

Human Rights Reporting

2013 –Choice

WHEREAS: The US Department of State reports that each year more than two million children are exploited in the global commercial sex trade, some as young as five years old. The Polaris Project indicates the average age of entry into prostitution is 12- 14 years old. Child sex tourism (CST) is the practice of foreigners sexually exploiting children in another country. It is an organized multi-million dollar industry that includes tour guides, websites and brothel maps.

Problem countries include Cambodia, Thailand, Costa Rica, Mexico, Dominican Republic, Brazil and India but also include events that happen in the United States. At least 32 countries have extraterritorial laws that allow the prosecution of their citizens for CST crimes committed abroad, including the U.S.

The International Hotel & Restaurant Association, the International Tourism Partnership, the U.S. Department of State's Office to Monitor and Combat Trafficking in Persons, the International Labor Organization, and the United Nations, all have issued reports or statements suggesting that tourism areas may be a source of demand for child prostitution.

The Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework endorsed by UN human rights council, calls corporations to establish a human rights due diligence process including periodic assessments of actual and potential human rights impacts.

Shareholders have seen a range of hotel chains receive adverse publicity and substantial negative impacts in terms of reputation when incidents of child sexual exploitation occur. We believe commercial advantages may accrue to our company by adopting an effective policy addressing the commercial sexual exploitation of children.

"The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism" www.thecode.org is sponsored by ECPAT, a network of travel organizations around the world. Signatories include tour operators, airlines, and hotels such as Carlson Hotels, Hilton Worldwide and most recently Wyndham Worldwide. The Code contains six criteria:

- Statement of company policy on commercial sexual exploitation,
- An overview of employee education and tourism personnel training,
- Supplier contracts stating a common repudiation of CSEC,
- Plan for communicating information to travelers
- Methods for informing local "key persons" at travel destinations, and
- An annual progress report.

Choice has developed a Human Rights Policy Statement but is not currently providing any public reporting on implementation. We believe reporting on implementation of this policy helps to integrate and gain value from existing efforts on human rights, identify gaps and opportunities and publicize innovative practices.

RESOLVED: The shareholders request the board of directors prepare a report on the implementation of Choice Hotels International Inc.'s human rights policy, at reasonable cost and omitting proprietary/confidential information, and provide the report to shareholders by November 2013.