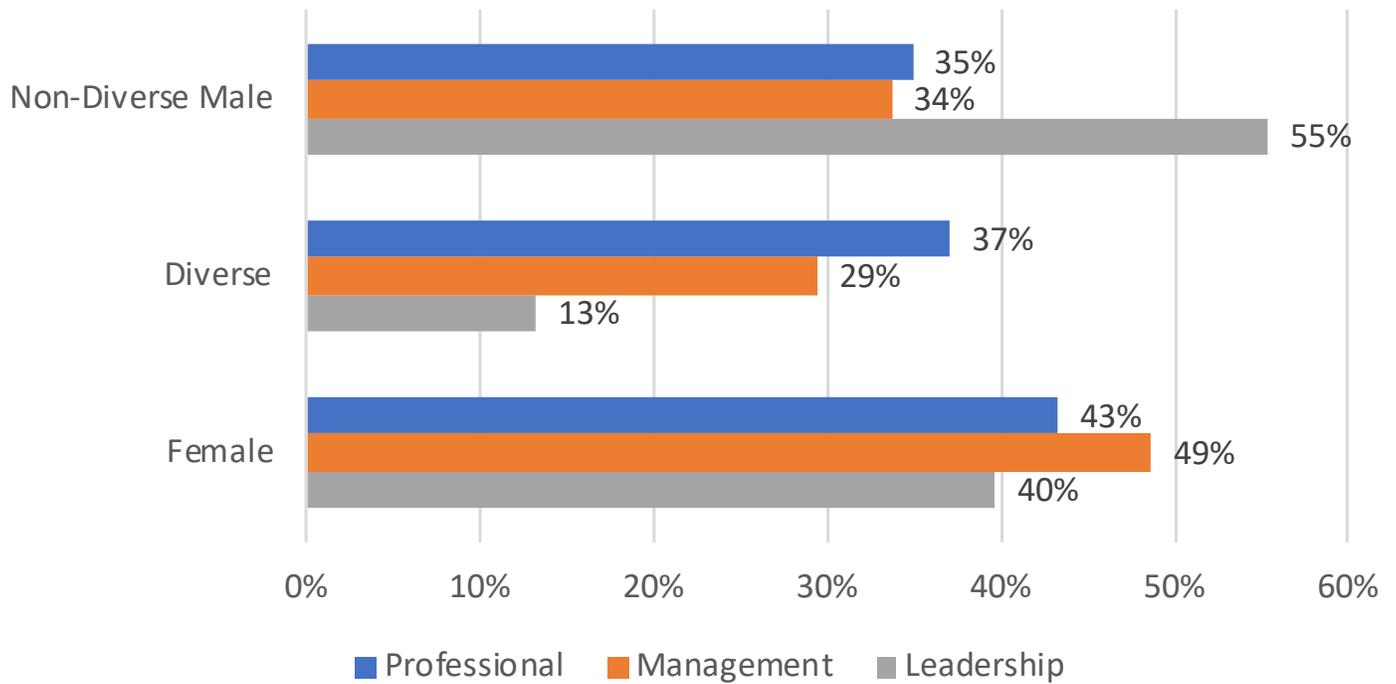
Pay Parity: Paying associates equitably relative to one another, regardless of gender or ethnicity.

Pay Opportunity: Ensure equity in promotions and lateral career growth opportunities across the enterprise.

Our goal is 0% differential in pay (e.g., no disparity in pay due to gender or diverse status), which we determine based on an HR best practice multiple regression analysis method. Our analysis using this standard found that 4.4% (i.e., 61) of our associates were outside the 0% differential, versus 3% (i.e., 41) last year. The increase was primarily driven by a limited number of new hires and promotions who joined with lower pay rates due to their prior experience, job role or time with the company. While our process typically resolves these pay discrepancies annually, our goal is to mitigate pay disparity at the time of hire/promotion and we have a roadmap to enhance our process accordingly.

Our Career Framework supports our pay opportunity goals, establishing the architecture for 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 continue to identify opportunities to reinforce equity in career movement. Below is a chart portraying the mix of female, diverse (male and female), and non-diverse males by management level in 2021. Our female and diverse representation in leadership has increased by 2% each as compared to 2020.

2021 Corporate Associate Demographics



*The following categories of positions are included at each level:

Leadership = Senior Director and above

Management = Manager and Director

Professional = All levels below manager



Creating Opportunities for Minority-Owned Businesses

As franchisor, it is our vision to fuel small business through proven brands where all are welcome to pursue the American Dream of entrepreneurship. To reach underrepresented groups, Choice has long had a dedicated Emerging Markets Program focused on establishing relationships within the African American, Hispanic, Native American and veteran communities; offering incentives for new franchises, yielding **21 new Emerging Market contracts** in 2021.

