

# 2022 Environmental, Social and Governance Report

Building a Better Tomorrow, Today





# About This Report

We are proud to present the Choice Hotels International 2022 Environmental, Social and Governance (ESG) Report, which details the advancement of our ESG initiatives during fiscal year 2022 (January 1, 2022 to December 31, 2022). All references are to the 2022 fiscal year unless otherwise stated.

This fourth annual report highlights our journey and progress as we aim to build a lasting legacy of sustainability, prosperity and wellbeing for our franchisees, our associates, our guests, our communities and our world. We intend to continue to publish this report on an annual basis.

Choice acquired Radisson Hotel Group Americas (Radisson) in 2022, and this report includes examples of Radisson's ESG initiatives. All Radisson examples are clearly identified. Data includes the newly onboarded Radisson associates and properties, unless otherwise noted. References to "our associates" include all corporate employees; any references pertaining to managed hotel employees are clearly identified.

## FORWARD-LOOKING STATEMENT

This report includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our environmental, social and governance ambitions, goals, targets, initiatives, commitments and activities, as well as our future operations and long-term strategy. These forward-looking statements are based on management's current beliefs, assumptions and expectations regarding future events, which, in turn, are based on information currently available to management. We caution you not to place undue reliance on any such forward-looking statements. Forward-looking statements do not guarantee future performance and involve known and unknown risks, uncertainties and other factors. These and other risk factors are discussed in detail in the company's filings with the Securities and Exchange Commission (the SEC), including, but not limited to, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

## MATERIALITY

This report may use certain terms, including ["material," "materiality," "significant"] and other similar terms, to refer to environmental, social and governance issues that are important to Choice and our stakeholders. Used in this context, these terms are not intended to be construed in

accordance with the U.S. federal securities laws or any other laws of the United States or any other jurisdiction, or as these terms are used in the context of financial statements and financial reporting. Matters considered material for purposes of this report may not be considered material in the context of our financial statements, reports with the SEC, or our other public statements, and the inclusion of information in this report is not an indication that such information is necessarily material to us in those contexts.

As the basis of this report, we've conducted a materiality assessment to understand the most significant environmental, social and governance issues for us and our stakeholders. Sustainability and corporate responsibility topics are considered material for us if they influence the judgment and decisions of our internal and external stakeholders, as well as have an impact on them and our business. We align certain practices with principles, standards and frameworks contained in the Sustainable Accounting Standards Board (SASB) standards, the United Nations Sustainable Development Goals (UN SDGs), the United Nations Universal Declaration of Human Rights, the Carbon Disclosure Project (CDP) and the Task Force on Climate-related Financial Disclosures (TCFD), as identified herein.

This report and its content are not substitutes for financially material information provided in Choice's SEC filings including, but not limited to, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.



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# Letter from CEO Patrick Pacious

Choice Hotels International shares a uniting belief that tomorrow will be even better than today, and we are committed to building that better tomorrow. As one of the largest lodging franchisors in the world, we are building on over 80 years of success in developing a portfolio of diversified brands and creating a lasting, sustainable legacy for the future — one hotel, one family, one community at a time.

This past year has been transformative. We have taken the company to an even higher level of performance and emerged in a stronger competitive position. Our acquisition of Radisson Hotel Group Americas represents a significant leap forward in the evolution of Choice's business — one that complements our distinct growth strategy and accelerates our long-term vision.

This year, we are increasing our environmental, social and governance (ESG) commitments. This includes aligning with comprehensive sustainability frameworks and standards like the United Nations Sustainable Development Goals and the standards from the Sustainability Accounting Standards Board. For the first time, we are reporting our Scope 1 and Scope 2 greenhouse gas (GHG) emissions, and we are in the process of implementing a systemwide automated utility tracking dashboard that will make it easier for franchised hotels to identify opportunities for energy and water reduction. The dashboard will also provide us with the high-quality data we need to begin understanding Scope 3 emissions so we can work toward setting science-based targets and disclosures consistent with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

In addition, we are strengthening our longstanding commitment to Diversity, Equity and Belonging with new goals for fostering diverse representation among our associates and championing hotel ownership for women and underrepresented groups. We also appointed an executive with deep knowledge of the business as Vice President of Sustainability, a role she has been in for a year now.

While we are proud of our work to date, we recognize that we are still at the beginning in some aspects of our ESG journey. We plan to continue advancing our efforts over the coming years — from focusing more in-depth on our environmental impact to partnering with our franchisees and suppliers to educate and raise awareness on the key sustainability and corporate social responsibility issues facing our industry.

Because our belief in an even better tomorrow extends to all those we serve, one thing that won't change as we continue to grow and evolve as a company is our people-centered culture. We are committed to our franchisees and their success, to our associates and their wellbeing and career development, and to providing our guests with a welcoming stay wherever their travels take them.



**Patrick Pacious**  
President & CEO





# ESG Highlights and Goals

## Highlights



**Reporting Scope 1 and Scope 2 GHG emissions**



**Announced and started rollout of Commitment to Green**



**Joined the Sustainable Hospitality Alliance**



**First hotel in the world to install CleanO2's CarbinX™ carbon capture system**



**Women owned deals up 53% year-over-year following the relaunch of HERTels by Choice**



**Longstanding commitment to Diversity, Equity and Belonging (DEB)**



**New goals to support diverse representation among Choice associates and hotel owners**



**Increased participation in Your Community, Your Choice local community grant program**



**More than \$1.3 million in corporate giving\***

\* Includes corporate philanthropy, associate match-eligible giving, sponsorships of organizations focused on diversity, and Choice Privileges point distributions from Choice and our loyalty members.



Cambria Hotel Portland Downtown Old Port





# ESG Goals

FOCUS AREAS	PERFORMANCE TARGETS	STATUS	2022 PROGRESS
<b>Environmental Sustainability</b>	<p>Drive hotel adoption and engagement with property-level utility tracking dashboard, helping hotels identify opportunities for reducing energy and water usage and costs:</p> <ul style="list-style-type: none"> <li>100% adoption by owned and managed hotels by end of 2025</li> <li>90% adoption by franchised hotels by end of 2025</li> </ul>	Beginning of Journey	<b>New goal</b>
	Phase out single-use polystyrene products across domestic brands <sup>1</sup> by end of 2023	On Track	70% of Choice's midscale domestic hotels have eliminated the use of polystyrene products.
	Make bulk amenities standard across domestic brands <sup>2</sup> by end of 2025	On Track	Through year-end 2022, 217 franchised hotels and 3 managed hotels in the U.S. were utilizing bulk bath amenities.
<b>Responsible Sourcing</b>	Provide the hotels in our system with suppliers of cage-free eggs, in order to source 100% of eggs used (shell, liquid and egg products) from cage-free sources globally by end of 2025	Started	Learn more <a href="#">here</a> .

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

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





FOCUS AREAS	PERFORMANCE TARGETS	STATUS	2022 PROGRESS
<b>Diversity, Equity and Belonging</b>	Increase representation of associates who identify as a member of a traditionally underrepresented racial/ethnic demographic from current 32% to 40% by end of 2027	Beginning of Journey	<b>New goal</b>
	Increase demographic representation in senior leadership levels <sup>3</sup> by end of 2027 <ul style="list-style-type: none"> <li>Increase representation of women from current 41% to 50%</li> <li>Increase representation of leaders who identify as a member of a traditionally underrepresented racial/ethnic demographic from current 11% to 22%</li> </ul>	Beginning of Journey	<b>New goal</b>
	Increase diverse job placements (e.g., new hires, promotions, internal transfers) from current 66% to 70% by end of 2027	Beginning of Journey	<b>New goal</b>
	Ensure pay parity by achieving 0% differential in pay at the corporate level (e.g., no disparity in pay due to gender or ethnic/racial identity)	On Track	Pay parity analysis completed for legacy Choice associates. Reconciliation actions planned following the completion of the Radisson Americas integration.
<b>Diverse Hotel Ownership</b>	Increase the percentage of net unit growth deals sold with underrepresented minority owners by 50% <sup>4</sup> by end of 2025	Beginning of Journey	<b>New goal</b>
	Increase the percentage of net unit growth deals sold with woman ownership by 50% <sup>5</sup> by end of 2025	Beginning of Journey	<b>New goal</b>
	Commit \$25 million in incentives to contracts with underrepresented minority owners <sup>6</sup> by end of 2025	Beginning of Journey	<b>New goal</b>
<b>ESG Reporting</b>	Align ESG disclosures with SASB, TCFD and CDP in annual reporting by end of 2025	Beginning of Journey	Disclosing using SASB Hotels & Lodging Standard.

<sup>3</sup> Senior Director level and above; pertains to U.S.-based corporate associates.

<sup>4</sup> This equates to a goal of 6.3% cumulative Emerging Markets deals as a percent of all deals sold between 2023-2025.

<sup>5</sup> This equates to a goal of 4.8% woman-owned deals as a percent of all deals sold between 2023-2025.

<sup>6</sup> Contracts with 50%+ ownership by underrepresented minorities and women are included in these goals.

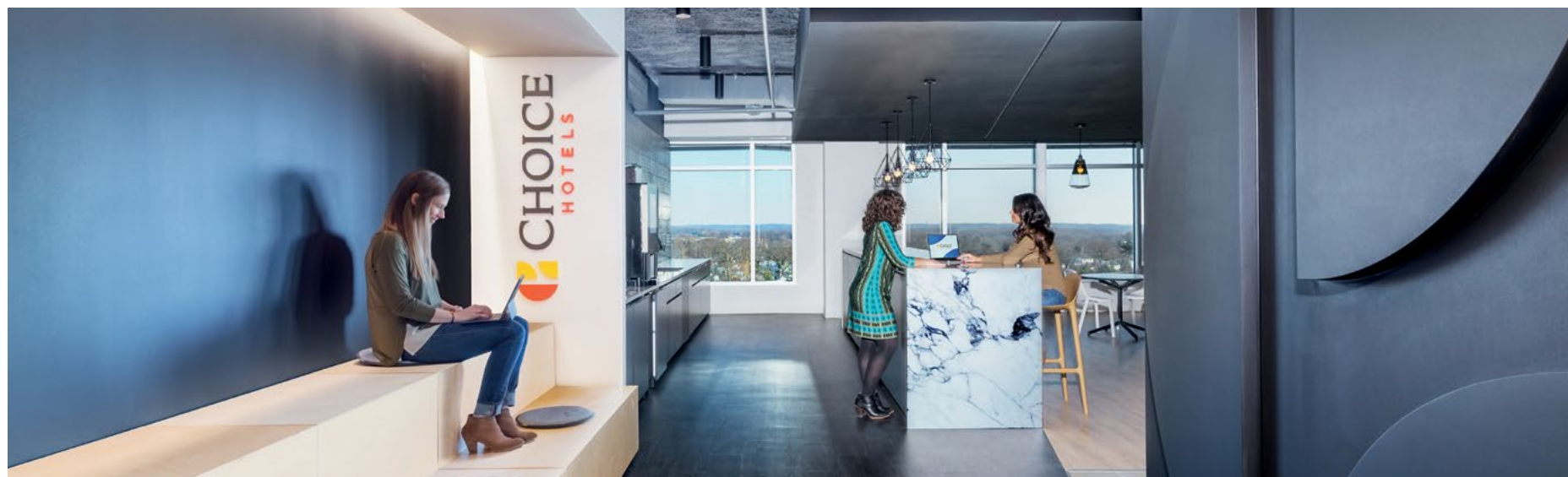




# About Choice Hotels

Choice Hotels International, Inc. (Choice) is one of the largest lodging franchisors in the world. With nearly 7,500 hotels, representing nearly 630,000 rooms, in 47 countries and territories as of December 31, 2022, 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 upper upscale, upper midscale, extended-stay and economy segments. The award-winning Choice Privileges® loyalty program offers members a faster way to rewards, with personalized benefits starting on day one.

The acquisition of Radisson Hotel Group Americas by Choice in 2022 unites highly complementary hospitality businesses, promotes Choice's strategy of brand growth and competitive position in RevPAR accretive markets, enhances guest offerings, and expands the company's core upper-midscale hospitality segment particularly in the Midwest and on the West Coast of the United States.



## \$1.4 billion

annual revenue for Full Year 2022

## ~ 1,800

global corporate associates

Plus more than 930 hotel employees in the managed division

## 55 million

Choice Privileges loyalty members and 11 million Radisson Rewards Americas members

## > 13,500

franchise owners

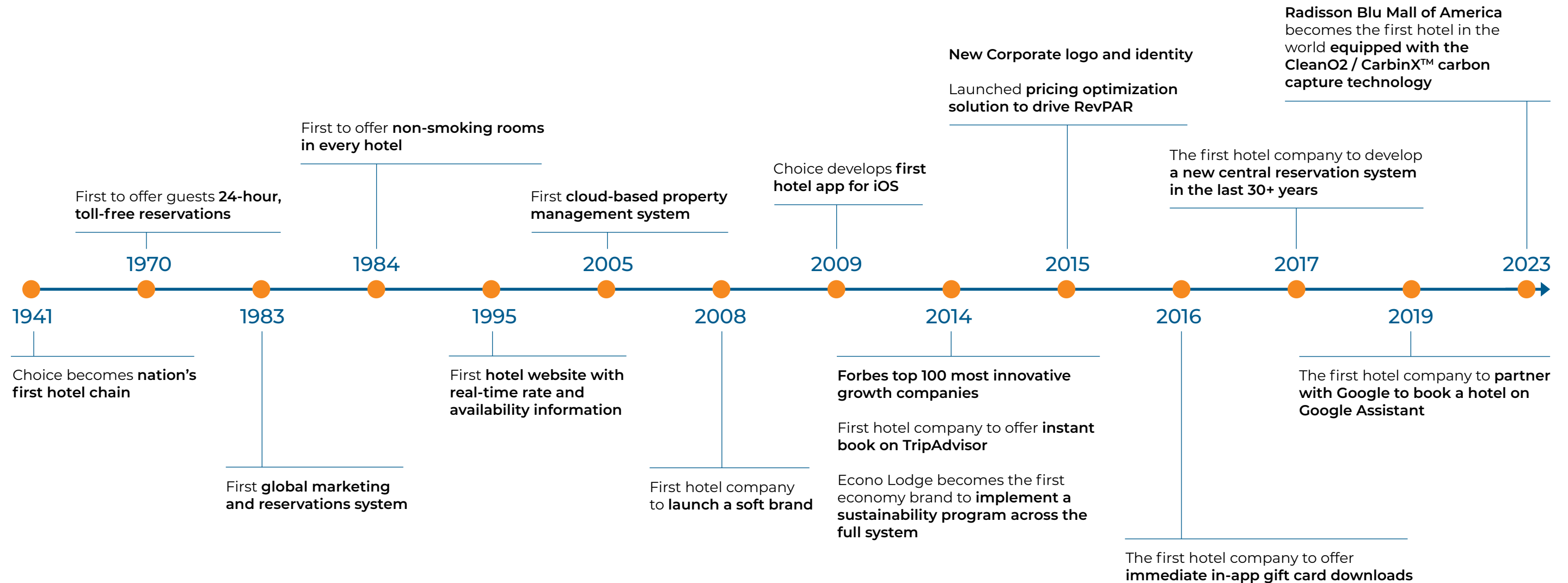
## ~ 7,500

open hotels globally representing more than 625,000 rooms in nearly 50 countries and territories

- Nearly 6,300 domestic hotels, including Radisson
- 13 managed hotels (inclusive of 3 owned hotels)
- 9 fully owned hotels
- 6 open partially owned hotels through joint ventures
- 58% average domestic occupancy rate
- More than 3.4 million square feet of total area of managed and owned lodging facilities



# History of Innovation



More information about Choice can be found in our [2022 Proxy Statement](#) and on our [Corporate Social Responsibility website](#).





# Approach to Sustainability

As one of the world's largest lodging franchisors, Choice has long employed environmental, social and governance (ESG) considerations in our business practices. Throughout our over 80-year history, we've innovated, grown and evolved, continuing to make long-term investments that fuel the success of the business. We are now on a journey to further integrate ESG standards, frameworks, and best practices into our business strategy and the decisions we make.

Our belief in an even better tomorrow extends to all those we serve — including our employees, our owners and our guests. That's why we take a long-term approach to our environmental commitments, and it's why we've invested heavily in ensuring that franchise ownership is available to more women and underrepresented minorities.

Through a framework of **Purpose, People, Planet, and Performance**, we connect and support people, build resilient communities, ensure accountability and continuous improvement, and contribute to a more sustainable future. We continue to set new targets and work toward our goals — implementing and expanding programs and policies and rolling out new technology — to maximize our positive impact.

Our practical, franchisee-focused approach is central to advancing our ESG efforts. We understand that bringing our franchisees along on the journey with us is how, together, we can achieve a lasting positive impact for our communities and the planet. As we celebrate the entrepreneurial spirit of the more than 13,500 franchise owners we work with, we're guided by our commitment to them: that you can be in business **for yourself** without being **by yourself**.





## Purpose

We bring together the people, brands and technology that enable the success of others — welcoming every guest, every partner, everywhere their journey takes them.

Our commitment to ESG drives us to build a better tomorrow, today — one hotel, one family, one community at a time.



