VELARION COMPANY INTELLIGENCE

Choice Hotels International, Inc.

Board of Directors Compensation Review · FY2025

INTELLIGENCE PREVIEW

BOARD POSITIONING	28th percentile
GOVERNANCE FOUNDATION	73% independent, 4 of 4 core provisions
REFRESHMENT PRESSURE	15.0yr avg tenure, 2 directors >15yr
DISCLOSURE DEPTH	90/100 — Strong
SHAREHOLDER SUPPORT	94.7% SoP (↓ from 99.2% in 2023)
FILING	DEF 14A filed 2026-04-22

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Targeted Adjustments Recommended

Director compensation positions at the 28th percentile of peers ($235,000 versus $285,000 median), with all four core governance provisions in place. Say-on-pay support of 94.7% and low proxy-advisor screen reading signal stable governance environment for calibrated market repositioning.

28th COMP PERCENTILE total retainer vs peers	73% INDEPENDENCE 8 of 11 directors	94.7% SAY-ON-PAY most recent vote	11 BOARD SIZE FY2025 directors	LOW PROXY-ADVISOR SCREEN Velarion directional screen

ANALYTICAL FOUNDATION — SIX SCORED VECTORS

VECTOR	ASSESSMENT	EVIDENCE
Comp Positioning	Within-norm (28th pctile)	Total retainer disclosed in proxy at the 28th percentile of disclosed peer board pay
Independence	At threshold (73%)	8 of 11 directors independent; exceeds 67% threshold by 6pts
Refreshment	Flagged (15.0yr avg)	2 directors >15yr tenure; 1 new independent director in last 3yr
Governance	Complete (4/4)	4 of 4 core provisions in place (clawback policy, anti hedging, anti pledging, stock ownership guideline)
Say-on-Pay	Strong (94.7%)	Latest annual approval; ↓ from 99.2% in 2023
Disclosure Depth	Strong (90/100)	STI 25/25 · LTI 20/25 · Gov 20/20 · Phil 15/15 · Design 10/15

Velarion Compensation Risk Narrative

VELARION PROXY-SEASON INTELLIGENCE

"Choice Hotels International, Inc.'s FY2025 executive compensation program clears all three Velarion compensation risk screens at low concern levels, with the Pay-to-Median Ratio at 0.5x against the non-S&P 500 band, a favorable Pay-Performance Alignment score, and a Pay-Return Alignment reading of -3.3. CEO Patrick Pacious, entering his seventh year of tenure, is positioned at the 22nd percentile of peer total compensation while delivering three-year TSR at the 61st percentile — a 39-point favorable drift relative to comparators including DPZ and WH. A realizable-to-granted ratio exceeding 3.7x reflects strong equity value accumulation. Say-on-pay support has recovered to approximately 95% in the April 2026 advisory vote following the FY2022 trough of 66.9%, a trajectory shareholders may wish to monitor alongside the December 2025 amended severance arrangements at the EVP tier."

Velarion-authored analytical narrative; not a proxy-advisor report; not investment advice.

KEY BOARD FINDINGS

- Total retainer ranks 14th of 19 peers at $235,000, with cash retainer at 22nd percentile ($82,500) and equity retainer at 28th percentile ($152,500).
- Nominating/Governance chair premium of $10,000 positions at 6th percentile, significantly below peer median practices for committee leadership.
- Board maintains all four core governance provisions (stock ownership guideline, clawback, anti-hedging, anti-pledging) with director ownership requirement set at $412,500.

Proxy-Risk Posture

Risk vector	Magnitude	Offsetting cushion
Refreshment	15.0-year avg tenure · 1 new director(s) in 3 yrs	4/4 governance provisions in place
Premium positioning	Total retainer at 28th pctile	Below-median retainer (28th pctile) mitigates premium-positioning concern
Disclosure cushion	Equity-weighted retainer mix	Say-on-Pay 94.7% — strong shareholder support

Each row pairs the risk magnitude with the cushion the committee can cite in shareholder engagement; full per-vector treatment continues on the dedicated downstream slides.

Long-Tenure Watch List

2 director(s) above the 15-year mark define the refreshment runway:

- **Stewart W. Bainum Jr** — 49 years
- **William L. Jews** — 25 years

Velarion classifies 15+ years as the refreshment-pressure threshold; the count above is the driver underneath the Refreshment assessment on page 2.