Choice Hotels' industry engagement efforts also included education initiatives via minority conferences, as well as partnering with the National Association of Black Hotel Owners Operators and Developers and the Latin Hotel Association.

Expansion Of Emerging Markets Franchise Development Program to Extend to Female Hotel Ownership

In 2021, Choice announced the expansion of its emerging markets franchise development program with new development incentives for female owners. This expansion builds upon Choice's longstanding efforts to extend the opportunity of hotel ownership to underrepresented populations and increase diversity among the company's owner base and across the hospitality industry. Cheryl Goldberg, owner and chief financial officer, IGO Legacy Hotel Group, was awarded the first franchise contract as part of these efforts. She celebrated the opening of her Comfort Inn Saint Paul East hotel in November.



Cheryl Goldberg, owner and chief financial officer, IGO Legacy Hotel Group, was awarded the first franchise contract as part of the the growing Emerging Markets program for the Comfort Inn Saint Paul (photo above).



The growth of our emerging markets franchise development program, directly around supporting female hotel ownership, is proof positive of our commitment to make small business ownership a reality for underrepresented entrepreneurs. With the likelihood of only one woman entering hotel development to 9.2 men, according to research from the Castell Project, it's the dedicated efforts of Choice Hotels' trailblazing emerging markets team that contribute to bridging the gap.



John Lancaster

**Regional Vice President, Emerging Markets,
Franchise Development & Owner Relations**



Supporting African American Entrepreneurs

Choice is committed to the long-term success of its minority hotel owners, and as such, reignited the Choice Hotels Owners African American Alliance's (CHOAAA). This council provides continued support and advocacy for Black/African American owners, as well as a platform to express their voice and unique experience and to collaborate directly with executive leadership.

CHOAAA Delegates currently include:



CHOAAA Members

Robert Nesbitt: Nesbitt, who will serve as president of CHOAAA, has a background in banking and commercial real estate, and owns a Comfort Inn and Suites in Birmingham, Alabama. The hotel is part of the Five Points West development, which is anchored by the Birmingham CrossPlex, where hundreds of events are widely attended by spectators each year. Nesbitt led the development of the entire area.

Frederic Washington: Washington is vice president of CHOAAA as well as managing partner of Southern Accommodations, LLC. He previously served as the U.S.

Department of Housing and Urban Development lead in Florida under Presidents Bill Clinton, George W. Bush and Barack Obama, and recently signed the largest minority multi-unit franchise agreement in the history of Choice's emerging markets franchise development program to develop six hotels across Florida.

Chanel Grant: Part of a mother-daughter ownership group that owns multiple Tropical Smoothie Cafes as well as Hand & Stone Massage franchises, Grant, Toya Evans and Lauren Williamson of TLC Hospitality Group are currently developing a MainStay Suites and Sleep Inn dual-brand location in North Carolina.

Zane Major: Major is director of operations for The Russell Hospitality Campus, a subsidiary of the HJ Russell Company, which is an Atlanta-based construction management, program management and development company that has been in business for over 40 years. The HJ Russell Company has helped develop the Olympic Village and Mercedes-Benz Stadium in Atlanta, as well as the National Museum of African American History and Culture in Washington, D.C. The company owns a Clarion hotel in Atlanta.

Michael Ringwood: Ringwood is the designated representative for the Church of God and Saints of Christ that oversees the development team for the mixed-use BelleHarbour community, which includes a Comfort Suites. Located in Suffolk, Virginia, BelleHarbour is a historically significant, 40-acre area purchased in 1903 by William Saunders Crowdy, a formerly enslaved person. In subsequent years, the initial 40 acres were expanded to comprise nearly 400 acres of this mixed-use development.