### People

- Drive diverse ownership of Choice franchised hotels
- Recruit and retain diverse associates
- Enhance associate development and wellbeing
- Amplify our positive impact on local and global communities



### Planet

- Decrease our GHG emissions
- Lower our energy and water intensity
- Further manage and reduce waste
- Ensure responsible sourcing
- Support and protect biodiversity



### Performance

- Ensure continuous improvement governance, oversight, risk management and tracking
- Measure progress towards ESG goals

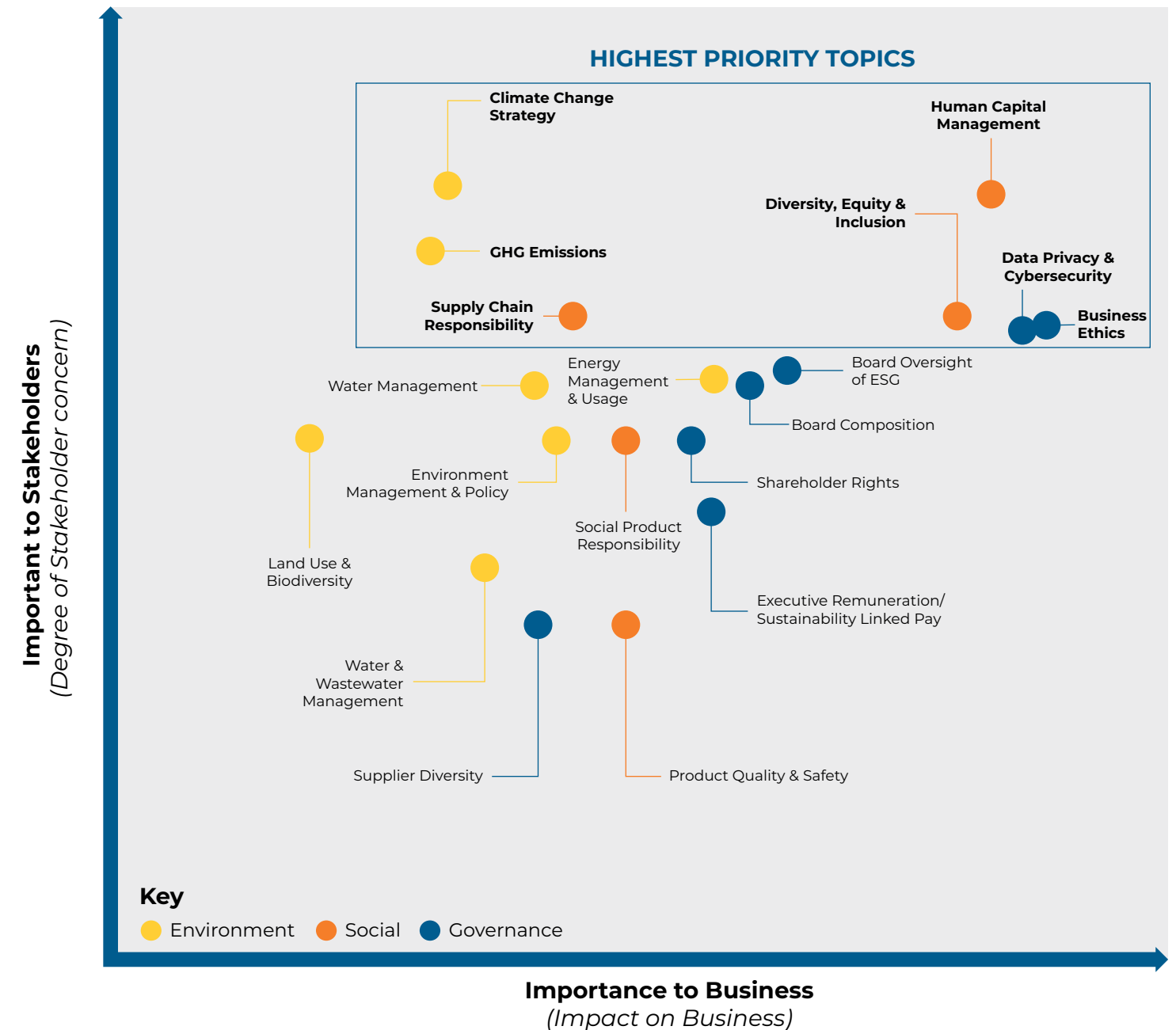




# Materiality Matrix

Choice Hotels conducted its first ESG materiality assessment in 2022. This assessment, completed by an independent consultant, consisted of a benchmark review of our peers and of leading ESG frameworks and ratings (e.g., SASB, TCFD, MSCI, ISS and Sustainalytics), in addition to a series of in-depth interviews and surveys designed to help identify the topics that are most relevant to our internal and external stakeholders and most influential to our business. The assessment output identified the following high-priority ESG topics, which inform our sustainability strategy:

1. Human Capital Management
2. Data Privacy and Security
3. Business Ethics
4. Diversity, Equity and Inclusion
5. Climate Change Strategy
6. GHG Emissions
7. Supply Chain Responsibility





# United Nations Sustainable Development Goals (UN SDGs)

At Choice, what unites our owners, employees and guests is a simple belief: tomorrow will be even better than today. We take inspiration from the United Nations Sustainable Development Goals to inform and guide our ESG efforts. We are focused on five UN SDGs that align closely with our business model and help fuel our efforts to build a better tomorrow for people and the planet.



To ensure healthy lives and promote wellbeing, we continue to advance our health and safety programs and offerings to support our associates, guests, franchisees and their staff. At the height of the COVID-19 pandemic, Choice launched the Commitment to Clean program to enhance best practice guidance for cleaning, disinfecting, hygiene and social distancing, helping create a safer environment as well as efficiencies that are still in use today.

Our Total Rewards program for Choice's corporate associates continues to evolve with the recent additions of Wellbeing and Cultural Days, enabling employees to take time off to refresh and recharge, as well as celebrate cultural holidays that are significant to them. Mental health resources are also included in the Total Rewards benefits.

We give back to our communities through numerous partnerships, including the American Red Cross. Choice is a member of the Annual Disaster Giving Program, providing an annual commitment of \$250,000 to help enable the Red Cross to pre-position supplies, secure shelters, maintain vehicles and train volunteers nationwide so they're always ready to respond, day or night. Hotels also get involved by hosting blood drives to help ease national blood shortages.

## Learn More

[37 Associate Health and Wellbeing](#)

[44 Community Investment](#)

[41 Associate and Guest Safety](#)



We are committed to pay parity and pay opportunity, regardless of gender or ethnicity. We have set a goal of 0% differential in pay at the corporate level to ensure associates are paid equitably relative to one another. We have also set goals to improve associate diversity at all levels through recruitment, promotions and lateral career growth opportunities across the organization. We annually review our performance against these goals and make adjustments to ensure we address any gaps.

To support female entrepreneurs and create pathways to hotel ownership, we relaunched HERTels by Choice and partner with organizations that empower women and their development. We've also set a goal to increase the percent of net unit growth deals sold with woman ownership by 50% by 2025.

All of our corporate associates are further supported through our Choice Resource Groups — including the Women's Business Alliance and Choice Working Parents group — and our Total Rewards program, which offers flexible work arrangements, comprehensive leave programs for parents, back-up child and elder care, fertility benefits, transgender-inclusive health insurance benefits and additional resources to support work-life balance.

[29 Choice Resource Groups](#)

[37 Pay Parity and Pay Opportunity](#)

[32 Franchise Diversity](#)

[37 Associate Health and Wellbeing](#)





8 DECENT WORK AND ECONOMIC GROWTH



Through our franchisee-focused business model, we actively strengthen job creation by supporting small business owners and entrepreneurs, creating pathways to hotel ownership and multi-generational wealth. We invest in technology and innovation, and Choice was the first hotel company to migrate to a cloud-based property management system (PMS). We are committed to pay parity and a 0% differential in pay at the corporate level. We are committed to providing a healthy, safe, and supportive environment for our corporate and managed hotel associates. We offer our franchisees extensive training and resources through our award-winning Choice University platform to equip them to foster a positive culture on property with their teams and deliver an outstanding guest experience.

We condemn human trafficking in all forms. To combat human trafficking and modern slavery, we are a sponsor of ECPAT-USA (End Child Prostitution, Pornography and Trafficking of Children for Sexual Purposes) and a signatory of the Tourism Child Protection Code of Conduct. In 2022, Choice Hotels donated \$25,000 to ECPAT-USA as a Catalyst for Protection sponsor. We also donated \$25,000 and provided Choice Privileges points to Polaris, an organization that supports human trafficking survivors and their dependents. And we partner with Safe Stays by ReloShare Alliance to provide emergency lodging for victims of abuse and violence.

10 REDUCED INEQUALITIES



Inclusion and diversity are at the core of Choice's values and principles. Our comprehensive Diversity, Equity and Belonging (DEB) strategy includes policies and programs that foster an inclusive organization and expand opportunities for all. Our commitment to pay parity and pay opportunity further underscores our dedication to achieving greater equality. In 2022, we were honored to be featured in the Human Rights Campaign Best Places to Work for LGBTQ+ Equality with a score of 100 on the HRC Corporate Equality Index, the 10<sup>th</sup> year in a row we've received this recognition.

Choice has a long history of creating and bolstering hotel ownership opportunities among underrepresented groups. The continued growth of our Emerging Markets franchise development program demonstrates our commitment to supporting underrepresented entrepreneurs in reaching their goal of hotel ownership. Since the program began almost 20 years ago, Choice has awarded and financially supported more than 345 franchise agreements with underrepresented minority and veteran entrepreneurs. We've also set goals to increase the percent of net unit growth deals sold with underrepresented minority and woman ownership by 50% and commit \$25 million in incentives to contracts with underrepresented minority and woman owners by 2025.

Our 11 Choice Resource Groups (CRGs) contribute to, amplify and advance our DEB initiatives by empowering associates to cultivate their career paths through networking, mentoring and resources to promote career development. Each CRG is sponsored by an executive team member.

Learn More

[37 Pay Parity and Pay Opportunity](#)

[43 Human Rights](#)

[41 Associate and Guest Safety](#)

[22 Diversity, Equity and Belonging](#)

[32 Franchise Diversity](#)

[29 Choice Resource Groups](#)

[37 Pay Parity and Pay Opportunity](#)



Choice's Commitment to Green initiative provides franchisees with training and resources to positively impact the environment. This includes rolling out a property-level utility tracking dashboard across all domestic brands. The objective is to automate electricity, fuel and water consumption data collection from hotels' utility companies from the outset, ensuring robust and reliable data while simplifying data collection and monitoring for our owners. Our goal is to have 100% of owned and managed hotels, and 90% of franchised hotels, fully using this dashboard by 2025. This will provide better data tracking and insights to help franchisees reduce their utility usage and identify opportunities for additional cost savings.

Our commitment also includes our Room to be Green program, which focuses on five key pillars where we believe we can make a difference in our environmental impact, including water conservation; smart, safe and sustainable product usage; energy conservation; recycling and waste reduction; and employee engagement and operational excellence.

Our linen and towel reuse program and Housekeeping Upon Request programs support water reduction, while our new required laundry program with Ecolab program offers opportunities to reduce the use of chemicals and detergents in laundry cycles. Many of our hotels also partner with the non-profit Clean the World to collect, recycle and re-distribute soap to populations in need in the U.S. and in developing countries.

## Learn More

[48 Commitment to Green](#)

[57 Water](#)

[58 Waste](#)

[55 Climate and Energy](#)

[59 Responsible Sourcing](#)





Radisson Blu Toronto Downtown, Canada



# ESG Memberships and Associations



## American Hotel & Lodging Association (AHLA)

supports and advocates for the hospitality industry as the largest hotel association in the U.S. representing all segments of the industry.

- Choice participates in AHLA's Sustainability Committee, a forum for knowledge sharing on sustainability topics that impact the hotel industry.
- Choice was an inaugural member of AHLA's new Responsible Stay initiative focused on energy efficiency, waste reduction, water conservation and responsible sourcing practices.



## Sustainable Hospitality Alliance

promotes responsible hospitality for a better world and drives collaboration for a more sustainable future.

- Choice joined this association in 2022, becoming one of the largest members of the Alliance.



## U.S. Travel Association

promotes responsible travel to increase travel to and within the United States.

- Choice participates in the Sustainable Travel Coalition, which supports members in developing strategies and advancing policies to enable a more sustainable future.



## U.S. Chamber of Commerce

promotes job creation and economic growth.

- Choice is part of the ESG Working Group, which helps educate and inform businesses on emerging ESG issues.





# Memberships and Sponsorships focused on Diversity and Inclusion



**Association of Latino Professionals for America**  
empowers and develops Latino men and women as leaders of character for the nation, in every sector of the global economy.



**Disability:IN**  
promotes an inclusive global economy where people with disabilities participate fully and meaningfully.



**Executive Leadership Council**  
nurtures and amplifies Black excellence and leadership in business.



**Fortuna's Table**  
empowers women to build wealth through hotel ownership.



**International Franchise Association's Black Franchise Leadership Council**  
fosters awareness, understanding and access to franchise opportunities for Black entrepreneurs.



**Human Rights Campaign**  
strives to end discrimination against LGBTQ+ people and realize a world that achieves fundamental fairness and equality for all.



**International Franchise Association's Open for Opportunity campaign**  
promotes franchising opportunities in large and small communities.



**Latino Hotel Association**  
provides information, education, networking and development resources to the Latino and Hispanic community.



**National Association of Black Hotel Owners, Operators and Developers**  
advocates for minority ownership and development in the hotel and hospitality industry through education, networking and learning opportunities.



**National Hispanic Corporate Council**  
provides access to Hispanic talent and consumer resources to optimize corporate performance.



**She Has a Deal**  
creates pathways to hotel ownership for women through education, networking and mentorship.



**Spectrum Knowledge/ELEVATE**  
provides employee resource group leaders with intercultural competence, strategic acumen, and interpersonal influence resources and education.



# Notable Rankings and Awards



## 2022 Entrepreneur Magazine Top Franchise for Diversity

The first-ever ranking by the magazine recognizes the top 50 brands in the franchising industry that exemplify an enterprise-wide commitment to Diversity, Equity and Inclusion.



## Forbes 2022 World's Best Employers

Earned for the first time in 2022, the ranking recognizes multinational companies that excel in corporate image and impact, talent development, gender equality and social responsibility.



## Forbes 2022 America's Best Midsize Employers

Earned for the second year in a row, the ranking is based on how likely respondents are to recommend their employer to others.



## Forbes 2022 World's Top Female Friendly Companies

Earned for the first time in 2022, the ranking considers a series of gender-related topics, including gender equality in career advancement opportunities and parental leave.



## Forbes 2022 The Best Employers for Veterans

Earned for the third year in a row, the ranking is based on several topics related to the interests of veterans, including recruitment, career development and leadership opportunities.



## 2022 Human Rights Campaign Best Places to Work for LGBTQ+ Equality (score of 100 on the HRC Corporate Equality Index)

Earned for the 10<sup>th</sup> year in a row, the ranking recognizes large U.S. employers for their policies and practices pertinent to lesbian, gay, bisexual, transgender and queer employees.

**Newsweek and Statista America's Best Loyalty Programs for 2022**

The ranking is based on six criteria: benefit, trust, support, satisfaction, ease and enjoyment, and willingness to recommend.

**Newsweek and Statista America's Best Customer Service 2022**

The ranking is based on the likelihood of recommendation and five criteria: quality of communication, professional competence, range of services, customer focus, and accessibility.

**2022 Disability Equality Index Best Place to Work for Disability Inclusion (Score of 100)**

The ranking recognizes corporations for their disability inclusion efforts, including culture and leadership, enterprise-wide access, employment practices and community engagement.

**Comparably Best CEO 2022**

Earned for the fourth year in a row, the ranking is determined through ratings anonymously provided by associates and highlights our CEO's focus on creating a culture where everyone feels welcome, wanted and respected.

**Association for Talent Development's BEST Award winner**

Earned for the third year in a row, this award recognizes excellence in talent development and highlights our commitment to associate and franchisee success.

**Chief Learning Officer Learning Elite (#4 on the list)**

The ranking is based on five dimensions critical to learning organizations: learning strategy, leadership commitment, learning execution, learning impact and business performance results.

**2022 Best Travel Rewards Program for Retirees by Money.com**

The ranking evaluates exclusive features, network partners, and ease of earning and spending reward program points.

**U.S. News & World Report's Best Travel Rewards Programs (#4 on the list)**

The ranking weighs five components: network size, property diversity, geographic coverage, added benefits and ease of earning a free night.





# People

Our people — our associates, our franchisees and our guests — are the reason we are in the hotel business. Through our people-centered culture, we are focused on fostering personal and professional success, promoting respect and inclusion, enhancing wellbeing, embracing diversity and building prosperity. We bring people together, and together we are focused on building a better tomorrow, today.

## People-Related Policies:

- [Anti-Corruption Policy](#)
- [Anti-Harassment Policy](#)
- [Code of Ethics and Conduct](#)
- [Equal Employment Opportunity Policy](#)
- [Human Rights Policy](#)
- [Privacy Policy](#)
- [Supplier Code of Conduct](#)





# Diversity, Equity and Belonging

For more than 80 years, Choice Hotels has been focused on expanding our Diversity, Equity and Belonging (DEB) efforts that started with our founder Stewart Bainum, Sr. Promoting a culture where everyone feels “welcome, wanted, and respected” has been part of our DNA from the very beginning.

At Choice, we believe our corporate culture should reflect the diverse world in which we live and work. We are committed to further diversifying our corporate workforce and cultivating an inclusive workplace and environment where everyone can be their authentic selves. We are also committed to supporting and empowering additional franchise hotel ownership opportunities among underrepresented groups. We are building on our long-standing foundation of leadership in DEB initiatives — at the associate and franchisee levels — to create an even stronger organizational culture that makes room for everyone.