90 / 100

Disclosure Quality — Strong

STI / LTI / Governance / Philosophy / Design — deterministic from CD&A field saturation.

STI: **25/25** · LTI: **20/25**
Governance: **20/20**
Philosophy: **15/15** · Design: **10/15**

From the FY2025 CD&A — What the Committee Disclosed

PEER METHODOLOGY

Revenue comparability (considering franchise system-wide revenue), Business complexity, Franchising focus (multi-brand), Technology focus

BASE SALARY DECISIONS

Mr. Pacious increased from $1,250,000 to $1,300,000 (4.0%). Mr. Oaksmith increased from $600,000 to $675,000 (12.5%). Other NEOs unchanged.

STI DESIGN CHANGES

Mr. Oaksmith's target increased from 75% in 2024 to 100% in 2025 to strengthen his competitive positioning. No other changes to target percentages in 2025 for the NEOs as compared to the 2024 target percentages.

LTI DESIGN CHANGES

No material changes from prior year - continued use of 100% PVRSUs based on cumulative 3-year EPS with +/-15% relative TSR modifier

PAY-FOR-PERFORMANCE NARRATIVE

The compensation program demonstrates moderate pay-for-performance alignment with 83% of CEO pay variable and performance-based. STI metrics achieved 95-97% of targets resulting in appropriate below-target payouts. However, 2025 TSR performance was weak at -32.3% (19th …

Source: Choice Hotels International, Inc. proxy filing (FY2025); Velarion Company Intelligence peer benchmarks. Proxy-risk vectors and underlying cushions are explicit on this page; nothing is deferred to a later slide.

11
TOTAL DIRECTORS
8 independent · 3 non-indep

73%
INDEPENDENCE
Governance threshold: 67%

15.0 yr
AVG TENURE
8 of 11 disclosed

63
AVG AGE
11 disclosed

Non-Independent
BOARD CHAIR
Stewart W. Bainum Jr

The 11-member board operates at 73% independence, above the 67% proxy-advisor independence threshold. Stewart W. Bainum Jr. (49 years) and William L. Jews (25 years) exceed the 15-year tenure benchmark. The board added one new director over the past three years.

DIRECTOR ROSTER

Director	Independent	Employee	Committees	Since	Age	FY2025 Status
Maureen D. Sullivan	Yes	No	Human Capital and Compensation; Corporate Governance and Nominating; Diversity	2018	44	–
Ervin R. Shames	Yes	No	Corporate Governance and Nominating (Chair); Human Capital and Compensation	–	85	–
Brian B. Bainum	No	No	Diversity	2019	41	–
Donna F. Vieira	Yes	No	Audit; Human Capital and Compensation	–	61	–
Stewart W. Bainum Jr (Chair)	No	Yes	–	1976	79	–
Gordon A. Smith	Yes	No	Audit; Corporate Governance and Nominating	2022	67	–
John P. Tague	Yes	No	Audit; Human Capital and Compensation (Chair)	–	63	–
Patrick S. Pacious	No	Yes	–	2017	60	–
Monte J.M. Koch	Yes	No	Audit; Corporate Governance and Nominating	2014	62	–
Liza K. Landsman	Yes	No	Human Capital and Compensation; Diversity (Chair)	2014	56	–
William L. Jews	Yes	No	Audit (Chair); Human Capital and Compensation; Diversity	2000	74	–

$296,030
MEDIAN INDEP COMP
non-chair independent

$2,418,087
AGGREGATE INDEP COMP
8 directors

28th
POSITIONING
vs disclosed peer group

11
BOARD SIZE
8 independent

FY2025 DIRECTOR COMPENSATION (AS REPORTED)

Director	Status	Cash	Stock	Options	Other	Total
Maureen D. Sullivan	Ind.	$115,000	$175,102	$0	$1,413	**$291,515**
Ervin R. Shames	Ind.	$115,000	$175,102	$0	$3,461	**$293,563**
Brian B. Bainum	Non-Ind.	$95,000	$175,102	$0	$3,293	**$273,395**
Donna F. Vieira	Ind.	$110,000	$175,102	$0	$2,273	**$287,375**
Stewart W. Bainum Jr (Chair)	Employee	$0	$0	$0	$0	**$0**
Gordon A. Smith	Ind.	$160,000	$175,102	$0	$6,341	**$341,443**
John P. Tague	Ind.	$130,000	$175,102	$0	$0	**$305,102**
Patrick S. Pacious	Employee	$0	$0	$0	$0	**$0**
Monte J.M. Koch	Ind.	$110,000	$175,102	$0	$389	**$285,491**
Liza K. Landsman	Ind.	$115,000	$175,102	$0	$8,394	**$298,496**
William L. Jews	Ind.	$140,000	$175,102	$0	$0	**$315,102**
Total non-chair independent (8)		**$995,000**	**$1,400,816**	**$0**	**$22,271**	**$2,418,087**