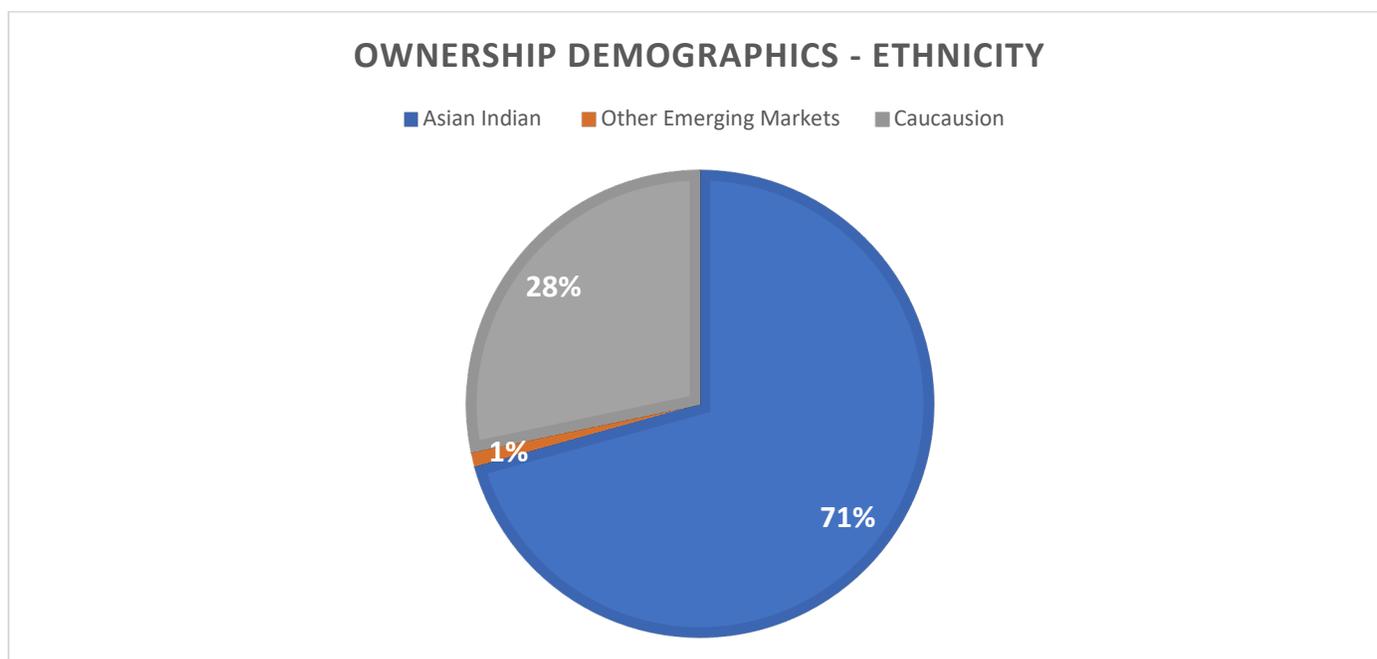
Larry Tripplett: A former NFL player for the Buffalo Bills, Indianapolis Colts and Seattle Seahawks, Tripplett owns a Comfort Suites in Glendale, Arizona. Part of an entrepreneurial-minded family, Tripplett's father, Larry Tripplett, Sr., is chairman of the Black McDonalds Owner Association.

Dr. Andrea Williams: A board-certified otolaryngologist, Dr. Williams signed an agreement to develop a MainStay Suites and Sleep Inn dual-brand location in Rock Hill, South Carolina as well as a Comfort Suites in Charlotte, North Carolina. She owns multiple ENT practices as well as the Jerk Joint restaurant in Charlotte.

Reggie Winfield: Founder of Winfield Properties, Winfield has over 20 years of commercial real estate and hotel management experience. He owns a Clarion Pointe in Lafayette, Louisiana and a Quality Inn in Laurel, Mississippi.

Asian American Owners

Asian American hotel owners represent the majority within the Choice portfolio of franchised hotels (nearly 70%) with many first, second and third generation owners from the same family. Choice is proud to celebrate Asian American hotel owners as they continue to achieve the American Dream of entrepreneurship and successful business ownership. Choice is a founding member of the Asian American Hotel Owners Association (AAHOA), and many Asian American owners hold leadership positions on the Choice Hotels Owners Council (CHOC), Econo Lodge Franchisee Association (ELFA) and Rodeway Owners Association (ROA).



Creating Hospitality Careers for Black Students

In 2021, building on the Choice's commitments to increasing diversity across the hospitality industry, Choice and Concord Hospitality Enterprises Company are sponsoring a hospitality management accelerator program for recent students graduating from Historically Black Colleges and Universities (HBCUs) to gain valuable working experience at the upscale Cambria Hotels brand.

Two recent Morgan State graduates are the first to participate in the six-month managers-in-training rotational program, launched in September with Concord Hospitality, at the Cambria Hotel Washington, D.C. Convention Center and the Cambria Hotel Nashville Downtown. Upon successful completion of the immersive training program at the hotels, these managers-in-training will have the opportunity to pursue full-time managerial positions with Concord Hospitality.



Je'lynn Gould, Morgan State University graduate, Cambria Hotel - Nashville, TN and Pat Pacious, Choice Hotels President & CEO.