## Diversity

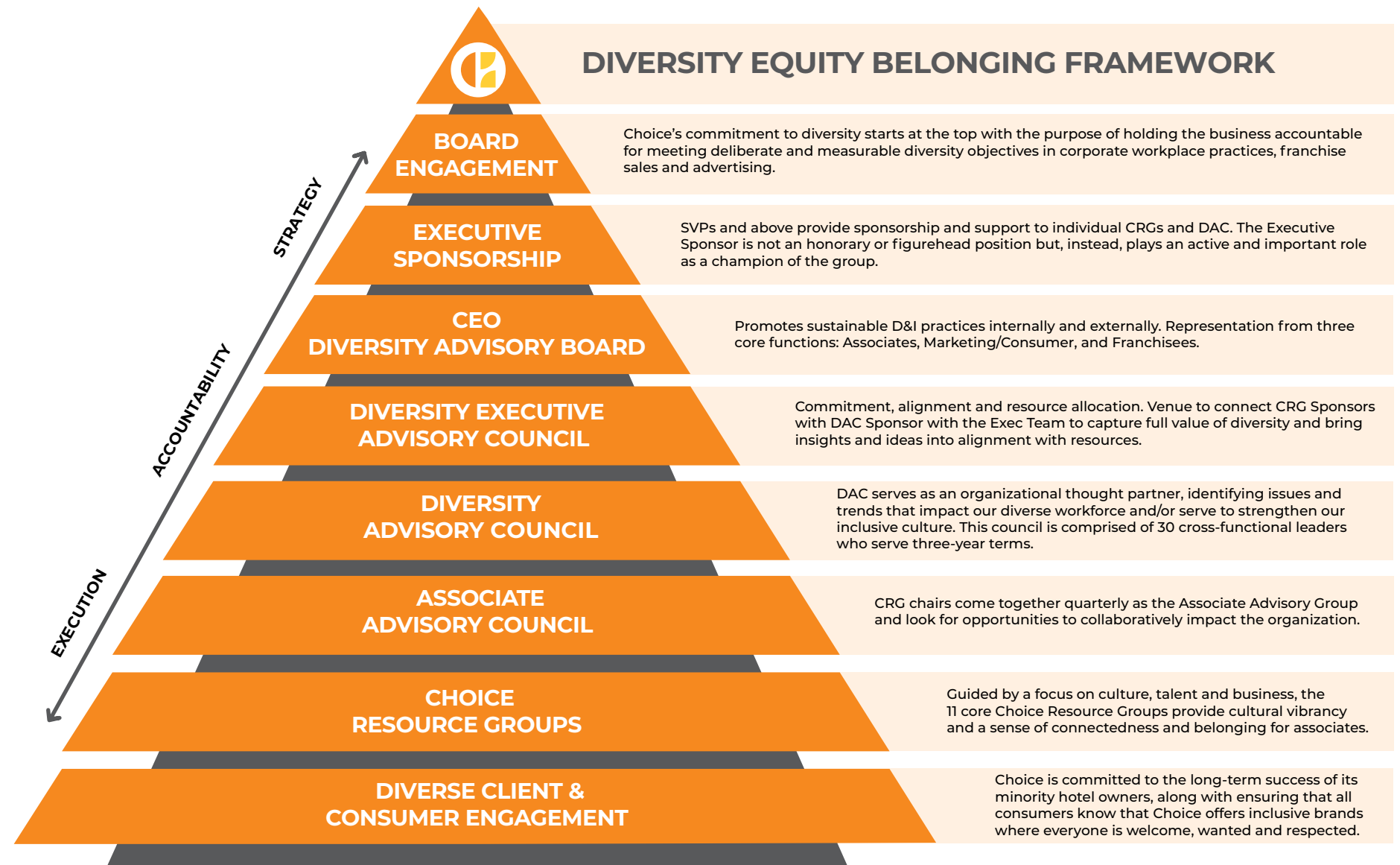
Ensuring that the Choice workforce is an authentic representation of the world we live in, where associates from different backgrounds thrive.

## 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.





## Diversity, Equity and Belonging Leadership

**“Our values are driven from the top down and amplified by our CEO. He takes the commitment to diversity personally and is an ambassador for Diversity, Equity and Belonging.”**

**Corinne Abramson,**

Head of Associate Diversity, Equity and Belonging

Leadership for DEB and our inclusive people-centered culture emanates from the top down at Choice and includes our Board of Directors. Collaboration and accountability are critical in creating and advancing successful DEB programs, policies and strategies. That is why we created the Diversity Committee under our Board of Directors, as well as the CEO Diversity Advisory Board and the Diversity Advisory Council, which draw leaders from across the company to address business objectives, shape the company’s culture, communicate our values and spur engagement.

The Board Diversity Committee advances diversity and inclusion in all aspects of the company’s business, including advising management in developing a workplace culture that values diversity and holding the business accountable for meeting DEB objectives, such as talent acquisition, retention and development. The committee’s goals also

reach beyond workplace culture, focusing on diverse franchise development, marketing and community outreach and philanthropy. Committee members meet to report progress and opportunities to the full Board at least twice a year.

The CEO Diversity Advisory Board is comprised of an internal team that aims to represent associate, franchisee and guest stakeholder groups. Members meet regularly with the CEO to review opportunities, initiatives and efforts around DEB at the enterprise level.

The Diversity Advisory Council (DAC), sponsored by our Chief Financial Officer, is comprised of 30 cross-functional leaders who serve three-year terms, with our Chief Human Resources Officer and General Counsel and Secretary serving as permanent members. The DAC identifies trends and issues in diversity and inclusion; offers input and insights into corporate initiatives ranging from core business practices to corporate strategic objectives; prepares business leaders to leverage the full power of diversity within their teams; and serves as a model of inclusive practices. The DAC was instrumental in helping Choice develop and roll out our DEB framework and last year focused on career mobility, belonging, wellbeing and recognition to help grow the diverse talent base at Choice.

### Board Diversity Matrix

**Total Number of Directors: 11**

	Female	Male	Non-Binary	Did Not Disclose Gender
<b>Part I: Gender Identity</b>				
Directors	3	8	-	-
<b>Part II: Demographic Background</b>				
African American or Black	1	1	-	-
Alaskan Native of Native American	-	-	-	-
Asian	-	1	-	-
Hispanic or Latinx	-	1	-	-
Native Hawaiian or Pacific Islander	-	-	-	-
White	1	7	-	-
Two or More Races or Ethnicities (counted in each)	-	2	-	-
Did Not Disclose Demographic Background	1	-	-	-





## Associate Diversity

At Choice, we celebrate our differences and recognize that a wide array of talent — team members with diverse thoughts, backgrounds, perspectives and experiences — makes us a better, stronger organization. A diverse team drives creativity and innovation, enriches our culture of inclusivity and respect, and advances our business objectives, enabling us to better serve our customers. We are committed to recruiting and retaining diverse talent, and helping our associates advance their careers and reach their full potential.

While our Diversity, Equity and Belonging efforts have continuously evolved and strengthened over the years, we believe it is imperative to continue to seek out opportunities for improvement. To that end, we have refreshed our objectives around demographic representation, which we aim to achieve by the end of 2027.

### OUR GOALS

- Increase representation of associates who identify as a member of a traditionally underrepresented racial/ethnic demographic from our current level of 32% to 40%.
- Increase demographic representation in senior leadership levels.<sup>1</sup>
  - Increase representation of women from current level of 41% to 50%.
  - Increase representation of leaders who identify as a member of a traditionally underrepresented racial/ethnic demographic from current level of 11% to 22%.
- Increase diverse job placements (e.g., new hires, promotions, internal transfers) from our current level of 66% to 70%.

<sup>1</sup> Senior Director level and above; pertains to U.S.-based corporate associates.

<sup>2</sup> Choice Hotels filed its last EEO-1 Report in 2022 excluding information related to Radisson. We plan to include Radisson information going forward.

### Guest Diversity

Choice is committed to promoting a culture of respect and welcoming to everyone. To further convey our inclusive values to our current and potential guests, associates and partners, we are creating a stronger advertising and marketing program to reach a wider range of populations, as well as demonstrate authentic representation of our diverse guests.



See the 2022 Choice EEO-1 Report for more information.<sup>2</sup>

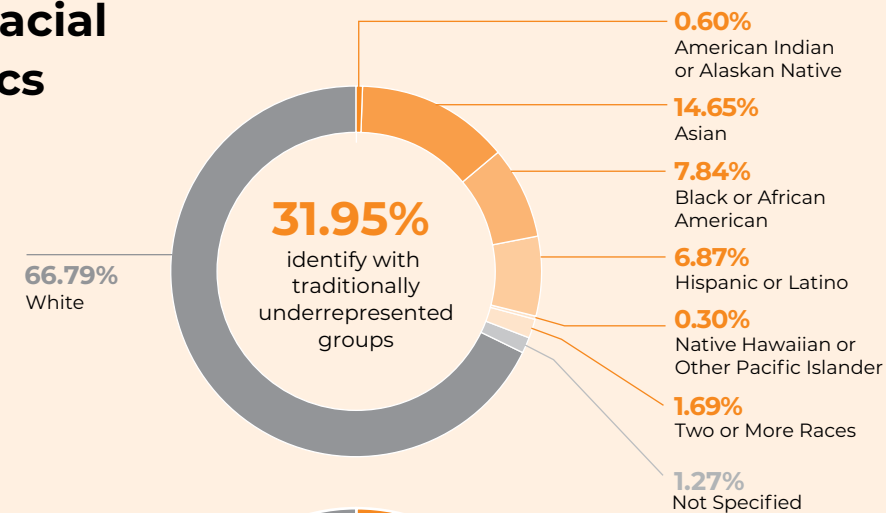


## Workforce Representation

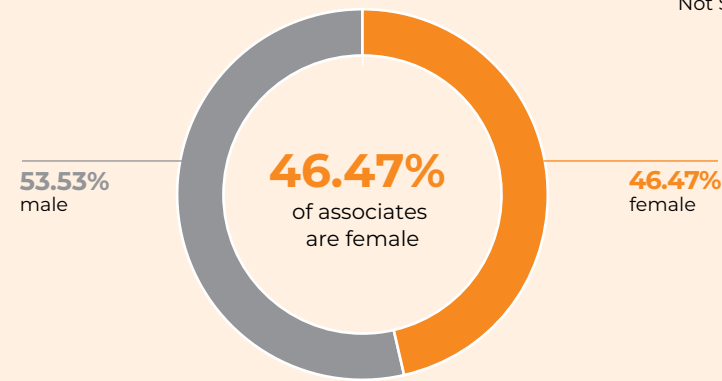
As of year-end 2022, Choice had nearly 1,800 global corporate associates and more than 930 hotel employees in the managed division. The charts below provide aggregated gender, racial and ethnic data for our ~1,660 domestic corporate employees.

### ALL ASSOCIATES<sup>1</sup>

#### Ethnic and Racial Demographics

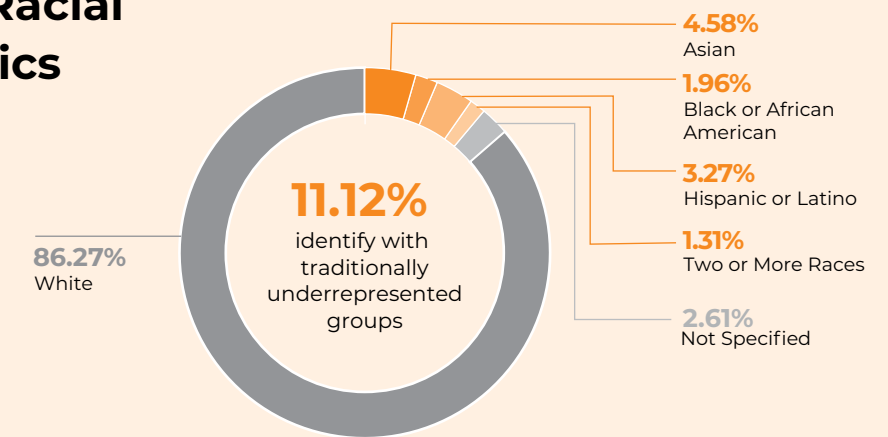


#### Gender

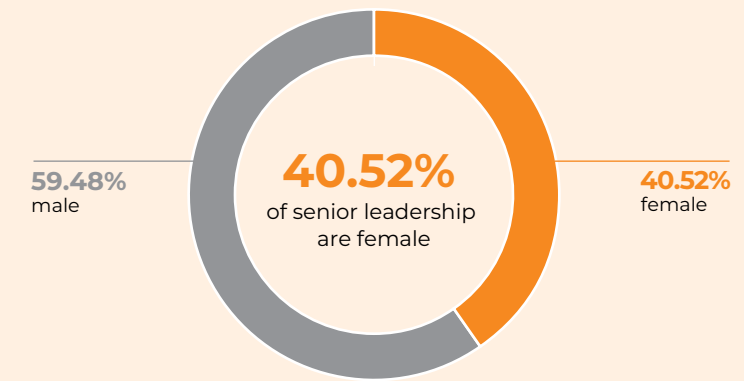


### SENIOR LEADERSHIP<sup>2</sup>

#### Ethnic and Racial Demographics



#### Gender



<sup>1</sup> U.S.-based, corporate roles

<sup>2</sup> Senior Director level and above.



## Recruitment

We actively work to attract diverse talent at all levels of the organization and support our associates through professional development, mentorship, career planning and resource groups. Our commitment to providing equal employment and advancement opportunities to all associates and applicants is highlighted on our [career website](#).

For each open role being filled externally, a recruiter is assigned and conducts a hiring plan meeting with the hiring manager to talk about the skills and experiences needed to fill the job, as well as review the hiring process. We require diverse candidate slates and interviewer panels that include candidates and interviewers from underrepresented groups. This helps us to advance our objective of achieving associate representation within our employee ranks. We continuously review our practices to ensure we are reducing unconscious bias and barriers in our processes, and we are working to increase our partnerships and outreach to underrepresented communities.

Another recruitment tool that strengthens our pipeline of diverse talent is our corporate internship program, which offers college students practical work experience, learning

and development programming, networking opportunities and participation in a Choice service project. Students gain an insider's view of hospitality including franchise operations, sales, strategy, finance and technology. Last year, 58% of our interns were from underrepresented communities. Choice's talent acquisition team also participates in career fairs at various college campuses and does outreach at events such as the National Black MBA Association conference.



**Choice participates in the Disability Equality Index (DEI) — a comprehensive benchmarking tool by Disability:IN that helps companies build a roadmap of measurable, tangible actions to achieve disability inclusion and equality — which has helped to shape our policies and practices.**

**In 2022, Choice received a DEI score of 100.**







## Hospitality Management Training Accelerator Program

Through our support of, and engagement with, Historically Black Colleges and Universities (HBCUs), we are also helping strengthen the pipeline of future diverse talent into the hotel industry. One example is our partnership with Morgan State University. Our Vice President of Emerging Markets, Franchise Development is a member of the Hospitality Board, and our Choice Hotels African American Resource Group for Employees (CHAARGE) visits the campus and speaks to students in the classroom.

Choice has also collaborated with the Concord Hospitality Enterprises Company (Concord) in sponsoring the Hospitality Management Training Accelerator Program to create hospitality career pathways for Black students. The six-month, rotational managers-in-training program, hosted at Choice's upscale Cambria-branded properties, is for recent graduates of HBCUs. It provides exposure to all facets of the business and includes hands-on coaching. Upon successful completion of the immersive training program, participants have the opportunity to pursue full-time managerial positions with Concord Hospitality.

In 2021, two Morgan State University graduates participated and both were hired by Concord; last year, another graduate participated and was hired. The first two years of the program have provided us with valuable learnings and key insights, and we are evaluating further opportunities to refine and expand the program.



**Je'Lynn Gould,**  
Morgan State  
University graduate  
and 2022 participant  
in the Hospitality  
Management  
Training Accelerator  
Program

"When I graduated Morgan State in 2021, I had been seeking growth opportunities that were in diverse and fun work environments. I had aspirations of becoming a leader in the hospitality profession, I just was unsure of where to get started.

Thanks to the partnership with Choice Hotels, I started off my journey as a Manager in Training at the Cambria hotel in Nashville eager and ready to learn all that I could! When I started with the company, I had years of food and beverage and customer service experience, but lacked many of the skills needed to be in a leadership role. During my time in Nashville, I developed and strengthened my skills in many departments including Front Desk, Housekeeping, Sales, and even HR. The time that I spent at this property helped me adjust to a fast-paced market in a booming tourism region. I was able to immerse myself in the industry in a hands-on way that most recent graduates do not have an opportunity to. In just 6 months, I had grown more professionally and gained confidence that came in being able to work closely with such an amazing group of professionals! Additionally, I was given the opportunity to network and learn from many corporate leaders from our company, for which I'm forever grateful."

*Do not go where the path may lead,  
Go instead where there is no path and leave a trail.  
-Ralph Waldo Emerson*



Cambria Hotel Boston, Downtown-South Boston, MA





## Choice Resource Groups

Choice associates have a significant role in supporting our culture of inclusivity and advancing our DEB and business initiatives. Our Choice Resource Groups (CRGs) focus on three main pillars — talent, culture and business — to bring people together, provide networking and career development opportunities, promote and cultivate leadership skills and raise cross-cultural awareness. For example, various CRGs host active listening activities and organize “Exec Connect” meetings to facilitate small group chats with key leaders across the organization, giving associates the opportunity to get to know leaders professionally and personally in an informal setting. Open to all associates, CRGs build allyship, empathy and new perspectives. In addition to developing a culture of belonging, CRGs help associates to develop critical career enhancing skills, provide development opportunities, raise our collective cultural awareness and serve as a resource for the business.

During the COVID-19 pandemic, the CRGs were instrumental in keeping associates connected and engaged. As issues of social and racial injustice gained national attention, the CRGs supported our associates and took the lead in helping our organization respond and create safe spaces for one another. We look forward to integrating the Radisson Employee Resource Groups to further increase engagement and sense of belonging for our associates, and we plan to launch a sustainability-focused CRG. Each of our CRGs is supported by an executive sponsor.







### Hispanic Organization for Leadership & Advancement (HOLA)

**Mission:** HOLA enhances our diverse culture and creates awareness for the Hispanic and Latino communities within the company and in our consumer base.



### ENABLE

**Mission:** ENABLE increases awareness, access and advocacy for people with disabilities at Choice and unleashes the unique contributions of people with different abilities.



### Choice Hotels African American Resource Group for Employees (CHAARGE)

**Mission:** 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.



### NoodleGroup

**Mission:** The NoodleGroup taps into the diversity of thought, perspective and wisdom of individuals within Choice to ideate and/or provide feedback on enterprise projects or business challenges.



### Choice Hotels Asian American Professionals (CHAAMP)

**Mission:** CHAAMP brings the organization's Asian community together, serves as a business resource for Choice and provides support around diversity.



### Choice People, Resources and Insights Dedicated to Equality (PRIDE)

**Mission:** PRIDE provides educational opportunities and enhances Choice's standing in the corporate community as it relates to LGBTQ+ associates, suppliers and guests.



### Choice Words

**Mission:** Choice Words empowers individuals to become more effective communicators and leaders through development of communication and leadership skills.



### Young Professionals Alliance (YPA)

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



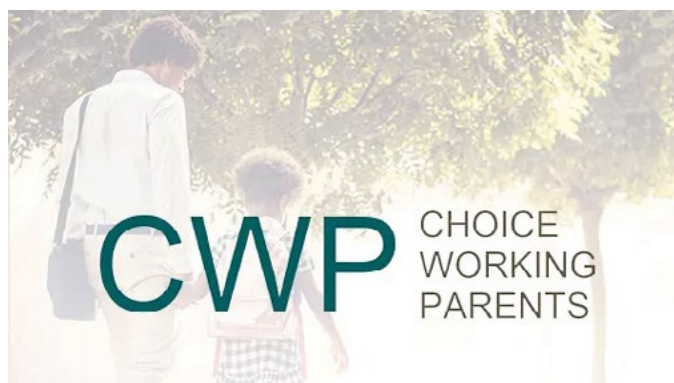
### Veterans Are Loyal Organizational Resources (VALOR)

**Mission:** 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.



### Women's Business Alliance (WBA)

**Mission:** WBA connects Choice women with one another socially and professionally, promoting the growth and development of women.