Cash = fees earned or paid in cash. Stock = grant-date fair value of equity awards. Ind. = independent director. Non-Ind. = non-independent director (name in italic). Employee = employee or insider director; greyed rows reflect employee directors or $0 compensation received. Median non-chair independent director total comp: $296,030.

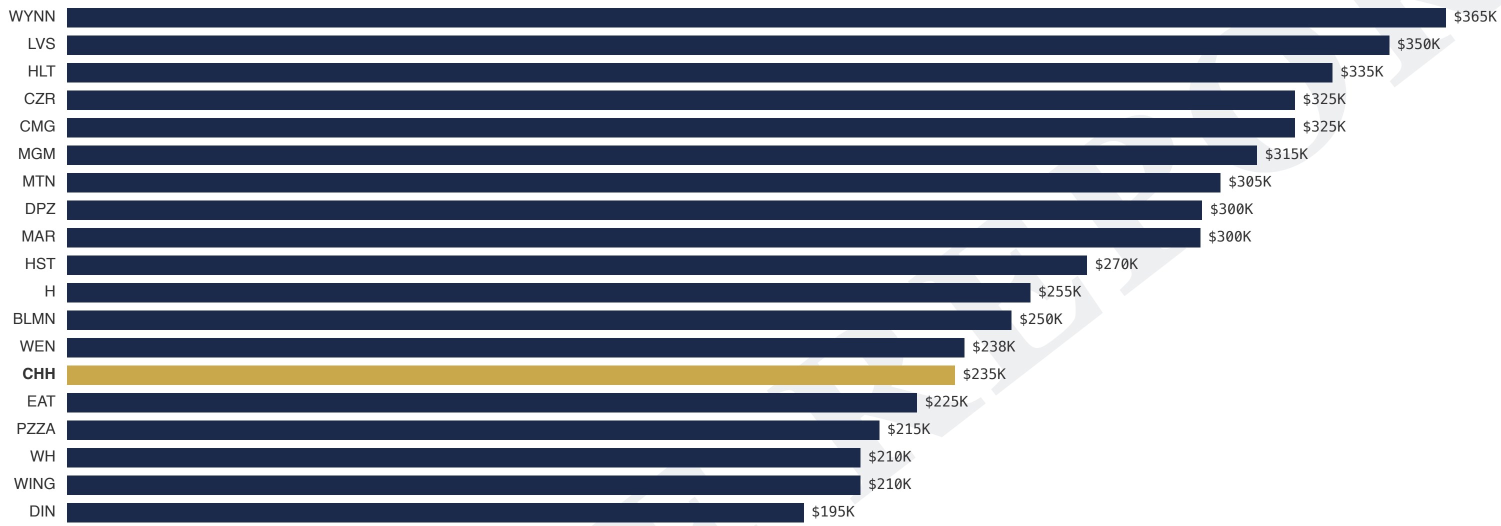
$82K
CASH RETAINER
22nd percentile

$152K
EQUITY RETAINER
28th percentile

$235K
TOTAL RETAINER
28th percentile · below median

18
PEER SET SIZE
disclosed proxy peers with fee schedules

TOTAL DIRECTOR RETAINER VS PEERS



Total retainer = annual cash retainer + annual equity retainer. CHH highlighted in gold. Peer set drawn from the 18 disclosed proxy peers with fee schedules available in the Velarion universe.

