



WHEREAS: Experts agree that to avoid the most catastrophic effects of climate change, global temperature increase must be limited to 1.5 degrees Celsius. This will require, at a minimum, achieving net zero greenhouse gas emissions by 2050. According to the Intergovernmental Panel on Climate Change, the window for limiting global warming to 1.5 degrees is quickly narrowing. Immediate, dramatic emissions reduction is required of all market sectors.¹

Investor demand to reduce corporate emissions reflects the reality that climate change poses a systemic risk to portfolios. Failure to reach net zero by 2050 is projected to have dramatic economic consequences.²

Hotels account for roughly one percent of global carbon emissions.³ Choice Hotels International, Inc. (Choice Hotels) is one of the largest hotel companies in the world by number of properties, with hotels located in more than 40 countries.⁴

Choice Hotels lacks any emissions disclosures or emissions reduction targets, despite acknowledging in its 10-K that its failure to act responsibly in relation to climate change could increase regulatory risk and result in “damage to our reputation and the value of our hotel brands.”⁵ Credible greenhouse gas emissions goals and climate transition plans protect against financial risk, increase economic opportunity, and prepare companies to meet climate regulations which continue to expand globally.⁶

Research indicates that consumers increasingly prioritize sustainable options when traveling,⁷ but Choice Hotels significantly lags nearly all its major competitors in addressing climate risk. Hilton Worldwide, InterContinental Hotels Group, Hyatt Hotels, Radisson Hotel Group, and Accor have all set reduction targets for their Scope 1, 2, and 3 emissions and validated these targets through the Science Based Targets initiative. Marriott International has pledged to do the same.⁸

¹ https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf

² <https://www.nytimes.com/2021/04/22/climate/climate-change-economy.html>

³ <https://www.washingtonpost.com/travel/2022/06/29/carbon-neutral-hotels-green/>

⁴ <https://www.statista.com/statistics/197869/us-hotel-companies-by-number-of-properties-worldwide/>

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<https://app.quotemedia.com/data/downloadFiling?webmasterId=101533&ref=116490594&type=PDF&symbol=CHH&companyName=Choice+Hotels+International+Inc.&formType=10-K&dateFiled=2022-02-24&CK=1046311> p. 28

⁶ <https://assets.bbhub.io/company/sites/63/2022/09/Expectations-for-Real-economy-Transition-Plans-September-2022.pdf>; https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/101/original/CDP_technical_note_-_Climate_transition_plans.pdf?1643994309

⁷ <https://skift.com/2022/06/22/new-research-understanding-consumer-demand-for-sustainable-travel/>

⁸ <https://sciencebasedtargets.org/companies-taking-action>



By setting science-based reduction targets for its Scope 1, 2, and 3 emissions, disclosing a climate transition plan, and demonstrating progress towards these goals, Choice Hotels can align with peers and provide investors with assurance that it is addressing the regulatory, competitive, and physical risks associated with climate change.

BE IT RESOLVED: Shareholders request that the Board issue a report, at reasonable expense and excluding confidential information, disclosing how Choice Hotels intends to reduce its full Scope 1, 2 and 3 value chain greenhouse gas emissions in alignment with the Paris Agreement's 1.5-degree Celsius goal requiring Net Zero emissions by 2050.

SUPPORTING STATEMENT: Proponents recommend, at Board discretion, that the report include:

- Disclosure of all relevant Scope 1, 2, and 3 emissions;
- A timeline for setting 1.5 degree Celsius-aligned near-term reduction goals;
- A timeline for setting long-term net zero goals;
- A climate transition plan to achieve emissions reductions goals across all relevant emissions scopes;
- A rationale for any decision not to set targets aligned with the Paris Agreement's 1.5-degree goal;
- Annual reporting demonstrating progress towards meeting emissions reduction goals.