### Choice Working Parents (CWP)

**Mission:** CWP connects working parents across Choice, provides networking and professional growth opportunities, and supports initiatives and policies that impact working parents.



## DEB-Related Philanthropy

Choice actively partners with and supports organizations that advance diversity across our industry.

For example, in 2022, for the second year in a row, we 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 100 companies. The ELC is dedicated to building a pipeline of Black leaders for corporate America. Our \$100,000 sponsorship supported scholarships for students enrolled in Historically Black Colleges and Universities (HBCUs), as well as talent development opportunities for Choice associates. The talent development opportunities include an in-house RiSE Program, a development program for individual contributors, as well as attendance at ELC's renowned Mid-Level Manager Leadership Symposium. Our guests also have the opportunity to support the ELC by redeeming Choice Privileges points on Choicehotels.com to drive further donations to the organization.

At the close of 2022, we entered into partnership with the Association of Latino Professionals For America (ALPFA) and the National Hispanic Corporate Council (NHCC). We look forward to leveraging the collective array of programs and contacts that these organizations offer to help us build out a parallel cohort learning experience for our Hispanic/Latinx associates that mirrors the ELC program.

## Franchise Diversity

Choice has long been a leader in creating hotel ownership opportunities for underrepresented minority entrepreneurs and nearly 70% of our franchises are owned by Asian Americans, with many first-, second- and third-generation owners from the same families.

**Entrepreneur Magazine named Choice Hotels International a Top Franchise for Diversity in 2022 in its first-ever ranking, recognizing our efforts to fuel diversity and equitable opportunity across the entire hotel industry.**



Choice was the first hotel company with a dedicated team solely focused on extending the opportunity of hotel ownership to underrepresented populations. The Emerging Markets Program was developed nearly 20 years ago to establish relationships within the African American, Hispanic, Native American and veteran communities, as well as offer incentives for new franchises, such as financial awards and educational opportunities. The program has grown ten-fold since its inception, and we have awarded and financially supported more than 345 diverse franchisee participants since the program's inception. In 2022, the Emerging Markets team executed 34 new franchise agreements, exceeding our goal of 25 franchise agreements, with representation from African American, Hispanic, Native American, veteran and women entrepreneurs.



**“It’s not a job to me. It’s a purpose. We change lives, we change communities, we promote wealth creation. Choice’s leadership has spurred other hotel companies to do the same. It shouldn’t be something that Choice alone is doing. It is something we are doing as an industry.”**

**John Lancaster,**

Vice President Emerging Markets  
Franchise Development





In 2020, Choice became the only hotel company to have a franchisee-focused advisory group dedicated to Black and African American hoteliers. The Choice Hotels Owners African American Alliance (CHOAAA) was created to further representation, support and advocacy for Black and African American hoteliers. CHOAAA members collaborate directly with the Choice Executive Leadership Team and meet with the Emerging Markets program team quarterly to discuss current and future challenges and opportunities in the hotel industry for Black and African American owners.

**Choice has awarded and financially supported more than 345 underrepresented franchisee participants since the inception of the Emerging Markets program nearly 20 years ago.**

Over the last couple of years, Choice has placed a renewed emphasis on increasing female hotel ownership through HERTels by Choice, a program designed by women for women to empower female entrepreneurs throughout their hotel ownership journeys. The program takes a personal approach in providing dedicated training and education, personalized mentoring, in-house financing support and industry recognition of female ownership success. The idea for HERTels by Choice originated with an all-female team from our Ascending Leaders Program who saw the need for more support for women as female entrepreneurs continue to encounter greater economic and social barriers when starting out in the hotel industry. According to the 2022 Castell Project

Women in Hospitality Industry Leadership Report, for every nine men, there is only one woman who enters into hotel investment and development across the hospitality industry.<sup>1</sup> To date, more than 60 women have participated in the HERTels by Choice program, leading to 41 new female-owned hotels.

Choice is engaged with [several partners](#) who are helping us to advance our diverse franchise diversity goals, including:

- AHLA Foundation
- Fortuna's Table
- International Franchise Association Foundation's Black Franchise Leadership Council (inaugural sponsor)
- Latino Hotel Association (inaugural sponsor)
- National Association of Black Hotel Owners, Operators and Developers (inaugural sponsor)
- She Has a Deal (inaugural sponsor of the organization's Shark Tank-style hotel pitch)

**Our goal is to increase the percent of net unit growth deals sold with underrepresented minority owners and woman owners by 50% by 2025, as well as invest \$25 million in incentives in contracts with underrepresented minority and woman owners.**

## REALIZING A DREAM OF HOTEL OWNERSHIP

Dr. Amina Gilyard James and her husband Norland James are the newest owners of a Black-owned, woman-owned, veteran-owned, Choice-branded hotel in Memphis, TN. They purchased the Quality Inn at the end of 2022, after years of investing in real estate and becoming limited partners in hotel ownership. Amina also participated in the She Has a Deal pitch competition, which Choice sponsored and participated in.



<sup>1</sup> Castell Project. (2022). "[Women in Hospitality Industry Leadership](#)."



# Human Capital Management

## Associate Growth and Development

At Choice, we believe that attracting, retaining and developing the best talent is what enables our long-term business success. We strive to create an associate experience that centers on belonging, health and wellbeing, career growth and development, and recognition.

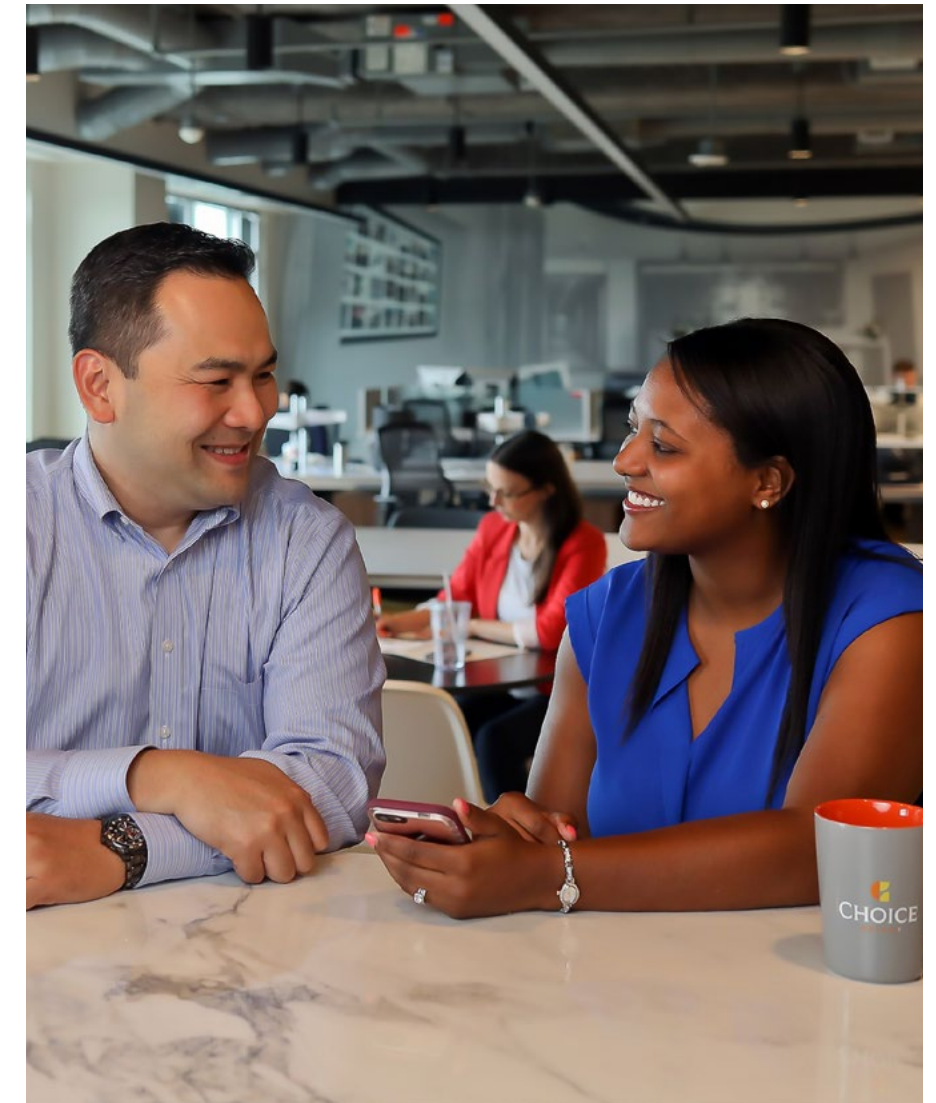
To support associates' career growth, we use our Coaching for Performance and Growth (CPG) model as the foundation for many coaching and development conversations that happen throughout the year. Associates work with their managers to set annual objectives that ladder up to our corporate objectives and associates are encouraged to create personal development plans. As part of the CPG process, leaders have regular check-ins with their team members. Leaders are expected to provide coaching, help remove potential obstacles and barriers, and gauge employee satisfaction and progress. In addition, leaders conduct mid-year appraisals to provide real-time feedback and performance calibrations. A year-end summary then focuses on the impact the associate has made throughout the year and is an opportunity to celebrate successes and continue associate development.

We focus on the development and growth of our associates using a 70-20-10 framework. Our goal is to have 70% of associates' development occur through on-the-job experience, such as stretch projects. Coaching and mentoring account for another 20% of development, and 10% is gained through conferences, classes and certification programs.

Choice has also developed three marquee leadership programs to prepare our next-generation leaders. These include:

- **Ascending Leaders Program** — offers months-long training and assessments for high-performing directors and senior leaders.
- **Emerging Leaders Program** — prepares high-performing individual contributors for advanced roles as people leaders.
- **Leadership Foundation Program** — provides a foundation of leadership for managers and directors.

In addition, Choice has development and leadership opportunities tailored for specific demographic segments to support their career growth and development. One example is the Raising Skills and Influence for Excellence (RISE) program for our African-American and Black associates. Choice is also a sponsor of 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 and the organization hosts an annual Mid-Level Managers Symposium with Choice associates in attendance.







In 2022, eleven of our associates also participated in a new program, facilitated by the ELC, designed to help leaders lead across differences. We are currently working to offer similar programs for our Hispanic and Latinx associates.

We're also proud to offer Project Mobility, which allows associates to request a work project in another part of the organization. The idea is to allow people to follow their interests, develop new skills and pivot professionally. This program flourished during the height of the COVID-19 pandemic, as some parts of the business were incredibly busy while others were a bit slower, enabling some of our associates to work in areas outside of their normal repertoire and also help our franchisees — a win for everyone involved.

Our commitment to providing our associates with the resources and opportunities they need to thrive is further demonstrated by the creation of a new leadership role at Choice, our Chief Talent and Culture Officer. This position reports directly to our Chief Human Resources Officer and works closely with leaders across the organization to expand

**According to employee reviews on Comparably, Choice Hotels is in the top 5% of similarly sized companies in its ability to retain quality employees. We are proud that 82% of our associates who provided reviews are excited to go to work each day.<sup>1</sup>**

our talent programs, including workforce planning and talent management, and to help guide our DEB initiatives in alignment with our overall growth strategy.

Our corporate voluntary attrition rates have fluctuated over the last four years as we, like many others in the hospitality and services sectors, experienced the stresses of the COVID-19 pandemic and the challenges of a tight labor market. However, we outperformed our internal voluntary attrition goal last year, which was based on a blend of external benchmarks focused on professional services and technology, the industries that most accurately reflect the composition of our organization. Further, our voluntary attrition rates have been more favorable than our internal goals for each of the last three years.

### Corporate Voluntary Attrition

2019	2020	2021	2022
14%	9%	15%	14%



<sup>1</sup> Data is based on 382 employee reviews on the Comparably website.





## Associate Engagement

To ensure associates feel valued, heard and engaged, we regularly seek and incorporate associate feedback into our business strategy, which promotes the ongoing health, success and continuous improvement of our organization. In addition to using the Coaching for Performance and Growth process, which encourages frequent communication between leaders and associates, Choice executives host several All Associates Meetings each year to give company-wide updates, and leaders hold regular department town hall meetings. We also conduct regular extended leadership team meetings to bring together senior leaders across the business, share updates on our performance and align on the key priorities ahead.

Additionally, we also conduct a variety of confidential surveys throughout the year to seek input and better understand the associate experience. In 2022, these touchpoints included the annual Choice Engagement survey; Diversity, Equity and Belonging survey; 30-60-90-180-day onboarding surveys; exit surveys; and a Radisson acquisition transition pulse survey. Through our survey partner, Glint, we are able to receive survey results quickly, search for themes and gain deeper insights into open-ended comments.

84% of our associates participated in the annual Choice Engagement survey in 2022 and we achieved a very high engagement score, meaning associates have a positive commitment to our organization and goals. Our engagement score of 80 is above the peer benchmark of 75, according to Glint. In addition, 23 of our benchmarked questions or measures ranked above benchmark, including topics around communication, recognition, management, leadership, customer focus, career goals, empowerment, contribution success and belonging.

Among our top strengths are an overall understanding of how work impacts objectives and owners, how well managers manage, and feedback and coaching provided by managers. Top opportunities include more transparency and communication in changes made as a result of associate feedback, flexibility on remote work and expanded inclusion of associates in decision making.

Survey results are reviewed by people leaders with their teams to discuss strengths and areas of improvement; an action plan is created, regardless of scores. Key themes and feedback are presented to the Executive Leadership Team. We continually look for ways to incorporate associate feedback into our business operations, practices, and culture. In fact, the Coaching for Performance and Growth process was created in response to prior associate comments requesting more feedback and coaching throughout the year.

In recent years, we also introduced our annual DRiVE campaign, where we identify a select number of goals to drive visibility and alignment around the most important priorities for the year ahead. The DRiVE campaign is intended to help associates regularly connect their work to our broader company goals. Based on associate feedback on topics relevant to the DRiVE campaign, we host educational Lunch and Learns to give associates an opportunity to present their work and engage with their colleagues. Both of these programs are now among our top strengths in the annual Choice Engagement survey results in 2022.



## Pay Parity and Pay Opportunity

Since 2018 we have conducted an annual pay parity analysis to ensure we are paying associates fairly and equitably, regardless of gender or ethnicity. In 2020, we committed to a 0% differential in pay (e.g., no disparity in pay for substantially similar work due to gender or ethnic/racial identity). Each year, any associate who falls outside the 0% tolerance is reviewed to understand any pay difference that cannot otherwise be explained (e.g., poor performance) and action taken to remediate the variance, where appropriate. For full year 2022, the pay parity analysis was completed for legacy Choice associates and we made the decision to defer remediation actions until the full integration of Radisson Americas is complete.

Our Career Framework supports our pay opportunity goals, establishing the architecture for 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 identify opportunities to reinforce fairness in career movement. The learnings from this analysis continue to support our efforts towards achieving our representation goals.

**Choice has set a goal of reaching 0% differential in pay, meaning there will be no disparity in pay due to gender or diverse status.**

## Associate Health and Wellbeing

Choice offers a comprehensive [Total Rewards package of benefits](#), as well as unique perks like hotel travel discounts at Choice hotels worldwide, to support work-life balance. We are focused on providing services and support for our associates' physical, mental, financial and social health — including medical, dental and vision plans, financial education and 401(k) matching, wellbeing programs, back-up child and elder care, fertility benefits, transgender-inclusive coverage and associate recognition programs. Our Employee Assistance Program (EAP), managed by a third-party vendor, provides confidential assistance to associates on a variety of issues.

We regularly evaluate our Total Rewards program to ensure we are supporting the evolving needs of our associates, both professionally and personally. In 2020, due to the COVID-19 pandemic and issues of social and racial injustice across the country, we added Wellbeing Days, giving associates the flexibility to take time away from work to refresh and recharge when personal or professional challenges become overwhelming. In 2022, we enhanced our Paid Time Off (PTO) policy, expanded Stay at Choice from \$250 to \$500, and increased our 401(k) match to 100% on the first 5%. In addition, we added a Cultural Day, enabling associates to take a day off work to celebrate a culturally significant day or event. Finally, we began offering stress, burnout and resilience sessions for our associates.

Our benefits and offerings are amplified through our Choice Resource Groups (CRGs) which sponsor various

wellbeing activities. Each CRG is awarded Total Rewards funds each year to further support associates' health and wellbeing. For example, both the Women's Business Alliance and CHAMP groups hosted yoga and meditation sessions at our corporate offices.

We've also reevaluated our remote work policies due to the COVID-19 pandemic, and each leadership team has been given the flexibility to recategorize positions as full-time remote, hybrid or in-office going forward. Senior Vice Presidents work with their leadership teams and business units to define work flexibility for their areas, depending on business need.





## Our Total Rewards Program Supports Our Culture of Diversity, Equity and Belonging

CATEGORY	BENEFIT	CHOICE CURRENT STATE
Eligibility	Domestic Partner Coverage	Covered for health and welfare benefits (medical/dental/vision/supplemental life).
Medical	Fertility Benefits	Covered at in-network providers and includes diagnostic testing and treatment of both male and female infertility. Services include infertility drugs; approved surgeries; sperm washing or preparation; artificial insemination; Gamete Intrafallopian Transfers (GIFT); in-vitro fertilization (IVF); Zygote Intrafallopian Transfers (ZIFT); and the services of an embryologist.
	Gender Identity Disorder and Gender Dysphoria Services	Covered for medically necessary surgical and non-surgical treatments, including psychotherapy and continuous hormone replacement therapy.
	Hearing Aids	Covered and includes charges in connection with cochlear implants, semi-implantable hearing devices, audiant bone conductors or Bone Anchored Hearing Aids (BAHA).
	Travel and Lodging	Covered under medical plans to assist with expenses incurred while accessing healthcare services when a provider is not available within a 60-mile radius.
Leave	Parental Leave	Offers parental leave regardless of gender.
	Return to Work	Offers flexible working schedule for birth mothers while allowing them to receive full pay.
	Caregiver Leave	Offers leave with inclusive definition of “family” that extends beyond children and spouses.
	Cultural and Wellbeing Days	Offers Cultural and Wellbeing Days, in addition to the standard holidays, to allow for varied religious observances and celebrated days.
Support	Back-up Care	Offers support services for working families including child, adult, and pet care.
	Adoption and Surrogacy Assistance	Offers financial support to cover expenses associated with adoption and surrogacy.