SCHEDULE OF DIRECTOR FEES

Element	Amount
Annual Cash Retainer	$82,500
Annual Equity Retainer	$152,500
Total Annual Retainer	$235,000
Board Chair Premium	–
Lead Director Premium	$30,000
Audit Chair Premium	$20,000
Comp Chair Premium	$20,000
Nom/Gov Chair Premium	$10,000
Audit Member	$15,000
Comp Member	$10,000
Nom/Gov Member	$10,000
Per-Meeting Fee	$2,000

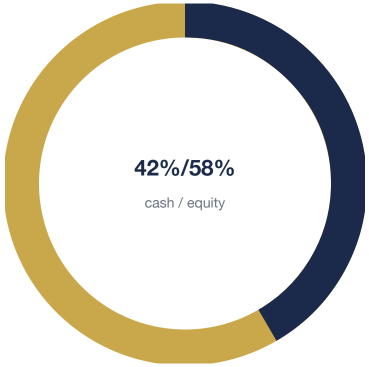
VESTING & EQUITY VEHICLE

Vehicle: Restricted Stock
Vesting: three-year vesting term
Deferral option: —

STOCK OWNERSHIP GUIDELINE

$412,500 ownership threshold

CHH MIX (NON-CHAIR INDEPENDENT)



Cash component: **$995,000** (42%)
Equity component: **$1,400,816** (58%)

CHH equity weighting at **58%** vs peer median **58%** (+0 ppt). The mix sits within the peer-median band; the structure is typical for the cohort.

PEER SET — CASH VS EQUITY MIX

Peer	Cash Retainer	Equity Retainer	Total	Equity %
MTN	$85K	$220K	$305K	66%
WH	$105K	$105K	$210K	65%
MAR	$100K	$200K	$300K	65%
DPZ	$110K	$190K	$300K	64%
HLT	$100K	$235K	$335K	64%
CZR	$100K	$225K	$325K	63%
H	$85K	$170K	$255K	63%
WYNN	$115K	$250K	$365K	60%
HST	$90K	$180K	$270K	58%
LVS	$150K	$200K	$350K	58%
WING	$80K	$130K	$210K	57%
CMG	$110K	$215K	$325K	57%
BLMN	$95K	$155K	$250K	57%
EAT	$85K	$140K	$225K	57%
WEN	$75K	$162K	$238K	57%
PZZA	$80K	$135K	$215K	55%
DIN	$75K	$120K	$195K	54%
MGM	$100K	$215K	$315K	52%

Mix derived from disclosed director fee schedules. Subject mix on this slide uses aggregate non-chair independent director compensation (cash fees + equity awards), which includes committee premiums and meeting fees in the cash pool. Retainer-only equity mix (equity retainer ÷ total retainer) is **64.9%** — different framing, both deterministic from disclosed fee schedules.

15.0 AVERAGE TENURE (YRS)	C REFRESHMENT GRADE	1 NEW INDEP DIRS (3 YR)	2 DIRECTORS 15+ YEARS

TENURE DISTRIBUTION

LONG-TENURE DIRECTORS (GOVERNANCE WATCH)

- Stewart W. Bainum Jr — 49 years
- William L. Jews — 25 years

90 / 100

Disclosure Quality — Strong

STI / LTI / Governance / Philosophy / Design — deterministic from CD&A field saturation.

STI: **25/25** · LTI: **20/25**
Governance: **20/20**
Philosophy: **15/15** · Design: **10/15**

FROM THE FY2025 CD&A (VERBATIM)

“Emphasize pay for performance, pay competitively to attract and retain the best talent and drive long-term shareholder value creation.” — Primary compensation philosophy statement

GOVERNANCE PROVISIONS A

Anti-Pledging Policy	✓
Stock Ownership Guidelines	✓
Independent Compensation Consultant	✓
Shareholder Engagement Program	✓

Score: 4/4 provisions in place

INDEPENDENCE PROFILE C

Board independence: **73%** (8 of 11 directors)
Chair structure: **Non-Independent chair** — Stewart W. Bainum Jr
Governance independence threshold: 67% · subject clears the threshold.
Institutional standard (80%+) not yet met.