Ensuring All Guests Are Welcome, Wanted and Respected

Advertising and Marketing

It is important that our advertising and marketing efforts are an authentic representation of our diverse guests – ensuring that 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 training, including *"Welcome, Wanted & Respected – It's Good for Everyone,"* via our online education portal, Choice University. This initiative drives awareness of unconscious bias and reminds our owners and operators, and their staff, how important it is to have respectful interactions with every guest. Nearly **14,000 hotel employees have accessed the content in 2021.**





Disaster Relief

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.

As a member of the ADGP program, combined with guest Choice Privileges® redemptions, Choice donated \$250,000 in 2021.



Thank you to our Annual Disaster Giving Program and Disaster Responder Program members, whose generous contributions are at work year-round to provide help and hope to families after devastating disasters—from hurricanes and wildfires to home fires.



In 2021, the Red Cross has seen a nearly 33% increase in the number of large-scale disasters reported in 2020. The ADGP program helps with disasters like Hurricane Ida, which carved a path of destruction from the Gulf Coast through the Northeast, massive wildfires across the West, and devastating flooding across the country. Contributions in place from ADGP and Disaster Responder members ensured the Red Cross had trained volunteers, innovative technology and critical resources necessary to respond immediately with help for tens of thousands of people, whether it be a safe place to sleep, a hot meal, relief supplies, emotional support or resources to aid in recovery.

COVID-19 Support Around the World

In addition to the ADGP support, Choice donated \$25,000 through the Choice Privileges® Redemption program to the global Red Cross and Red Crescent network to support the immediate needs of individuals, families and communities around the world, coordinating with governments, the World Health Organization (WHO), national public health agencies such as the Centers for Disease Control and Prevention (CDC), and other public health organizations to help keep people safe from COVID-19.

Supporting Servicemembers and Veterans

Operation Homefront Partnership

Americans have the confidence and security to travel because of the dedication of our servicemen and women who protect our freedom at home and abroad. To show our appreciation, Choice partners 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.



Founded in 2002, Operation Homefront is a national nonprofit organization whose mission is to build strong, stable, and secure military families so that they can thrive—not simply struggle to get by—in the communities they have worked so hard to protect. 90% of Operation Homefront expenditures go toward delivering life-changing programs, like critical financial assistance, transitional and permanent housing and family support services that help prevent short-term needs from turning into chronic, long-term struggles.

We believe that no military family should go hungry, struggle to pay bills or risk losing their home. That is why Choice **donated over \$115,000 in cash, in-kind, and Choice Privileges® redemptions donations to Operation Homefront in 2021.**

Providing Housing to Veterans in Need

As a part of our relationship with Operation Homefront, Choice continues to provide short-term shelter solutions for military families through room night donations. In 2021, Choice expanded that commitment by offering free room nights at our WoodSpring hotels, which feature fully furnished apartment-style suites with in-room kitchens, free Wi-Fi, and on-site laundry facilities, with many conveniently close to military bases.



Operation Homefront Volunteers load 300 bikes Choice associates purchased and assembled for military families.

Annual Holiday Bike Drive

With the leadership of our employee resource group, VALOR, Choice associate volunteers lead a bike drive each year. These associates will collect and assemble over **300 bikes and 100 helmets in 2021** to be distributed to Operation Homefront military families.

Choice Privileges® Military Membership

In 2021 Choice launched a new rate for military personnel, veterans, their dependents and members of government and military oriented associations. Servicemembers can save up to 12% when booking at participating Choice-branded hotels, and the discounted rate builds upon the company's commitment to giving back to those that give so much to the country.

In addition to the new military rate, Choice Privileges offers servicemembers the following perks:

- Upgraded Membership: Immediately upon registration, active duty or reserve military members and retired military, National Guard, and U.S. Coast Guard personnel will earn Lifetime Gold Elite status, which entitles members to 10% extra points on every stay.
- 2,500 Choice Privileges Points: As an extra thank you, new and existing Choice Privileges members will earn 2,500 points on their next stay after completing the [military registration form](#).

Philanthropy and Volunteerism

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 hotels. In 2021, Choice gave **over \$700,000 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**.



Members of the Choice Working Parents resource group, collected and assembled bookbags and school supplies for kids in need.

Supporting Engagement and 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. In addition to activities sponsored by Choice, associates are also encouraged to engage on their own initiative and Choice supports associates by offering eight hours of paid volunteer leave per year for personal volunteerism with a non-profit organization of their choosing. Among other activities, Choice associates have hosted drives, volunteered at homeless shelters and food pantries, and built homes with Habitat for Humanity.