## Associate Recognition

We have several awards to honor the contributions and exemplary service of our Choice associates, including our annual peer-nominated Champions of Choice Awards and the Values in Action Award for those who personify our core values and serve as role models for others. Associates can also give informal and impromptu recognition and shout-outs through internal channels for team members who've gone above and beyond.

### Champions of Choice Awards:

- **Coach of the Year Award** — recognizes model people managers.
- **MVP Award** — recognizes game-changing exceptional performance.
- **Stuart Bainum, Sr. Award** — recognizes the embodiment of Choice's values and service contributions.
- **Innovation Award** — recognizes exceptional contributions to improve the business and work environment.

## Associate Education and Training

MyLearning is our internal online education portal for our corporate associates and is home to dozens of instructor-led training and development courses on topics such as coaching, business acumen and change management. As the needs of our business evolve, we continue to increase

course offerings and professional development opportunities and recently partnered with LinkedIn Learning to provide our associates with access to their extensive online training library. LinkedIn Learning is an award-winning leader in online training, with a digital library of over 6,000 courses covering a wide range of topics. A cohort of internal curators, in partnership with the Talent Development team, upload the content into intuitive and engaging learning paths, which are shared with the organization. In 2022, our associates completed almost 1,000 learning courses and viewed 30,000 training videos.

Our people leaders play a pivotal role in our organization's growth, success and associate engagement. All people leaders are encouraged to complete *Change Management* and *Inside Out Coaching* courses, as they provide a foundation for our Coaching for Performance and Growth process. We utilize the Glint platform for engagement surveys where people managers are given direct access to their team's confidential results. Action plans are created directly from the Glint system and integrate with a leader's LinkedIn Learning account to enable auto course enrollment and tracking.

We also offer a variety of options for associates to delve more deeply into DEB topics, including the *Welcome, Wanted and Respected — It's Good for Everyone* training to create awareness of unconscious bias. Other examples include *Inclusion Starts with an I* and *Courageous Conversations*, which facilitate difficult discussions around race.

Associates are required to complete annual compliance training courses on topics of anti-harassment, ethics, security and privacy awareness, and phishing. Additional courses are required based on management level and role, such as anti-corruption, insider trading, Health Insurance Portability and Accountability Act (HIPAA), General Data Protection Regulation (GDPR) and Payment Card Industry (PCI) Secure Coding.





## Franchisee Recognition

The Best of Choice awards program recognizes properties with outstanding guest satisfaction results as demonstrated by having the highest Likelihood to Recommend (LTR) scores. The four categories of awards honor hotels in good standing that have been in their brand for 12 months or more, based on their rank within their brands.

- **Best of Choice** — recognizes one hotel from each brand based on a combination of LTR scores in the top 1% and quality assurance metrics and brand standards.
- **Ring of Honor** — recognizes the top 1% of LTR scores or top three hotels for smaller brands; winners automatically become finalists for the Best of Choice awards.
- **Platinum** — recognizes the top 3% of LTR scores.
- **Gold** — recognizes top 10% of LTR scores and all hotels that achieve an unadjusted LTR score of 9 or higher.



### FRANCHISEE EDUCATION AND TRAINING

Our award-winning Choice University provides resources, training and certification opportunities for our franchise owners, both online and through in-person classroom activities. Franchisees have access to unlimited 24/7 personalized learning experiences through our online platform. Content is tailored to an individual's brand and job function, and is designed to meet the changing needs of the business and industry. Interactive roadmaps called Learning Maps help learners navigate role-specific resources for onboarding, speed to performance and career mobility, growth and development.

An internal study through Choice's Advanced Analytics team revealed that properties that are highly engaged with Choice University have elevated key performance indicators. In 2022, nearly 2,500 content courses were offered and nearly 2 million trainings were completed.





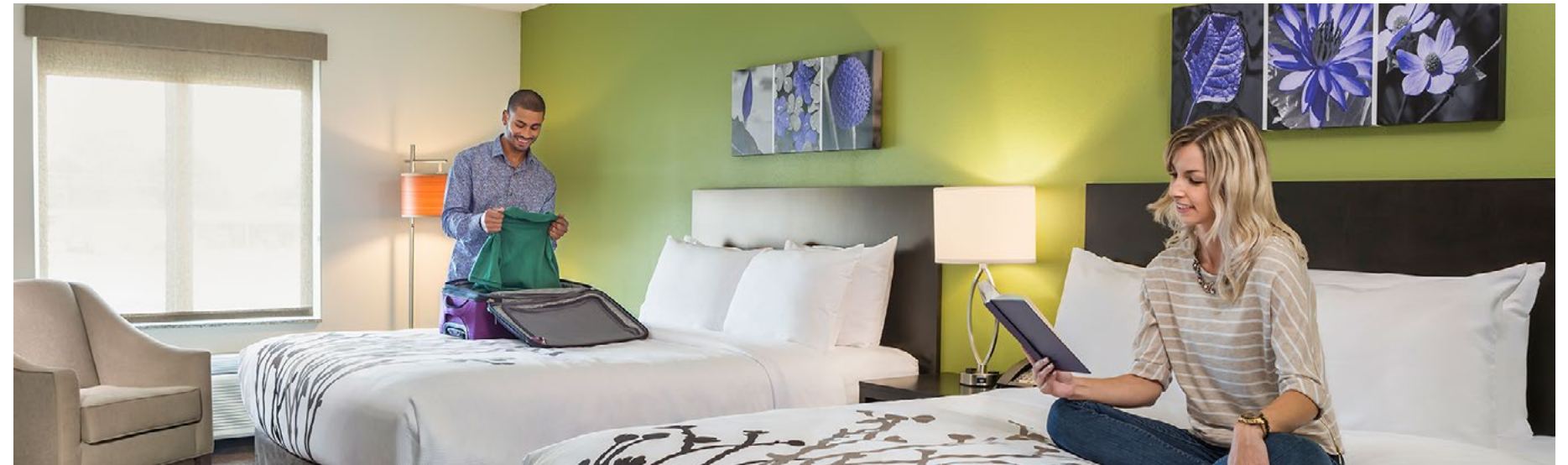
## Associate and Guest Safety

We are committed to the health and safety of our associates, franchisees and guests. We provide required health and safety standards for our corporate offices and owned and managed hotels, as well as guidance to our franchisee owners.

At our managed hotels, we have an established safety and security program that supports our associates and guests while meeting regulatory requirements and industry standards such as EH&S and OSHA.

Within our managed hotel portfolio, we ensure our associates receive the necessary training they need to perform their jobs and are aware of safety protocols, including how to report incidents. These processes are important to ensuring the wellbeing of guests and employees and the safety of our properties. We regularly conduct preventative maintenance of guest rooms and common areas, including exterior grounds and pools, to avert potential health and safety issues. We've also invested in Energy Saving LED lighting, CCTV cameras and systems quality, as well as thermostat technology that controls the temperature of rooms under our set parameters for heating and cooling. This saves energy when guests depart their rooms and reduces wear and tear on machines.

At the beginning of the COVID-19 pandemic, Choice launched the Commitment to Clean initiative to help Choice-branded hotels achieve high levels of cleanliness and address health and safety concerns through enhanced protocols, products and communication. To provide hotels with the latest resources and training, Commitment to Clean leveraged Choice's



long-standing relationship with Ecolab, the industry expert and global leader in water, hygiene and infection prevention technologies and services; guidance from the Centers for Disease Control and Prevention (CDC), the World Health Organization and the U.S. Travel Association; and Choice's membership in the American Hotel and Lodging Association (AHLA) Safe Stay Advisory Council. In addition, Choice developed the Commitment to Clean initiative with insights from our franchisee advisory councils, which represent our hotel owners across the country.

Radisson rolled out a similar program to Choice's Commitment to Clean, called Safety First Protocols, which also adhered to Ecolab's standards and focused on cleaning and disinfecting; hand sanitizer; contactless communication; safety procedures regarding food and beverages; and team member training.

Choice continues to provide updated Commitment to Clean training and resources to our franchised hotels, and we require our franchised properties to complete an annual Commitment to Clean Captain re-certification.

Within our corporate offices, we installed touchless door entries that are Americans with Disabilities Act (ADA) compliant at our Technology Center in Scottsdale, Arizona. We will install the same technology in our new headquarters building in North Bethesda, Maryland, which is currently under construction.

With associates having returned to the office, Choice continues to follow federal, state and local guidelines, including CDC guidelines, and our internal Health Administrator continues to provide up-to-date health information and services.





Radisson Blu Mall of America, MN — LEED certified





# Human Rights

At Choice, we condemn human trafficking in all forms. Our Human Rights Policy outlines our commitment to ethical, non-exploitative and non-discriminatory business conduct, and we promote awareness of these issues among the owners and staff of our owned, managed and franchised hotels. We are committed to conducting our business in a manner consistent with the principles contained in the United Nations Universal Declaration of Human Rights.

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. We also signed the Tourism Child Protection Code of Conduct (The Code), an industry-driven tourism initiative in preventing child trafficking.

As a signatory of The Code and in conjunction with the Department of Homeland Security's Blue Campaign, Choice offers education programs in three different languages to associates of franchised properties via Choice University to drive awareness of how to identify and combat human trafficking at hotels. **Over 70,000 hotel associates have completed the online training since launch, including more than 11,000 in 2022.**

In 2022, Choice Hotels donated \$25,000 to ECPAT-USA as a Catalyst for Protection sponsor.

We also donated \$25,000 and provided Choice Privileges points to Polaris, an organization that supports human trafficking survivors and their dependents.

We also support the Polaris Project, a non-profit organization that combats human trafficking and modern-day slavery and, through a comprehensive approach, strengthens the anti-trafficking movement. Founded as a grassroots initiative to create long-term solutions to address the underlying systems that 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 Hotels is committed to providing emergency lodging for victims of abuse and violence. Last year, we became one of the first hotel brands to work with Safe Stays by ReloShare Alliance, a booking platform and program to secure safe lodging. With our recent acquisition of Radisson Hotel Group Americas, Choice added more than 500 locations for emergency lodging. Today, more than 90% of Choice-branded hotels in the U.S. are now available for booking through the ReloShare platform.



Learn more about Choice's [Human Rights Policy](#).







# Community Investment

Choice has a long history of giving back to the local communities where we operate, as well as communities across the globe, through our franchised business, our philanthropy and our volunteer work. We know a better tomorrow is possible, and that is what drives our efforts to improve lives and uplift communities — one family, one hotel, one community at a time.

**Choice's corporate giving in 2022 totaled more than \$1.3 million, including our corporate philanthropy, associate match-eligible giving, sponsorships of organizations focused on diversity and inclusion, and Choice Privileges (CP) program point distributions from our own corporate giving and donations from our CP members.** Our CP program enables members to turn their rewards into cash donations for our partner charitable organizations, including the American Red Cross, Operation Homefront, the Polaris Project, Fisher House Foundation, Boys & Girls Clubs of America and the Executive Leadership Council.

Choice associates provided more than \$67,000 in micro-donations last year to charities they care about, which Choice matched 1:1 for a total impact of more than \$134,000 supporting these local organizations.







# Signature Impact Partnerships

## American Red Cross



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 and explosions. The Red Cross not only provides food, shelter and clothing, but also offers comfort and care to help those affected by disasters during their time of greatest need.

**As a member of the American Red Cross Annual Disaster Giving Program (ADGP) and Disaster Responder Program, Choice provides an annual commitment of \$250,000 to support disaster recovery efforts.** By participating in these programs, we help pre-invest in disaster relief to ensure the American Red Cross is prepared to respond when necessary. Last year, Choice Privileges members donated points to the Ukraine relief effort organized by the American Red Cross, totaling more than \$22,000 in donations. In addition, more than 10 million Choice Privileges and Radisson Rewards Americas points were donated to help with Hurricane Ian relief.

## Operation Homefront



Serving America's **Military Families**

We also partner with Operation Homefront, a national nonprofit that helps military families thrive in the communities they 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.

**In 2022, we donated and raised more than \$330,000 for military families in need.** We're pleased to continue our Choice Privileges Military Membership program, which offers a discounted rate when booking at participating Choice-branded hotels for military personnel, veterans, their dependents and members of government and military-oriented associations, as well as an automatic upgraded membership and 2,500 extra Choice Privileges Points.

In addition, our VALOR Choice Resource Group leads an annual bike drive event in support of Operation Homefront. In 2022, members and associates collected, assembled and delivered 160 children's bikes and 35 helmets to Operation Homefront military families.

## Support for Ukraine

We also have franchise partners in the Europe, Middle East and Africa (EMEA) region that support Hospitality Helps, an initiative launched by a group of hospitality industry veterans to connect Ukrainian refugees seeking shelter with hotels in Europe that provide free accommodation. Several of our European offices also collected urgently needed supplies to donate to the refugees. Choice is also involved in American Hotel & Lodging Association's Hospitality for Hope Initiative to provide free lodging and aid to those affected by the humanitarian crisis.



#HospitalityHelps



VALOR CRG with Operation Homefront



## Supporting Local Communities



### ***Your Community, Your Choice***

In addition to our signature national non-profit partnerships, we're also focused on how we can amplify our impact at the local level, directly in the communities where our associates and franchisees live and work. The *Your Community, Your Choice* grant program sets out to do just that, together with our franchisees. Recognizing the key role our hotel owners play in the communities in which they operate their businesses, Choice invites all franchisees in the U.S. to participate in a grant application process each year to request funds for a local non-profit that is important to them. Choice associates then vote to help select the projects they think are most deserving.

The [Radisson Hotel La Crosse](#), Wisconsin is one of the 2022 *Your Community, Your Choice* grant winners. Hotel staff are active community members and they take great pride in their support of the Rotary Lights Foundation, an organization committed to feeding the hungry. Each year, the foundation hosts a fundraising event that features more than four million lights and 75 animated displays and receives more than 130,000 visitors. The hotel team supports the event by offering free meeting space, meals and a monetary sponsorship. These grant funds will allow the hotel to expand its efforts with the organization.



This past year, we achieved record levels of participation, both among franchisee applicants (58% increase compared to 2021) and Choice associates. Choice also continued to expand the program by contributing an additional \$25,000, raising the total amount of grants awarded to \$75,000, and adding five additional recipients. Each of the 15 winning franchisees will have \$5,000 donated to their charities of choice.

### ***Employee Volunteerism and Matching Gift Program***

In addition to our philanthropic giving, partnerships and volunteer activities sponsored by Choice, we encourage our associates to donate their time through our paid volunteer leave program. Associates are able to take eight hours of paid volunteer leave per year for personal volunteerism with a non-profit organization of their choosing. Choice Resource Groups are also very active in community volunteer

work. For example, each year VALOR leads a bike drive for Operation Homefront military families, and the Women's Business Alliance sponsors a Women's Build project through Habitat for Humanity.

Choice is proud of the difference our associates make in their local communities, which is why we're also proud to offer a matching gift program. Through this popular program, we match associate donations dollar-for-dollar up to \$1,500 per calendar year, subject to available funds. In 2022, Choice associates donated more than \$67,000 to charities under this program, which Choice matched 1:1 for a total impact of more than \$134,000.



Learn about the recent [Your Community, Your Choice](#) grant winners.





# Planet

Choice is committed to building – a tomorrow that is even better than today – by supporting family franchise businesses, building resilient communities and being a good steward of the environment. With nearly 7,500 hotels around the world, we know our efforts can have an impact on our environment. We recently launched our Commitment to Green initiative focused on finding smart ways to partner with our franchisees on sustainability and contributing to a more sustainable future for our planet. We are also investing in new technology with the aim of reducing energy and water consumption.

## Planet-related Policies:

- [Sustainability Policy](#)
- [Supplier Code of Conduct](#)





# Commitment to Green

Choice is on a journey to strengthen our sustainability initiatives, building on our current hotel-facing sustainability programs while also leaning into opportunities to help our network of hotels elevate their environmental efforts. This past year, we announced Commitment to Green, Choice's new environmental sustainability initiative. In 2022 and extending into 2023, we have begun rolling out a suite of integrated resources to help our owned, managed and franchised hotels easily adopt, integrate and advance sustainability best practices in their operations.