STOCK OWNERSHIP GUIDELINES

Director guideline: $412,500 ownership threshold
Scope of program: Director-specific guideline disclosed in proxy
Holding period / compliance window: Not disclosed

ANTI-PLEDGING / ANTI-HEDGING

In place

EXECUTIVE OWNERSHIP (CONTEXT)

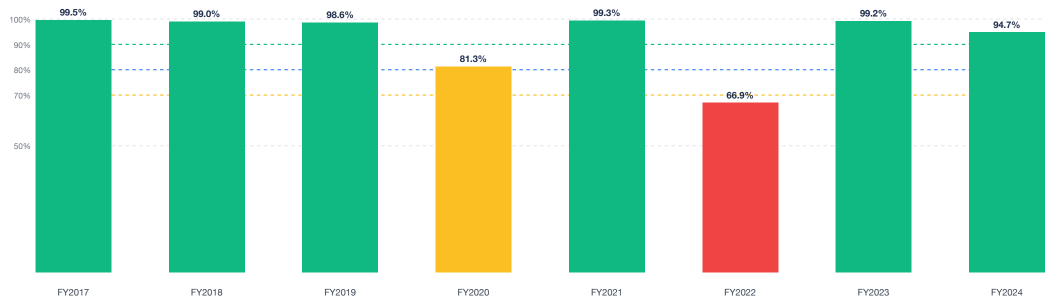
5x salary

Source: SEC DEF 14A · director fee schedule and CD&A. Anti-pledging policy and SOG compliance window typically disclosed in the corporate governance section of the proxy.

94.7%
LATEST SOP APPROVAL
FY2024

B
SOP GRADE

8
YEARS OF HISTORY



SOP VOTE DETAIL

Year	Approval	For	Against	Result
FY2024	**94.7%**	40,256,285	2,240,287	Pass
FY2023	**99.2%**	44,778,133	359,721	Pass
FY2022	**66.9%**	31,887,541	15,778,408	Pass
FY2021	**99.3%**	50,852,304	351,175	Pass
FY2020	**81.3%**	42,276,271	9,744,942	Pass
FY2019	**98.6%**	50,028,518	706,657	Pass
FY2018	**99.0%**	49,317,018	517,888	Pass
FY2017	**99.5%**	50,534,798	237,785	Pass

Say-on-pay approval stands at 94.7%, recovering from the 66.9% low in 2022. The eight-year history shows volatility, with approvals ranging from 66.9% to 99.5%. Support has stabilized above 94% for two consecutive years.

COMPONENT GRADES & RATIONALE

Component	Grade	Why This Grade
Compensation Positioning	B	Total director retainer at the 28th percentile of disclosed peers
Independence	C	Board independence 73% vs 67% governance threshold (8 of 11 directors)
Refreshment	C	Average tenure 15.0 years; 1 new independent director(s) added in last 3 years
Governance	A	4 of 4 core governance provisions in place (SOG, anti-pledging, independent consultant, shareholder engagement)
Say-on-Pay	B	Latest SoP approval 94.7% — strong shareholder support

Grades reflect Velarion board-intelligence metrics — no subjective inputs. Compensation Positioning: A = at-market band (35th–65th pctile), B = within-norm (20th–34th or 66th–79th), C = outlier (10th–19th or 80th–89th), D = severe outlier. Independence and Refreshment thresholds reflect prevailing proxy-advisor governance benchmarks. Governance score reflects four core governance provisions (stock ownership guideline, anti-pledging, independent compensation consultant, shareholder engagement program).

Committee Chair Premium Benchmarking

Premium	CHH	Peer Median	Peer Min	Peer Max	n
Board Chair Premium	–	$85,000	$15,000	$250,000	13
Lead Director Premium	$30,000	$50,000	$15,000	$75,000	10
Audit Chair	$20,000	$30,000	$15,000	$42,500	17
Comp Chair	$20,000	$25,000	$12,000	$37,500	17
Nom/Gov Chair	$10,000	$20,000	$10,000	$30,000	17