Choice CFO Dominic Dragisich was honored as the Red Lantern Holder for his leadership in fundraising efforts which resulted in nearly \$20,000 contributed to the Leukemia and Lymphoma Society.

Franchise Engagement and Philanthropy



Choice Hotels Local Business Grant Program

As a champion of local businesses since its founding over 80 years ago, Choice Hotels places its franchisees at the center of everything we do — from helping them along the road to economic recovery during the pandemic, to supporting the initiatives that are most important to them and their businesses. Through the *Your Community, Your Choice. Choice Hotels' Local Business Grant Program*, Choice will help owners further their longstanding commitment to caring for the communities outside their hotel doors.

The grant program rewards initiatives that benefit the communities Choice-brand hotels serve, ranging from:

- Supporting those impacted by the COVID-19 pandemic.
- Rebuilding communities affected by natural disasters.
- Caring for those less fortunate with food or clothing drives.
- Mentoring youth or young professionals.
- Promoting sustainability.
- Honoring local heroes.
- Supporting other local businesses or organizations, such as schools and parks.



Employees of the Comfort Inn St. Robert/Fort Leadnard Wood engaging in a community drive.

2021 Your Community, Your Choice Grant Finalists

- Cambria Hotel College Park – College Park, MD
- Sleep Inn & Suites – Fort Scott, KS
- Econo Lodge Inn & Suites Searcy – Searcy, AR
- Comfort Inn St. Robert/Fort Leonard Wood – St. Robert, MO; MainStay Suites St. Robert - Fort Leonard Wood *(hotels are owned by the same franchisee and plan to share the grant funds \$5,000)*
- Comfort Inn & Suites Murrieta Temecula Wine Country – Murietta, CA
- Sleep Inn & Suites East Chase – Montgomery, AL; Econo Lodge – Troy, AL
- Comfort Suites Southport - Oak Island – Southport, NC
- St. Charles Coach House, Ascend Hotel Collection – New Orleans, NA
- Quality Inn & Suites Vestal Binghamton Near University – East Vestal, NY
- Quality Inn & Suites Biltmore East – Asheville, NC
- Clarion Pointe Sulphur Springs – Sulphur Springs, TX
- Cambria Hotel Detroit-Shelby Township – Shelby Township, MI
- Quality Inn & Suites At Olympic National Park – Sequim, WA

- Comfort Inn & Suites Branson Meadows – Branson, MO
- Comfort Inn Butte City Center I-15 / I-90 – Butte, MT; Quality Inn Hamilton Bitterroot Valley – Hamilton, MT; Quality Inn Dillon I-15 – Dillon, MT; Comfort Inn & Suites Gateway To Glacier National Park – Shelby, MT; Comfort Suites Helena Airport – Helena, MT; Sleep Inn & Suites – Miles City, MT; Sleep Inn & Suites Great Falls Airport – Great Falls, MT; MainStay Suites Great Falls Airport – Great Falls, MT; Sleep Inn & Suites Idaho Falls Gateway To Yellowstone – Idaho Falls, ID; Comfort Inn & Suites I-90 City Center – Coeur D’Alene, ID; MainStay Suites I-90 City Center – Coeur D’Alene, ID (*hotels are owned by the same franchisee and plan to share the grant funds \$5,000*)



Employees of the Econo Lodge Inn & Suites Searcy prepared food for frontline workers.

Governance



Choice Hotels International Worldwide Headquarters – Stewart Bainum, Sr. Boardroom

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 a minimum of four times a year
-  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

-  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 associates to report financial, ethics and employee relations issues
-  Long-standing commitment to sustainability and environmentally friendly building and operating practices

Board of Directors

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 Board tenure of approximately 12 years as of December 31, 2020 (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 top left to bottom right:

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

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

[Donna Vieira](#) - Executive Vice President and Chief Commercial Officer, Sallie Mae

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

[William Jews](#) - Former President and CEO, CareFirst Inc.

[Monte J. M. Koch](#) – Retired Partner, BDT & Company

[Liza Landsman](#) - General Partner, NEA

[Ervin Shames](#) - Independent Management Consultant

[Maureen Sullivan](#) - Partner, The Chernin Group

[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 and inclusion, 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.



The Golden Hotel, Ascend Hotel Collection – Golden, CO  **BEST OF CHOICE WINNER**



Cambria Hotel Pittsburgh - Downtown

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.



Clarion Inn Conference Center – Gonzales, LA  **BEST OF CHOICE WINNER**

Audit Committee

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

- Conferring separately with 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 and CFO 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's goals reach beyond 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.