Our Commitment to Green initiative is comprised of five main components:



Automated utility tracking dashboard to help hotels manage energy and water usage and emissions

Refreshed Room to be Green certification program

Qualified vendor solutions for hotels

Property Improvement Plans focused on sustainability (ePIP)

Franchisee Sustainability Roundtable to share best practices and learnings



Cambria Hotel Calabasas, CA



## Utility Tracking Dashboard

In 2022, we began rolling out a new automated utility tracking dashboard across Choice's domestic system, enabling our franchisees to more easily track their utilities usage and gain new insights from the data. Onboarding hotels will continue in 2023, including the newly acquired Radisson Americas properties. **Our goal is to have 100% of our managed and owned hotels and 90% of franchised hotels actively using the utility tracking dashboard by 2025.**

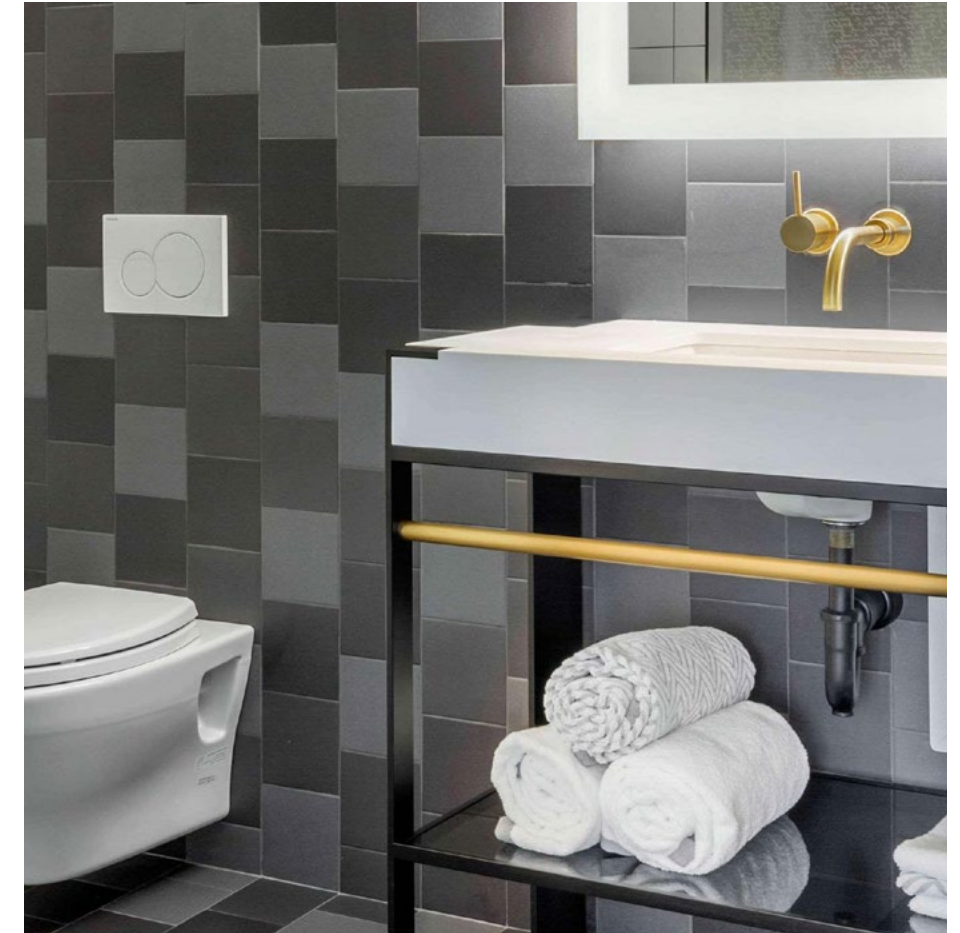
To deploy this new solution, Choice Hotels is leveraging EcoStruxure™ Resource Advisor, Schneider Electric's best-in-class, AI-assisted, cloud-based solution for managing system-wide energy and sustainability data. This dashboard will enable hotels to automatically track their energy and water consumption while calculating their GHG emissions. Through automation, hotel owners will not need to manually upload utility data, saving them valuable time. In addition, the tool will allow them to better manage their utility usage, spot anomalies such as leaks, benchmark themselves against other comparable properties, identify cost saving opportunities, and prepare for numerous upcoming state and local regulations related to utility reporting and energy efficiency for commercial buildings.

In addition to helping owners unlock new insights to drive their profitability, the new utility tracking dashboard will provide the reliable and robust data necessary to evaluate our Scope 3 emissions, —a key next step as we move towards setting science-based targets and following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

**“To safeguard my investment in my hotel today and tomorrow, it's imperative that I monitor and manage my utility usage. This new solution from Schneider Electric takes the guesswork out of allocating resources and managing energy costs so owners can spend more time focusing on what matters most: connecting with travelers and the communities in which we work and live.”**

**Alec Rogers,**

Owner of Maine Evergreen Hotel  
Ascend Hotel Collection







## Room to be Green®

As part of our broader Commitment to Green, we are revamping Room to be Green (RTBG), our hotel sustainability certification program. This program focuses on key pillars that make a difference in our environmental impact: energy and water conservation, recycling and waste reduction, employee engagement and operational excellence, and sustainable product usage.

Currently, the program consists of three levels, ranging from low-cost solutions to more innovative capital-intensive, actions. We've already set a baseline expectation for our hotels in the U.S., which are required to complete Level 1 of the RTBG program.\* Many hotels have gone a step farther and achieved either Level 2 or Level 3 certification.

Our refreshed program will elevate our environmental certification standards, helping our hotels achieve higher environmental performance, position themselves to achieve third party certifications, and attract valuable corporate business. Through the redesign process, we are exploring adding a fourth, more advanced level to further hotels' sustainability commitments and bring on board the latest sustainability best practices and technology.

Room to be Green is our hotel sustainability certification program and helps us promote environmentally friendly practices throughout the Choice system.

● **Level 1 requirements include:**

- Energy and water conservation initiatives
- Recycling and waste reduction
- Employee engagement, including a designated "Green Leader" at each hotel

● **Level 2 requirements include:**

- All Level 1 requirements
- Tracking and management of energy and water usage
- Advanced waste management initiatives
- Sustainable product usage (e.g., cleaning products, consumables)

● **Level 3 requirements include:**

- All Level 1 and 2 requirements
- Investing in significant building enhancements
- Pursuing 3<sup>rd</sup> party environmental building certifications
- And more

Room  
to beGreen®



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



## Environmental Property Improvement Plans (ePIP)

We are also exploring opportunities to integrate green practices into the specifications of our brand prototypes as well as our Property Improvement Plans (PIP). These enhancements are designed to help hotels integrate more sustainable product selections and technology solutions during the regular course of their renovation cycles.

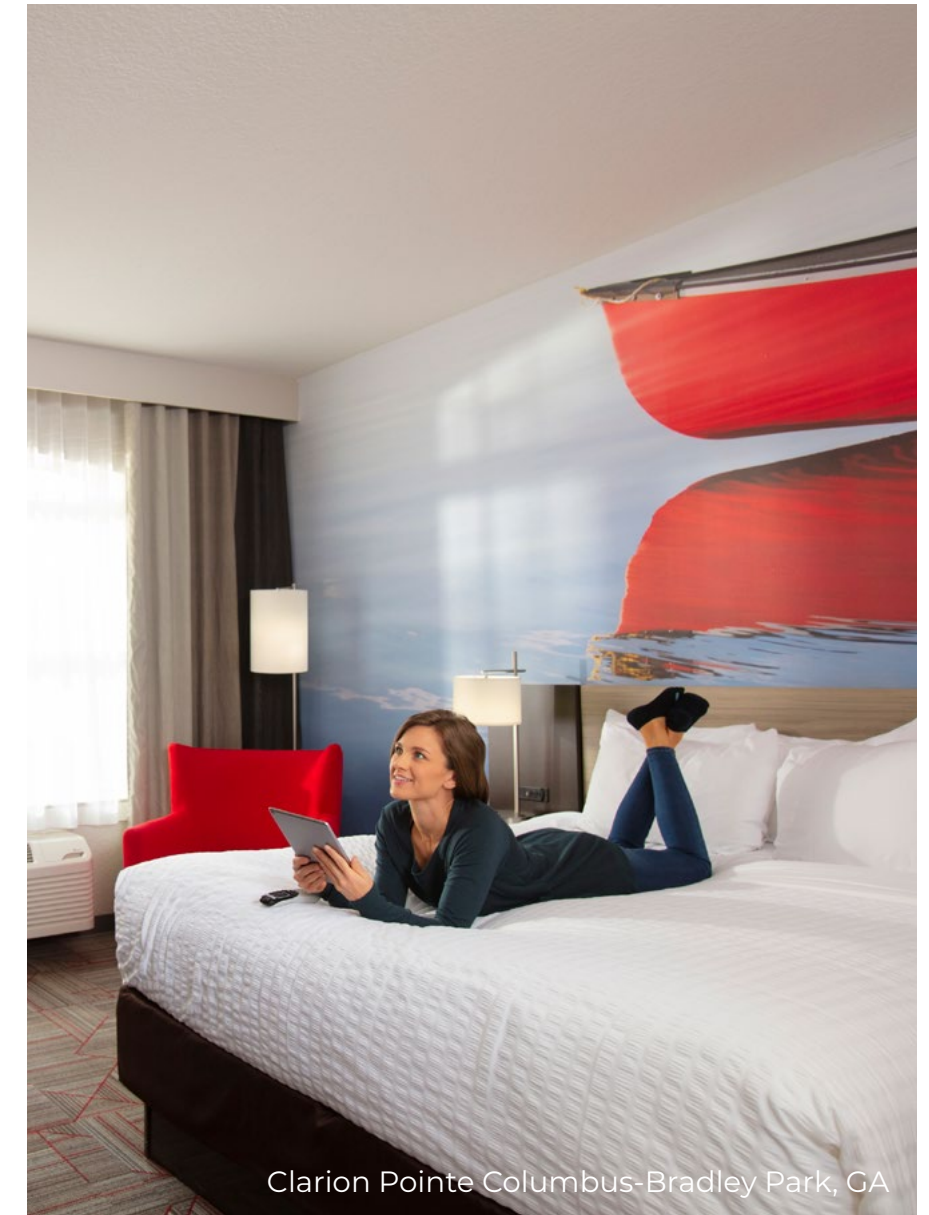
To test these concepts, we have rolled out an Environmental Property Improvement Plan (ePIP) pilot program in which we are supporting a selection of 35 properties in the U.S. with onsite sustainability audits. Hotels are assessed in detail through the lens of utilities efficiency and environmental performance, enabling the implementation of highly targeted sustainability solutions. For example, one hotel that went through this audit process recently elected to complete a solar upgrade, helping them achieve savings, reduce grid dependence and ultimately lower their greenhouse gas emissions. We have more properties completing their audits and anticipate 5-7 additional properties to implement recommended sustainable solutions in 2023.

## Qualified Vendor Solutions

As part of Commitment to Green, our procurement team has identified several new and existing qualified vendors to help hotel owners implement sustainability practices on property and maximize their cost savings opportunities. Additionally, the team is in the process of developing a responsible sourcing strategy, which will further support environmental best practices in our supply chain, enable enhanced sustainability reporting with our current and future vendors and provide a platform for continuing to onboard new services and products to help our hotels meet our refreshed Room to be Green® standards. Working with suppliers committed to the same principles we value is fundamental to our business.

## Franchisee Sustainability Roundtable

In 2021, we launched the Franchisee Sustainability Roundtable as a forum where our franchisees share best practices and learnings on how to incorporate sustainable practices into their operations. The group, comprised of 11 owners from all of Choice's brand segments, meets several times a year and shares feedback and ideas with Choice leadership on a regular basis. In addition to helping shape our Commitment to Green initiative, the Roundtable provided key early input into the development of the utility tracking dashboard.



Clarion Pointe Columbus-Bradley Park, GA





Cambria Hotel Downtown Phoenix Convention Center, AZ

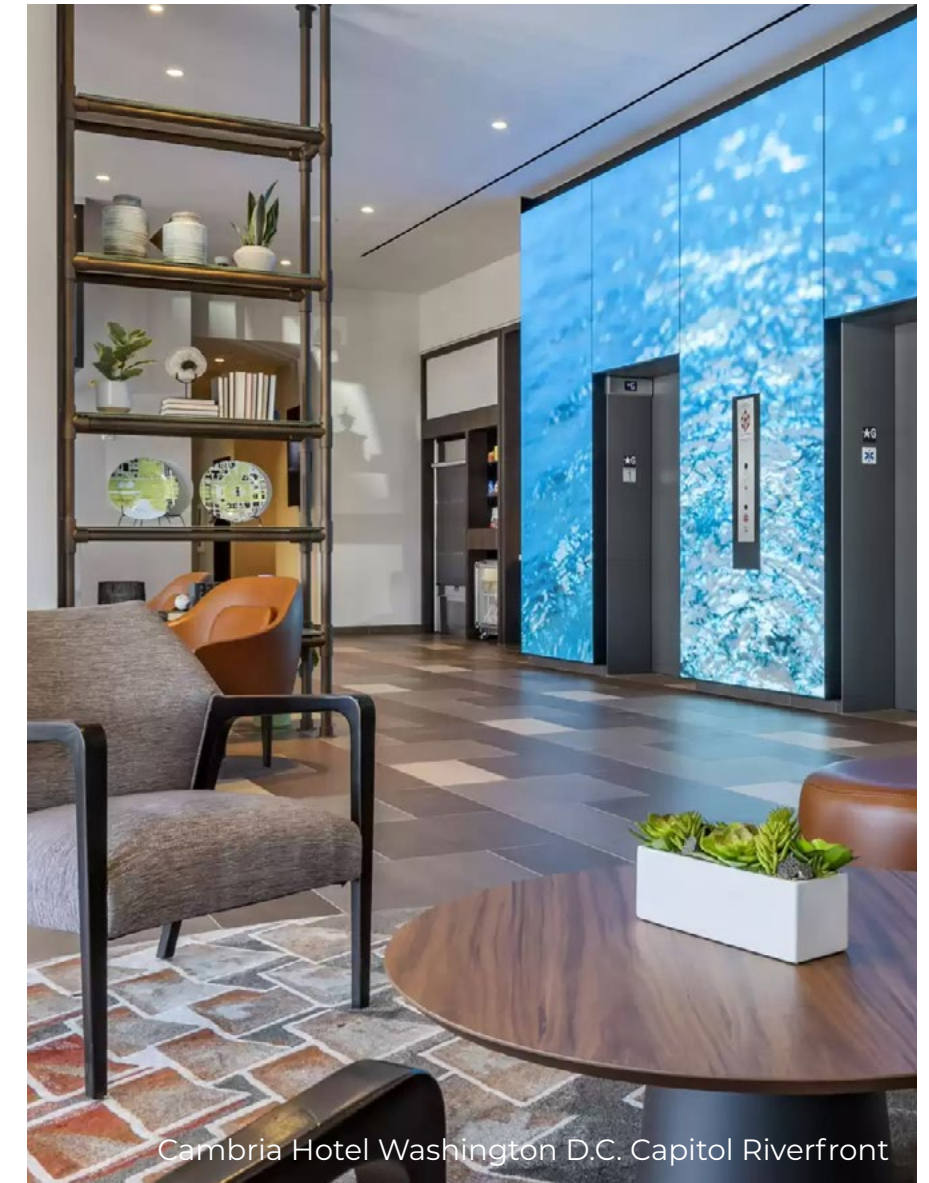




## Leaders in Hotel Sustainability

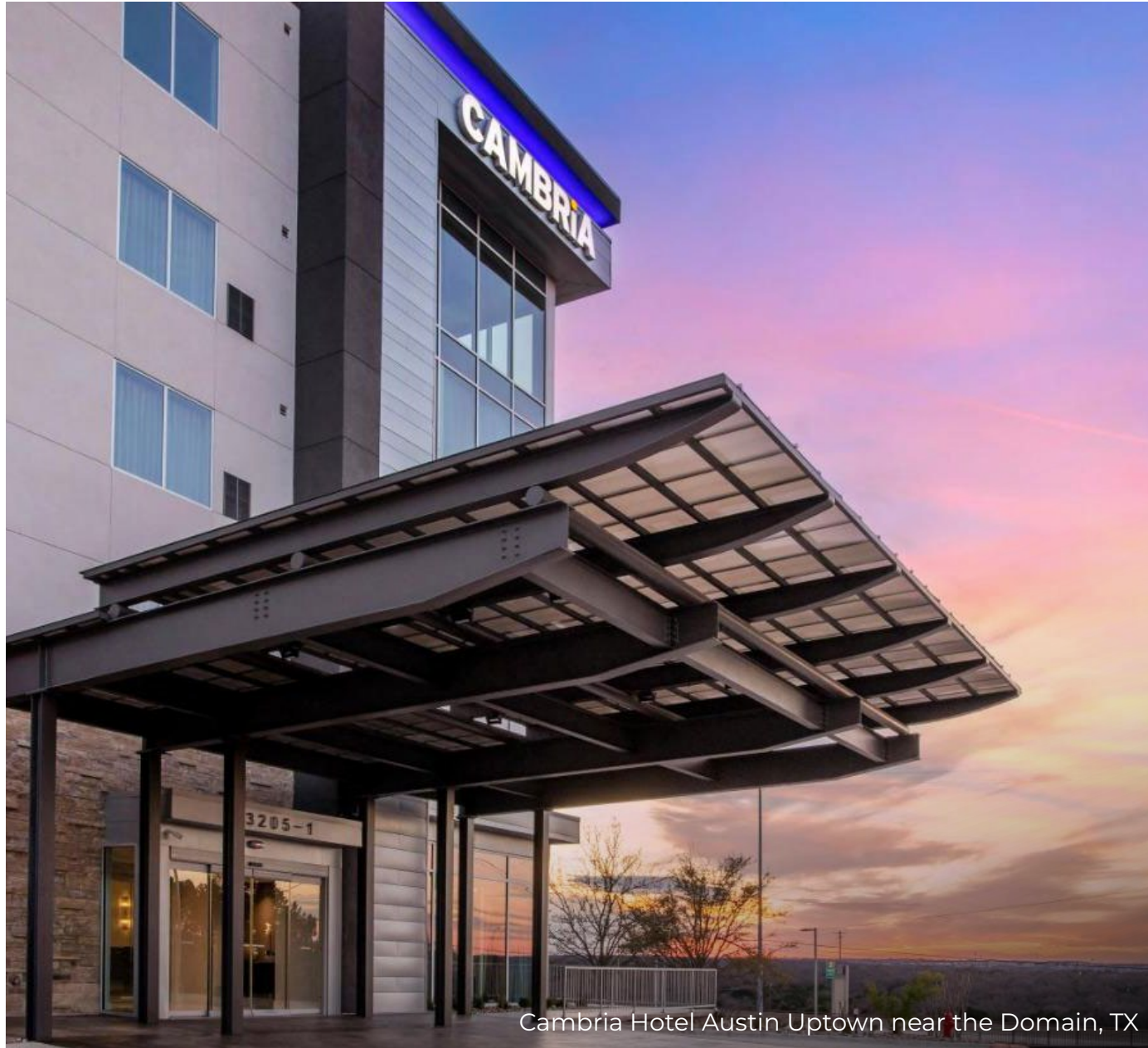
We are proud of the commitment our owners have made in integrating sustainability into their hotels and operations. Several hotels in our system have established themselves as true leaders by investing in environmentally friendly systems and technology and in some cases, earning third-party green certifications, such as Leadership in Energy and Environmental Design (LEED) and Green Key. The following are a few examples of Choice and Radisson Americas hotels that are leading the way in sustainability.