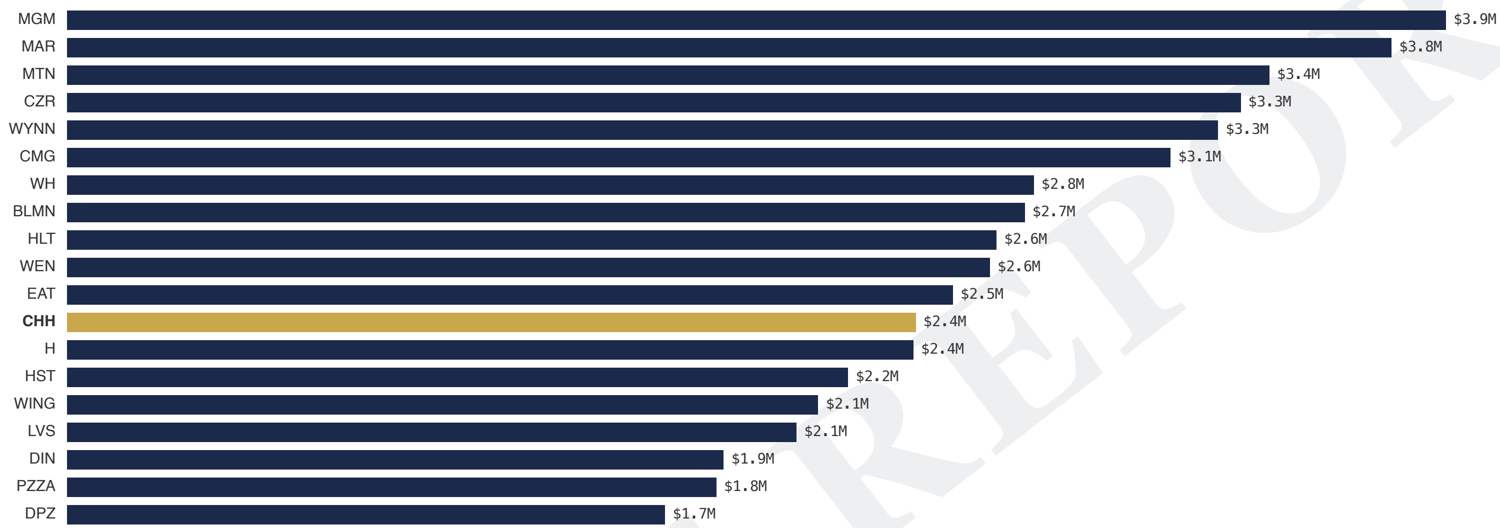
Premiums reflect annual incremental retainer above the standard independent director retainer. Board Chair Premium includes all incremental board-level chair compensation. Peer set: 18 disclosed proxy peers with fee schedule data in the Velarion universe. "—" denotes premium not separately disclosed in the peer proxy statement. Source: most recent DEF 14A filings as of FY2025.

$2.4M
AGGREGATE INDEP COMP
8 directors

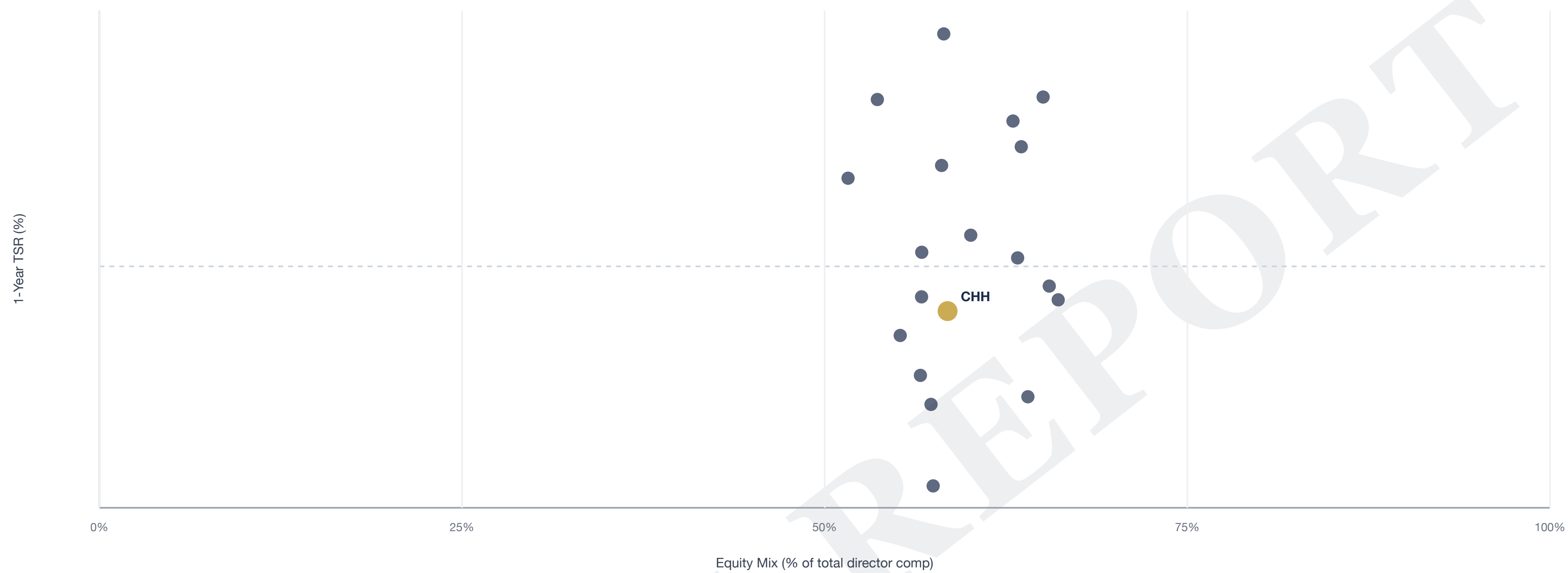
$2.7M
ELIGIBLE AGGREGATE
excludes chair + employees

39th
AGGREGATE COST PERCENTILE
vs 18 peers

$2.6M
PEER MEDIAN AGGREGATE
independent directors



Aggregate = sum of total compensation paid to all independent, non-employee directors. Eligible Aggregate excludes board chair and employee directors. Peer set: 18 disclosed proxy peers. CHH highlighted in gold.



Each point = one company in CHH's peer set. X axis = director equity mix (% of total). Y axis = 1-year TSR (%). CHH highlighted in gold.

LOW PROXY-ADVISOR SCREEN Velarion directional screen	**LOW** MOM pay-to-median ratio	**LOW** RDA 5yr pay-performance alignment	**LOW** PTA 5yr pay-TSR alignment

Velarion Compensation Risk Narrative

VELARION PROXY-SEASON INTELLIGENCE

"Choice Hotels International, Inc.'s FY2025 executive compensation program clears all three Velarion compensation risk screens at low concern levels, with the Pay-to-Median Ratio at 0.5x against the non-S&P 500 band, a favorable Pay-Performance Alignment score, and a Pay-Return Alignment reading of -3.3. CEO Patrick Pacious, entering his seventh year of tenure, is positioned at the 22nd percentile of peer total compensation while delivering three-year TSR at the 61st percentile — a 39-point favorable drift relative to comparators including DPZ and WH. A realizable-to-granted ratio exceeding 3.7x reflects strong equity value accumulation. Say-on-pay support has recovered to approximately 95% in the April 2026 advisory vote following the FY2022 trough of 66.9%, a trajectory shareholders may wish to monitor alongside the December 2025 amended severance arrangements at the EVP tier."

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RECENT SAY-ON-PAY (3 YEARS)

- FY2024: **94.7%**
- FY2023: **99.2%**
- FY2022: **66.9%**

DIRECTOR-SPECIFIC RISK FLAGS

- No specific director-level flags surfaced from proxy-advisor screens.

Peer	Market Cap	Total Retainer	Equity %	SoP %	1-yr TSR	n directors
WYNN	$10,092.2M	$365K	60%	98.5%	8.0%	10
LVS	$32,754.2M	$350K	58%	91.3%	25.8%	8
HLT	$73,093.3M	$335K	64%	92.6%	30.5%	10
CZR	$5,798.7M	$325K	63%	66.5% (FY2024)	2.1%	12
CMG	$42,189.1M	$325K	57%	55.4% (FY2024)	−35.2%	11
MGM	$9,824.7M	$315K	52%	93.0%	22.5%	13
MTN	$4,547.5M	$305K	66%	96.7%	−8.5%	12
DPZ	$10,528.0M	$300K	64%	94.0%	−33.3%	11
MAR	$97,340.7M	$300K	65%	93.0%	43.2%	13
HST	$15,327.6M	$270K	58%	88.3% (FY2024)	59.3%	9
H	$16,398.2M	$255K	63%	99.9% (FY2024)	37.1%	14
BLMN	$669.5M	$250K	57%	95.6%	3.6%	11
WEN	$1,487.7M	$238K	57%	97.7% (FY2024)	−27.8%	10
EAT	$5,893.2M	$225K	57%	96.2% (FY2024)	−7.8%	11
PZZA	$1,098.9M	$215K	55%	85.3%	−17.6%	9
WH	$5,924.5M	$210K	65%	85.0%	−5.0%	9
WING	$3,823.7M	$210K	57%	98.8% (FY2024)	−56.0%	10
DIN	$385.2M	$195K	54%	84.5%	42.6%	12

(FYxxxx) annotation indicates most recent available SoP result is from a prior fiscal year; FY2025 vote data not yet available or not extracted.