- **Comfort Inn by the Bay in San Francisco, California**  
San Francisco's first net zero carbon hotel.
- **Radisson Blu Aruba**  
This first LEED certified hotel in Aruba features an advanced automated air conditioning system for rooms, LED lighting, AC condensed water collection and reuse onsite for irrigation, landscaping that integrates indigenous species, bathroom fixtures that ensure reduced water consumption, environmentally safe cleaning supplies and refillable soap and shampoo dispensers.
- **Rodeway Inn in Decatur, Texas**  
Powered by 270 solar panels.
- **Radisson Blu Aqua Hotel, Chicago, Illinois**  
Features one of the largest green roofs in the city and includes a water-efficient irrigation system; recognized by PETA Proggly 2009 Award for bird-friendly design elements including more visible glass exterior.
- **Country Inn & Suites by Radisson, Seattle-Tacoma International Airport, Washington**  
Features a living roof for storm water reduction and EV charging stations.
- **Econo Lodge Darien Lakes in Corfu, New York**  
Powered by an onsite wind turbine.
- **Cambria Hotel Arundel Mills-BWI Airport**  
Features low-flow water fixtures and plumbing, LED lighting, low-VOC finishes and furnishings, a solar roof, drought-resistant landscaping, central hot water system, thermal comfort controls, a highly efficient HVAC system, ample recycling receptacles, all-electric guest shuttles and free EV charging for guests.
- **Cambria Hotel Washington DC Capitol Riverfront**  
Gold LEED certified and features a rooftop photovoltaic system, green roof, bioretention facilities, bikes available free of charge for guests to borrow and EV charging. To reduce embodied carbon in the building, material optimization practices were followed and sustainable building materials were used.
- **Cambria Hotel Plano, Texas**  
LEED Silver certification with a solar paneled rooftop and guest education program. The solar rooftop has 254 Hanawa solar panels; generates 115,000 kilowatt-hours of energy annually, offsetting over 10% of electricity use; and reduces gas consumption by nearly 9,000 gallons.



Cambria Hotel Washington D.C. Capitol Riverfront





Cambria Hotel Austin Uptown near the Domain, TX

## Spotlight Cambria's Approach to Sustainability

Choice's Cambria brand is focused on leading the way in innovating and adopting sustainable practices.

Among the new sustainability standards and achievements at Cambria are:

- All hotels in the Cambria brand are required to have **electric vehicle (EV) charging stations** at their sites by the end of 2024; currently **41% already offer EV charging**.
- **Water stations** are installed on all Cambria properties **to reduce single-use plastic bottles**.
- **74%** of Cambria hotels are already using **Choice's new automated utility tracking dashboard**.
- **15%** of Cambria hotels are **LEED-certified** and **9% have solar panels**.

Choice's Cambria brand is in the process of evaluating and revamping its brand prototype and building specifications to include the use of more sustainably sourced materials and lower carbon furniture, fixtures and equipment options. The prototype update will also focus on healthier interior spaces for guests and employees.

Sustainably sourced products are required throughout Cambria hotels and include:

Bottlebox to-go food containers made from post-consumer recycled bottles

Rainforest Alliance certified coffee with plastic-free compostable coffee cups

Bulk bath amenity dispensers to reduce single-use plastics

Pure By Gloss bathroom amenities that are recyclable, animal cruelty free, paraben free and use responsibly sourced palm oil.



# Climate and Energy

At Choice, we are committed to contributing to a more sustainable world, and we recognize the profound impacts of climate change on the future of the travel and tourism industry. We are pleased to report our Scope 1 and Scope 2 greenhouse gas (GHG) emissions for the first time this year, in addition to aligning with the Sustainability Accounting Standards Board (SASB) standards and the United Nations Sustainable Development Goals (UN SDGs).

We believe our approach in implementing the automated utility tracking dashboard will enable us to develop a solid understanding of our Scope 3 emissions, while reducing the burden on time-strapped franchisees and avoiding the pitfalls of manual data entry. **We have also set a goal to align with the Task Force on Climate-related Financial Disclosures (TCFD) framework in the coming year and will share our progress in our next ESG report.**

We have also launched a climate strategy project to better understand the risks and opportunities to our business associated with climate change. While we are working to establish a baseline of data, we are taking steps to measure and reduce our carbon footprint and integrate climate considerations in our broader risk management processes.

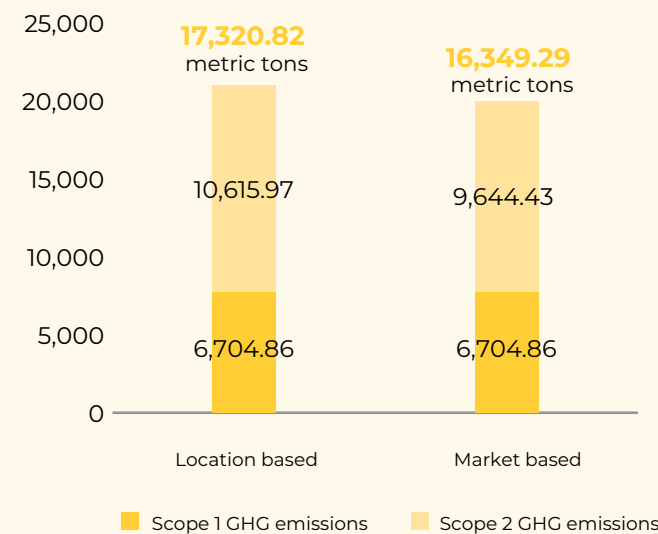
Choice Hotels carbon footprint was calculated in accordance with the guidance of the GHG Protocol, integrating owned hotels, managed hotels, corporate facilities, and associated vehicles.

## Total Scope 1 & 2 GHG Emissions

(metric tons of CO<sub>2</sub>e equivalent)

2022 **17,321**

## 2022 GHG Emissions Details



## Carbon Intensity

(kgCO<sub>2</sub>e/m<sup>2</sup>)

2022 **58.33**

## A World First

In early 2023, Radisson Blu Mall of America in Bloomington, MN became **the first hotel in the world equipped with CarbinX™, a ground-breaking small-scale carbon capture device.** Developed by CleanO2, the CarbinX™ technology connects directly to natural-gas heating appliances in the hotel to capture and permanently store the carbon dioxide emitted from the appliances by catalyzing CO<sub>2</sub> into potassium carbonate. The potassium carbonate is then used as an ingredient in a number of products, including soaps and detergents.







## Energy Efficiency

Through Choice's Room to be Green program, all hotels are required to use energy-efficient indoor lighting solutions, such as LEDs. Through brand reimagining efforts, approximately 2,565 Comfort, Quality, Clarion, Clarion Pointe, MainStay and Sleep properties have also installed LED exterior signage and we anticipate another 200 hotels to install energy-efficient signage by the end of Q1 2023. On average, this technology reduces the use of signage electricity by 50% to 70% at each hotel.

## Transportation

All hotels in the Cambria brand are required to install electric vehicle (EV) charging stations at their sites by the end of 2024. Today, 41% of our Cambria hotels are already equipped with EV charging stations. We are also actively working to provide relevant solutions around electric mobility to our hotels across all brands.

Several of our corporate offices currently offer EV charging stations and/or encourage associates to use alternative transportation through shuttle service, metro subsidies or secured bike storage with locker rooms and showers.







# Water

Water is a critical resource in hotel operations and the guest experience, and water conservation is one of the five pillars of our current Room to be Green program. As part of the mandatory Level 1, all U.S. hotels are required to offer guests a towel and linen reuse program, encouraging guests to join us in our efforts to reduce water usage. We also encourage franchisees to install low-flow showerheads, sink aerators and leak-preventing toilet valves, and to switch to low-flow or dual-flush toilets. Some of the more advanced measures that have been installed by our franchisees include rain sensors in landscape sprinkler systems and xeriscape in drought-prone areas.

## Total Water Withdrawn

managed hotels and corporate assets  
(thousand cubic meters)

2022 **596.6**

## Water Intensity

owned and managed hotels (kGal/SqFt)

2022 **0.0466**

During the COVID-19 pandemic, we introduced the Housekeeping Upon Request program, which enables guests to opt out of daily housekeeping and helps our hotels further reduce their use of water, energy, and chemicals and detergents used in laundry cycles.

In 2022, we also began rolling out a new required laundry program with Ecolab across our domestic hotels. Now a brand standard, this laundry program helps reduce our environmental impact through concentrated formulations that are biodegradable<sup>1</sup>, not toxic to aquatic life<sup>1</sup>, and contain no or low phosphorus.

Our U.S. hotels also have the option to use Ecolab's Aquanomic 2.0 Low-Temperature Laundry Program, which can deliver up to a 40% savings in water and energy. In 2022, Choice properties in the U.S. that opted for this program saved<sup>2</sup>:

- 110 million gallons of water
- 690,000 Therms of energy
- 3,700 metric tons of CO<sub>2</sub>e
- 30,000 pounds of waste

As we continue to roll out the new automated utility tracking dashboard across our owned, managed and franchised portfolio, we plan to monitor and analyze water consumption data to identify additional opportunities for water conservation.



<sup>1</sup> When used as directed.

<sup>2</sup> Source: Ecolab, verified by a third-party consultant.





# Waste

Recycling and waste reduction is one of the five pillars of our current Room to be Green program. All domestic hotels are required to offer recycling for staff and guest use, and franchisees are encouraged to use sustainable disposable serving products, participate in food waste reduction or donation programs and get involved in recycling soap and bottled bath amenities through partnerships like Clean the World.

Reducing the use of single-use plastics is a critical component of our waste management approach. In 2022, we started to roll out bulk bath amenities to upscale, midscale, and economy brands. Each of those new larger bottles replaces the equivalent of 20 to 25 individual mini-bottles on average per month and produces approximately 85% less plastic and liquid waste since no partially empty bottles are thrown away by the housekeeping teams. Our new bulk amenities bottles and caps are made of 100% recyclable materials. By year-end 2022, 217 franchised hotels and 3 managed hotels in the U.S. had already switched to these bulk amenities.

**We previously announced our goal of making bulk amenities standard across domestic brands<sup>1</sup> by the end of 2025.**

We also previously set goals to phase out single-use polystyrene products across domestic brands<sup>2</sup> by year-end 2023. **By year-end 2022, 70% of Choice's midscale and above properties had already eliminated the use of polystyrene foam products.**

<sup>1</sup> Does not apply to extended stay brands, which do not provide amenities on a daily basis, or the Ascend Hotel Collection.

<sup>2</sup> Does not apply to the Ascend Hotel Collection, which is a soft brand.

## Partnership with Clean the World

Since 2016, many of Choice's hotels have partnered with Clean the World, an initiative to recycle discarded soap bars and plastic bottled bath amenities, preventing hundreds of thousands of pounds of waste from being landfilled. Through their soap transformation program, recycled bars of soap are distributed to people in need around the world, giving them access to hygiene necessities and WASH programming.

METRICS*	2022	HISTORICAL IMPACT
Soap distributed (bars)	32,279	1,561,238
Soap collected (pounds)	3,531	287,488
Plastic collected (pounds)	6,186	176,484
Carbon footprint reduction (kgCO <sub>2</sub> e)	2,189	177,950
Water saved (gallons)	11,756	957,197

\* Totals include Radisson Hotels Americas

Additionally, we're continuing to utilize technology to support our waste reduction efforts. During the COVID-19 pandemic, we rolled out a digital registration program, allowing guests to check-in using a convenient touch screen tablet, eliminating the need for printed registration cards. Over the past two years, digital registration has saved more than 7 million letter-sized sheets of paper at our hotels. We also implemented digital Guest Services Directories, putting important hotel amenities and guest services information online and further reducing the printing needs and paper usage of our hotels.



**At the Radisson Blu Mall of America, MN, the FireLake Grill House & Cocktail Bar offers farm-to-table dining and works on strict portion control to limit waste. The team also partners with a local pig farm so that the remaining food waste is diverted from landfills and sent back to the farm.**





# Responsible Sourcing

Our procurement team is in the process of developing a responsible sourcing program that includes foundational elements like our [Supplier Code of Conduct](#). We will also be rolling out an augmented survey for new and existing vendors to gather additional information on their essential ESG-related practices, goals and certifications.

The new program will also help us advance **our goal of providing the hotels in our system with suppliers of cage-free eggs, in order to have 100% of the eggs used (shell, liquid and egg products) from cage-free sources globally by 2025**. Many of our Choice hotels serve breakfast, although the service was paused or significantly reduced during the height of the COVID-19 pandemic. Due to supply chain issues and menu modifications due to the pandemic, domestic hotels have only recently started purchasing egg products again as part of brand requirements. We are working with our existing suppliers and identifying additional suppliers internationally to better source cage-free eggs and accelerate our progress.

To date, 100% of our U.S. food distributor suppliers offer cage-free egg options to our domestic franchised hotels (including Radisson hotels), which represent more than 80% of the hotels in our global system. Globally, approximately 3% of our hotels' total egg spend is from cage-free eggs. We are continuing to gather data and work with our suppliers to further strengthen our reporting.

<sup>1</sup> Based on hotels and regions that reported egg-spend data in 2022.

<sup>2</sup> Data received from 120 out of 260 hotels

<sup>3</sup> Data received from 6 out of 12 hotels

CAGE-FREE PERCENTAGE OF TOTAL EGGS SPEND IN 2022 <sup>1</sup>			
REPORTING COUNTRIES	CHOICE HOTELS (FRANCHISED & OWNED)	RADISSON HOTELS AMERICAS (FRANCHISED)	RADISSON HOTELS AMERICAS (MANAGED)
Australia & New Zealand	13.5%	No hotels in the region	
Canada <sup>2</sup>	0.2%	Not available	
China	77.8%	No hotels in the region	
Dominican Republic, El Salvador, Honduras, Costa Rica, Brazil <sup>3</sup>	13.0%	Not available	
India	50.0%	No hotels in the region	
Ireland	100.0%	No hotels in the region	
Japan	0.0%	No hotels in the region	
Mexico	0.0%	Not available	
Nordics	92.7%	No hotels in the region	
Thailand	48.4%		
U.S.	0.5%	9.0%	34.1%
<b>Total</b>	<b>3.2%</b>		





## Spotlight Corporate Offices

In addition to the Choice and Radisson branded hotels that are leading the way in sustainability, our corporate offices around the world have also focused on incorporating sustainable design features:

- **Rockville, MD:** Our current worldwide headquarters in Rockville, Maryland, is LEED Platinum, the highest certification of the four LEED levels. Among the building's sustainable features are a green roof, LED lighting and the use of motion detectors in common areas to reduce energy consumption, green cleaning products and recycled paper products in offices and common areas, reusable cups and technological enhancements to reduce paper waste, recycling, Energy Star appliances, walkable communities and monthly public transportation subsidies. Our new headquarters building, which is scheduled to open in late 2023 in North Bethesda, Maryland, is targeting LEED Gold and will feature EV charging stations.
- **Scottsdale, AZ:** Our technology office in Scottsdale, Arizona, opened in 2021, boasts numerous sustainable features, including daylight harvesting, low-flow faucets, and energy efficient lighting and sensors.
- **St. Louis Park, MN:** Our office in St. Louis Park, Minnesota, is LEED Silver certified and equipped with smart systems to reduce energy use, paint and carpet with low volatile organic compound emissions, energy efficient air filtration, electric vehicle charging stations and composting.
- **Munich, Germany:** Our regional office in Munich, Germany, is certified carbon neutral, LEED Gold and only uses green electricity from 100% renewable resources. The office space is also fully equipped with LEDs and motion sensors and has access to a bicycle fleet for local zero-emission mobility.
- **Southbank, Australia:** Our Southbank, Australia regional office building has achieved a 5 Star NABERS Energy rating (6 Stars with GreenPower), 5 Star NABERS Water rating, 5 star NABERS Indoor Environment and 3 Star NABERS Waste rating. It has also reached carbon neutral status under NABERS and Climate Active, and in alignment with the international Greenhouse Gas Protocol, is utilizing a combination of both on-site and off-site 100% renewable electricity combined with a demand response program to manage electricity loads within the building. It also went through LED light and air conditioning upgrades.
- **Phoenix, AZ:** Our data center in Phoenix, AZ runs on 100% renewable power.
- **Mississauga, Canada:** Our regional Mississauga, Canada office is in a LEED Gold certified complex, winner of the 2020 CREST Award for Sustainability Excellence. Sustainable building design features include a pressurized raised floor HVAC system, operable windows, floor-to-ceiling windows, and daylight harvesting. The building also offers EV charging stations as well as shuttle bus service to and from the nearby subway station.
- **Massy, France:** Our regional office in Massy, France is in a bioclimatic building and has central and rooftop gardens. The building has reached numerous environmental certifications including BREEAM Very Good, HQE Exceptional and RT 2012. Its bioclimatic façade is equipped with orientable solar shading systems that open or close automatically based on the exterior temperature and sunshine.



Choice Hotels Scottsdale, AZ Office





# Performance

A robust governance framework is foundational to our sustainability efforts, ensuring we hold ourselves accountable and continuously improve. As we continue to set targets and work toward our goals, we are committed to measuring and reporting our progress. Choice recognizes that good corporate governance is a critical component of our success, underpinning our ability to drive sustained shareholder value while positively impacting our people, our communities and our planet. Our conviction in a better tomorrow is what propels us forward.

For more information, please see our [2022 Proxy Statement](#) and [2022 Form 10-K](#).

## Governance-Related Policies:

- [Anti-corruption Policy](#)
- [Code of Ethics and Conduct](#)
- [Compliance and Ethics Hotline](#)
- [Privacy and Security Policy](#)





# Corporate Governance and Ethical Behavior

Our commitment to business ethics is underscored by our numerous policies, confidential ethics reporting system, and trainings for leadership, staff and suppliers. Choice works to share information and create open channels of communication for our associates to promote a positive work environment and foster a culture of integrity and ethical decision-making, and we affirm that associates' comments will be heard.

Our principal business ethics policy is our [Code of Ethics and Conduct](#), which is part of the Choice's Associates Handbook and provides ethical guidelines and expectations for all Choice associates, officers and the Board of Directors. Consultants and temporary employees from agencies are expected to adhere to the spirit of the Code of Ethics and Conduct when performing work for Choice.

Our Compliance and Ethics Hotline, commonly referred to as a whistleblower hotline, allows associates to anonymously report violations of company policy or the

law, as well as ask for guidance related to policies and procedure. Our hotline is hosted by a third-party hotline provider, Navex EthicsPoint, and information provided via the hotline is sent to Choice on a completely confidential, anonymous and voluntary basis.