RECOMMENDED ACTIONS — each item identifies the issue, explains why it matters, and proposes the calibration or committee action

1. MEDIUM [P2] Recommendation 2: Address the nominating/governance chair premium positioning at the 6th percentile by recalibrating from $10,000 toward market norms, given peer median of approximately $15,000. Committee workload has expanded with ESG oversight responsibilities.
2. MEDIUM [P1] Recommendation 1: Reposition the total retainer from the current 28th percentile ($235,000) toward the peer median of $285,000 through phased increases over the next two cycles. The $50,000 gap to median creates talent retention risk despite strong say-on-pay support at 94.7%.
3. MEDIUM [P3] Recommendation 3: Develop a board refreshment succession plan targeting the next 18 months, given average tenure of 15 years exceeds governance threshold of 9 years. Focus on directors with tenure exceeding 20 years to enhance board independence perception.
4. LOW [P4] Recommendation 4: Strengthen proxy disclosure explaining the below-median total retainer positioning and its alignment with shareholder value creation. Proactive communication prevents proxy-advisor questions about director compensation competitiveness.

WHAT TO WATCH NEXT YEAR

- Director compensation repositioning: The board's total retainer sits at the 28th percentile ($235,000 vs. $285,000 peer median). If the committee targets median positioning, implement a $50,000 increase phased over two cycles—prioritizing the equity component to maintain the 65% allocation ratio.
- Board refreshment planning: Average tenure stands at 15 years with minimal recent additions (1 new director in 3 years). If any director with 20+ years tenure signals retirement intent, accelerate succession planning to add two directors within 18 months, targeting technology or digital commerce expertise.
- Committee chair premium alignment: The nominating/governance chair premium ranks at the 6th percentile. If workload analysis confirms increased ESG oversight responsibilities, recalibrate this premium upward by $10,000-$15,000 to align with peer practice.
- Say-on-pay volatility management: Support dropped from 99.2% to 94.7% following the 66.9% result in 2022. If the 2026 vote falls below 90%, engage the top 15 shareholders before the 2027 proxy to communicate executive compensation design rationale and board oversight enhancements.
- Stock ownership guideline calibration: The director guideline of $412,500 represents 1.75x the current total retainer. If the board approves retainer increases toward median, reset the guideline to maintain a 2x-3x multiple of the new retainer amount.

DISCLOSED PEER SET

Ticker	Name	Group Type	FY
DIN	Dine Brands Global	Compensation	2025
WH	Wyndham Hotels & Resorts	Compensation	2025
PZZA	Papa John's International	Compensation	2025
HST	Host Hotels & Resorts	Compensation	2025
HLT	Hilton Worldwide Holdings	Compensation	2025
H	Hyatt Hotels Corp	Compensation	2025
MAR	Marriott International	Compensation	2025
WYNN	Wynn Resorts	Compensation	2025
WEN	Wendy's	Compensation	2025
BLMN	Bloomin' Brands	Compensation	2025
CZR	Caesars Entertainment	Compensation	2025
DPZ	Domino's Pizza	Compensation	2025
MTN	Vail Resorts	Compensation	2025
MGM	MGM Resorts International	Compensation	2025
WING	Wingstop	Compensation	2025
LVS	Las Vegas Sands Corp	Compensation	2025
CMG	Chipotle Mexican Grill	Compensation	2025
EAT	Brinker International	Compensation	2025

DATA SOURCES

Element	Source
Director compensation	SEC DEF 14A
Fee schedule / committee premiums	SEC DEF 14A
Say-on-Pay results	SEC 8-K
CD&A narratives, governance	SEC DEF 14A
Peer group composition	SEC DEF 14A
Stock returns / TSR	Public market data

METHODOLOGY NOTES

- Compensation figures as reported in the Director Compensation Table of the most recent proxy.
- Percentile calculations use the disclosed peer set with fee schedules available in the Velarion universe.
- Proxy-advisor screen classifications are Velarion directional metrics derived from public proxy data — directional only, not proxy-advisor determinations.
- Aggregate board cost excludes employee directors and the board chair to isolate independent-director benchmarking.
- Director equity mix is computed from cash + (stock + options) totals reported for non-chair independent directors.

VELARION

Company Intelligence

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Choice Hotels International, Inc. (CHH) · FY2025 Board of Directors Compensation Review

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