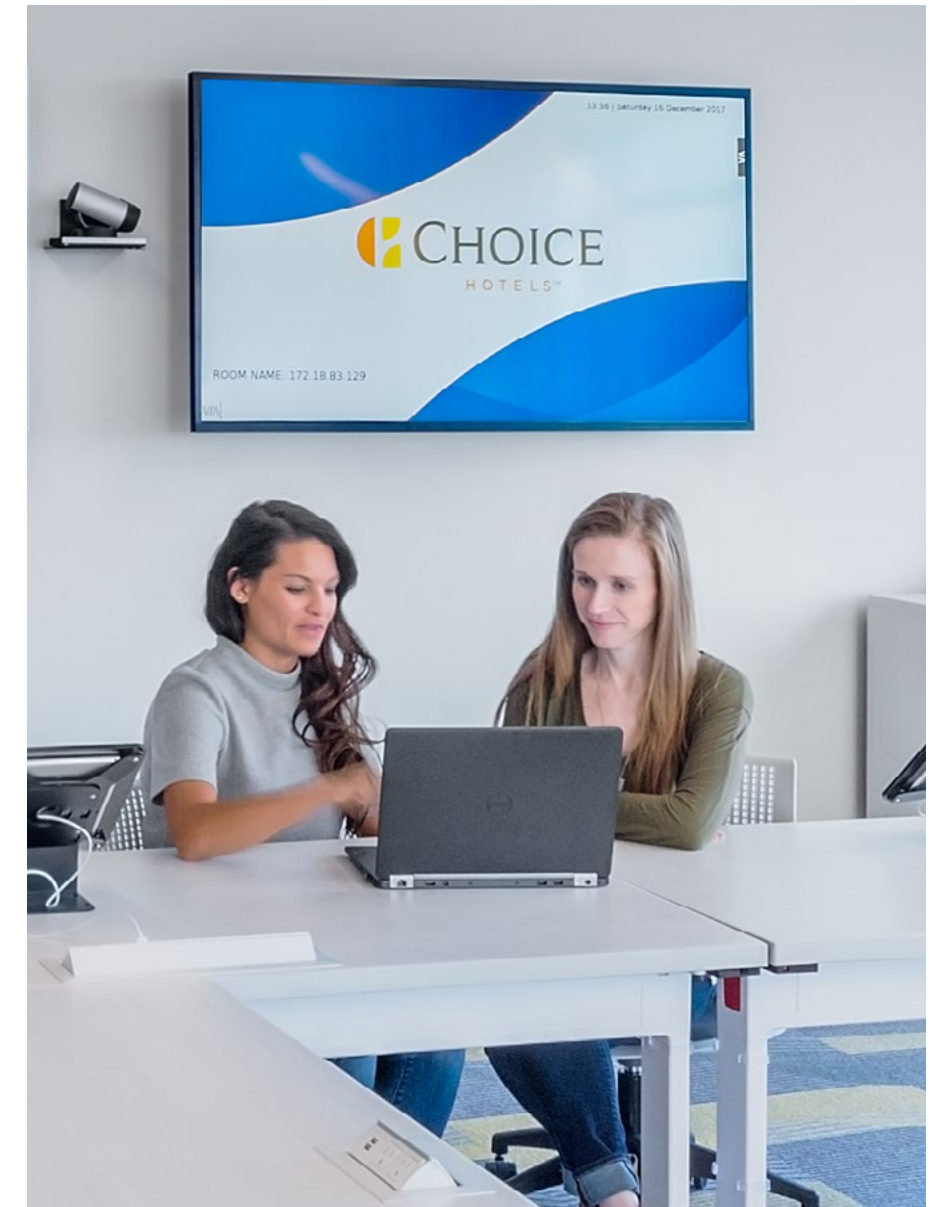
Choice requires all corporate associates to complete compliance training courses on the following topics on an annual basis: anti-harassment, ethics, security and privacy awareness and phishing. Additional courses, such as anti-corruption and insider training, are required based on management level and role. All associates are expected to complete the required annual compliance training and we hold them accountable to those requirements.



## Choice's Compliance and Ethics Hotline

Available 24 hours a day, 365 days a year

[www.choicehotels.ethicspoint.com](http://www.choicehotels.ethicspoint.com)









# ESG Governance and Oversight

Choice's [Board of Directors is comprised of 11 members](#) who review and discuss ESG strategy, initiatives, policies and performance quarterly, either within Board committees or as a full Board. All four of the Board's committees provide ESG oversight and involvement.

Choice also recently established two new governance forums to facilitate stronger integration of our ESG efforts across the organization — including setting goals and targets, advancing initiatives and identifying risks and opportunities. The ESG Executive Committee meets every quarter to drive strategic direction and oversight of the company's ESG efforts and includes our Chief Financial Officer (CFO), Chief Human Resources Officer (CHRO), General Counsel, and Vice President of Sustainability, who reports to the CHRO. The ESG Steering Committee is comprised of key leaders across the business who meet quarterly to drive cross-functional alignment and progress, ensure accountability and report on results.

We have begun the process of linking executive compensation to the aspects of ESG performance that are most important to our business, starting with human capital management and Diversity, Equity and Belonging. In 2021, we incorporated our corporate talent and diversity goals into the bonus management incentive plan for our senior leaders, and in 2022, we expanded that component of the bonus plan to include all people leaders.

Board of Directors			
 AUDIT COMMITTEE	 CORPORATE GOVERNANCE & NOMINATING COMMITTEE	 DIVERSITY COMMITTEE	 HUMAN CAPITAL AND COMPENSATION COMMITTEE
<ul style="list-style-type: none"><li>Oversees ESG-related risk management and assessment</li></ul>	<ul style="list-style-type: none"><li>Monitors and provides input into the management of ESG strategy, practices and policies</li><li>Reviews ESG communications and disclosures</li></ul>	<ul style="list-style-type: none"><li>Assists and advises on Diversity, Equity and Belonging (DEB) efforts, including sustaining an inclusive culture and attracting, developing and retaining diverse talent</li><li>Promotes diversity and inclusion in all aspects of the company's business, including in diverse franchise development, marketing and community outreach, and philanthropy</li></ul>	<ul style="list-style-type: none"><li>Oversees executive compensation strategy</li><li>Reviews company-wide engagement results, internal pay parity and fair pay workplace assessments, management development and succession planning</li></ul>
<div><b>ESG EXECUTIVE COMMITTEE</b> Includes Chief Human Resources Officer, General Counsel, Chief Financial Officer and Vice President, Sustainability Drives strategic direction and oversight of ESG efforts</div>			
<div><b>ESG STEERING COMMITTEE</b> Ensures accountability and ESG coordination and integration across the company</div>			

Click on the committee's name to read its charter





Cambria Hotel Boston Somerville, MA - Aiming for LEED Silver certification





# Risk Management

The Board of Directors takes an active risk oversight role, understanding the risks facing the business and how the company is managing and mitigating the impact of those risks. Every two years, the company conducts an enterprise risk assessment with input from across the organization, including interviews and a survey. From the survey results, other input from leaders and additional sources, including external benchmarking and guidance, a list of Top Risks is established for a deeper dive. The list typically includes topics such as information security, human capital, disaster recovery and environmental issues. Business risks are discussed at the quarterly Audit Committee meeting, including a detailed review of a rotating portion of the risks from the Top Risks list. A roll-up of the Top Risks list and a compliance and enterprise risk summary are provided to the entire Board on an annual basis. In addition, the Board and Audit Committee receive regular risk updates from company leaders, and the Audit Committee Chair receives briefings on current hot topics before each meeting.

Choice has a Business Continuity Plan in place, which is housed in the company's online Choice Now Knowledge Base. The company's risk management group oversees insurance and risk-related issues. The Compliance and Enterprise Risk Committee, a cross-functional group of company leaders, meets on a quarterly basis to discuss various risks and compliance issues facing the business. After each meeting, a summary report is prepared for the Audit Committee and key issues are reviewed with company leadership. Risk across the organization is managed by individual business units, and each group is responsible for identifying risk in their area.



Everhome Suites Corona, CA





# Data Security and Privacy

Data security and privacy are overseen by the Board of Directors and the Board's Audit Committee, with briefings every quarter that alternate between the full Board and the Audit Committee. Choice has an internal cybersecurity governance board comprised of select executives who meet several times a year to ensure we're focusing on the right risks and allocating appropriate resources. It's also an opportunity to share information on current risks and changes. The cybersecurity governance board also participates in the Compliance & Enterprise Risk Committee.

Choice's cybersecurity team oversees information security, regulatory technology compliance and privacy for the organization. The program is heavily focused on securing data at rest and during transmission, as well as ensuring third parties who receive Choice data have appropriate controls and risk management programs.

Vulnerability assessments take place on an ongoing basis, as we continuously monitor our environment for known vulnerabilities. We engage an outside firm to perform an annual Payment Card Industry (PCI) assessment, as well as an annual penetration test of our environment. Every three years, we engage a third-party firm to perform an in-depth risk assessment with annual reassessments.

In the event of a confirmed cybersecurity breach, we immediately notify senior leaders, including the Board, and consult with outside counsel. We are committed to

complying with all applicable data privacy and notification regulations and timelines including relevant state, federal and international requirements.

To ensure we are able to recruit and retain the best talent for the Choice cybersecurity program, we offer competitive salaries and benefits and focus on bringing in seasoned certified experts, as well as top-notch, entry-level talent who can be trained while on the job at Choice. We offer free security training for our team members to help them gain new skills and certifications.

We require annual educational training on security, privacy and phishing for those who have access to data at Choice, including associates at managed hotels and third-parties such as contractors, and have a 100% compliance training rate. We also conduct random security tests by sending realistic but fake phishing emails; those who fail must undergo remedial training. We offer online cybersecurity training programs for our franchise owners on topics including hospitality cyber threats and hotel security. Our franchisees are required to obtain cyber insurance with a minimum set of coverages. In addition, Choice is a hotel industry leader in mandating franchise owners to use specific security software on their hotel computers, which enables us to support information security 24/7 through a third-party contractor. We also build security obligations into contracts with vendors who have access to our data and conduct periodic assessments to ensure data is being handled appropriately.

In 2022, Choice incurred no material privacy events or monetary losses as a result of legal proceedings associated with user privacy. Looking ahead, we will ensure consistent controls across our organization as we continue to integrate Radisson into Choice's systems.



See Choice's [Privacy and Security Policy](#).



# Public Policy and Political Activity

Our advocacy efforts are aligned with our corporate ESG goals. The ESG Steering Committee is the primary forum where we ensure coordination of our public policy efforts as we work to advance the key interests of our business and stakeholders through trade associations and meetings with elected officials.

We collaborate with several trade associations — such as the American Hotel & Lodging Association (AHLA), the U.S. Chamber of Commerce, the U.S. Travel Association and the International Franchise Association (IFA) — to advance ESG initiatives, such as the hotel industry's approach to cleanliness and policies during the COVID-19 pandemic and our support of responsible stewardship of federal land, particularly national parks, forests and wildlife preserves. We've also focused on sharing information with all of our hotels about tax credits available through the Inflation Reduction Act, including those to encourage energy efficiency improvements and electric vehicle (EV) charging stations.

Choice does not make federal political contributions. We do make limited state contributions, such as to political candidates and activities in Maryland, where our U.S. headquarters is located.



Choice Hotels Rockville, MD Office — LEED Platinum certified





# Appendices

ESG Policies

GHG Emissions Methodology

SASB Index







# ESG Policies

[Anti-corruption Policy](#)[Anti-harassment Policy](#)[Code of Ethics and Conduct](#)[Compliance and Ethics Hotline](#)[Equal Employment Opportunity Policy](#)[Human Rights Policy](#)[Privacy Policy](#)[Sustainability Policy](#)[Supplier Code of Conduct](#)

Choice Hotels Scottsdale, AZ Office





# GHG Emissions Methodology

Choice Hotels carbon footprint was calculated in accordance with the guidance of the GHG Protocol. The accounting period corresponds to the calendar year 2022. To ensure consistency with sustainability reporting regulations that may impact Choice Hotels in the near future, Scope 1 and 2 emissions were analyzed using all three different reporting boundaries set out by the GHG Protocol: operational control, financial control and equity share. The numbers provided in this report correspond to the outputs of the operational control approach, where Choice Hotels has accounted for 100% of the Scope 1 & 2 emissions from assets that it has operational control over. For Choice Hotels, these assets included owned hotels, managed hotels, corporate facilities and associated vehicles. Scope 1 & 2 primary activity data was collected via surveys. Where activity data was not able to be collected, consumption values were estimated based on sectoral average intensity figures. Emissions sources covered include stationary combustion, mobile combustion, fugitive emissions and purchased electricity.





# SASB Index

SASB Standards guide the disclosure of financially material sustainability information by companies to their investors. To answer informational needs of institutional investors, Choice Hotels has provided the following disclosures using SASB Standard for Hotels & Lodging industry.

Choice Hotels has chosen to consolidate data using operational control approach to be consistent with our GHG emissions disclosure. Disclosures include data for owned and managed hotels and corporate assets unless otherwise noted.

## Industry: Hotels & Lodging

**Table 1. Sustainability Disclosure Topics & Accounting Metrics**

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE OR LOCATION
<b>Energy Management</b>	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	SV-HL-130a.1	1. 252,293.52 GJ 2. 51.36% 3. 5.09%
<b>Water Management</b>	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m <sup>3</sup> ), Percentage (%)	SV-HL-140a.1	(1) 596.6 thousand cubic meters (2) n/a.  Approximately 12% of our water withdrawals by volume are in High or Extremely High Baseline Water Stress regions. This includes owned and managed properties as well as Choice Hotels corporate assets.
<b>Ecological Impacts</b>	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat	Quantitative	Number	SV-HL-160a.1	Based on our research using <a href="#">the WWF Biodiversity Risk Filter</a> , 1 managed asset fell within high & very high-risk for protected areas. Meanwhile 2 owned & 1 managed assets are in high or very high-risk rarity sites.  We will prioritize these sites as we work towards reducing our biodiversity impact.
	Description of environmental management policies and practices to preserve ecosystem services	Discussion and Analysis	n/a	SV-HL-160a.2	Choice Hotels views the impacts of our business on biodiversity as high priority. In February 2023, we conducted a biodiversity impact assessment of our owned & managed sites using <a href="#">the WWF Biodiversity Risk Filter</a> . We are looking forward to engaging with identified properties to understand the role we can play in preserving local ecosystem services. Our company sustainability policy can be found <a href="#">here</a> and our Supplier Code of Conduct <a href="#">here</a> .





TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE OR LOCATION
Labor Practices	(1) Voluntary and (2) involuntary turnover rate for lodging facility employees	Quantitative	Rate	SV-HL-310a.1	(1) Voluntary turnover rate for our managed hotel employees was 58%, which is higher than the historic average. The number is associated with large business accelerations in the end of Q1 and throughout Q2 of 2022.  (2) Involuntary turnover rate for managed hotels employees was 11%
	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Quantitative	Reporting currency	SV-HL-310a.2	\$0. In 2022 there were no monetary losses as a result of legal proceedings associated with labor law violations
	(1) Average hourly wage and (2) percentage of lodging facility employees earning minimum wage, by region	Quantitative	Reporting currency, Percentage (%)	SV-HL-310a.3	(1) \$17.47 (2) 17% of hourly employees in our managed hotels earned local minimum wage (U.S.)
	Description of policies and programs to prevent worker harassment	Discussion and Analysis	n/a	SV-HL-310a.4	Our labor related policies can be found <a href="#">here</a> , including <a href="#">Anti-Harassment Policy</a> , <a href="#">Equal Employment Opportunity Policy</a> , <a href="#">Code of Ethics and Conduct</a> , <a href="#">Supplier Code of Conduct</a> , and <a href="#">Human Rights Policy</a> .
Climate Change Adaptation	Number of lodging facilities located in 100-year flood zone	Quantitative	Number	SV-HL-450a.1	13 of our owned or managed locations are located within a 100-year flood zone according to Federal Emergency Management Agency (FEMA).  Additionally, we assessed flood risks using the World Resource Institute (WRI) tool — <a href="#">Aqueduct</a> . The results of this assessment concluded that approximately 9% of the U.S. system is in areas of high or extremely high riverine and coastal flood risk. According to the <a href="#">WRI methodology</a> , flood risk measures the percentage of population expected to be affected by flooding in an average year, accounting for existing flood-protection standards. High equals to 6 in 1,000 to 1 in 100 and extremely high equals to more than 1 in 100.

**Table 2. Activity Metrics**

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE OR LOCATION
<b>Number of available room-nights</b>	Quantitative	Number	SV-HL-000.A	229,155,760
<b>Average occupancy rate<sup>1</sup></b>	Quantitative	Rate	SV-HL-000.B	58% (U.S. only) About Choice Hotels, page 7 <a href="#">2022 Form 10-K</a> : Item 1. Business — Domestic Franchise System, pages 10-11
<b>Total area of lodging facilities<sup>2</sup></b>	Quantitative	Square meters (m <sup>2</sup> )	SV-HL-000.C	3,442,491 SqFt (owned and/or managed hotels only) About Choice Hotels, page 7
<b>Number of lodging facilities and the percentage that are: (1) managed, (2) owned and leased, (3) franchised</b>	Quantitative	Number, Percentage (%)	SV-HL-000.D	Total number of hotels: 7,487 1. 13 managed hotels, inclusive of 3 owned hotels (0.01%) 2. 9 fully owned hotels (0.01%) and 6 open partially owned hotels through joint ventures (0.01%) 3. 7,397 franchised hotels (99.7%) About Choice Hotels, page 7 <a href="#">2022 Form 10-K</a> : Item 1. Business — Overview, pages 5-7; The Lodging Industry, pages 7-8; Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Owned Hotels, page 57 <a href="#">2022 Proxy Statement</a> : Who We Are, Inside Front Cover

<sup>1</sup> Note to SV-HL-000.B – Measured as number of (1) occupied room-nights divided by (2) available room-nights across all properties.

<sup>2</sup> Note to SV-HL-000.C – The scope includes facilities that were owned and/or managed during any portion of the reporting period.





[choicehotels.com](http://choicehotels.com)