

## Our strategy

# Making it happen

Our ambition to be the hotel company of choice for guests and owners is underpinned by strategic investments in our brands, people, technology and scale.

Over the long term, with disciplined execution, our strategy drives the growth of our brands in high-value markets. It creates value for all our stakeholders and delivers sustained growth in profits and cash flows, which can be reinvested in our business and returned to shareholders.

Our strategic priorities and the behaviours that drive them have been designed to put the expanded brand portfolio we have built in recent years at the heart of our business, and our owners and guests at the heart of our thinking. They recognise the crucial role of a well-invested loyalty programme and technology systems, and ensure we meet our growing responsibility to care for and invest in our people, and to make a positive difference to our communities and planet.

Our strategy is inspired and informed by our purpose of providing True Hospitality for Good, which is underpinned by our commitment to a culture of operating and growing in a responsible, ethical and inclusive manner. This sets the tone for how we do business, enabling us to focus on creating value for all stakeholders as we build an even stronger IHG.

### What we do

Provide True Hospitality for Good

### Why we do it

To be the hotel company of choice for guests and owners

### How we make it happen



Relentless focus on growth



Brands guests and owners love

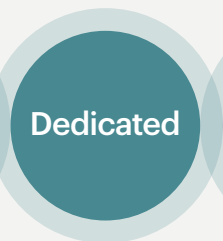


Leading commercial engine



Care for our people, communities and planet

### Our growth behaviours





## Relentless focus on growth

We are accelerating the global growth of our brands on the back of a transformed portfolio that's giving our guests and owners more choices across segments. In 2024, our brands continued to reach new markets, we expanded our presence in high-growth ones, grew and strengthened both new and existing brands, and extended our presence in Luxury & Lifestyle.

[+ More on pages 30 to 31.](#)



## Brands guests and owners love

We are focused on delivering tailored services and solutions to meet the expectations of guests and owners. In 2024, we strengthened guest benefits for IHG One Rewards, enhanced stay experiences, continued to build awareness of our IHG Hotels & Resorts masterbrand and reduced costs for owners.

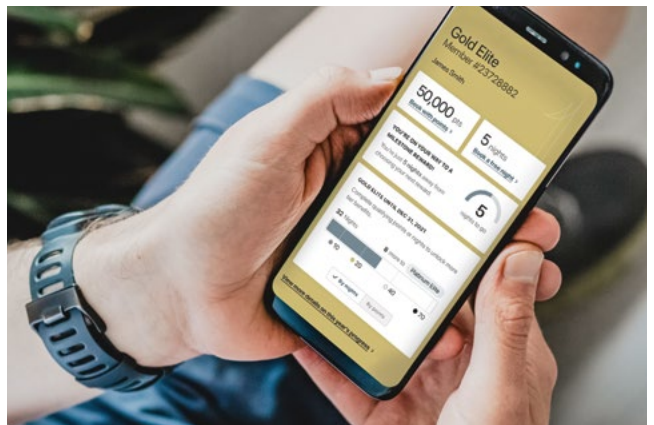
[+ More on pages 32 to 33.](#)



## Leading commercial engine

We invest in the tools, technology and solutions that make the biggest difference for guests and owners. Among the key highlights in 2024 were the launch of new technology systems to elevate the guest experience, drive hotel performance and increase owner returns, and continuing to build membership and engagement through IHG One Rewards.

[+ More on pages 34 to 35.](#)



## Care for our people, communities and planet

With more than 6,600 hotels in our global estate, it is vital that as we grow, we do so responsibly and sustainably for our communities, the environment and the long-term success of our business. In 2024, we took further steps to invest in our people and culture, deliver lasting change to our communities and make our hotels more sustainable.

[+ More on pages 36 to 37.](#)



## Our strategy continued



# Relentless focus on growth

The transformation of our portfolio is fuelling our growth for today and tomorrow. We have grown from 10 to 19 brands since 2015 to diversify across segments and meet guest and owner demand, while at the same time investing in the continued success of our established brands. Global expansion is supported by investment in our enterprise, including a leading loyalty programme, masterbrand and a powerful suite of technology products.

>6,600

hotels open globally.

>2,200

pipeline hotels, representing future system size growth of 33%.

>40%

of global pipeline under construction.



Signed long-term agreement with NOVUM Hospitality, which will double our presence in Germany – a priority growth market.

Holiday Inn Brand Family generated 44% of hotel openings and signings globally in 2024.



## What we achieved in 2024

We opened 371 hotels in 2024 to surpass 6,600 globally and signed 714 properties into our pipeline – the equivalent of almost two a day – to take it to more than 2,200 hotels.

We are focused on capitalising on strong travel demand in markets with big growth opportunities. During the year, 29 openings represented a country debut for a particular IHG brand. We expanded our presence in high-growth markets, including India, Japan, Saudi Arabia, and Greater China, where record levels of development activity took our pipeline in the region to 549 hotels at the end of 2024 – its largest ever size, representing almost 60% of the region's current system size. In Germany, one of our largest markets in Europe, we signed a long-term deal with NOVUM Hospitality that will double IHG's presence. The agreement includes properties joining IHG through the new Holiday Inn – the niu brand collaboration, and has brought Candlewood Suites and Garner to Europe for the first time.

The enduring appeal of our established brands once again shone through, with our Holiday Inn Brand Family generating 44% of hotel openings and signings globally. Momentum behind our new brands also continued, with Garner having already reached 23 open hotels and a pipeline of 94 properties since becoming franchise-ready in the US in 2023, while avid® hotels grew its pipeline to 137 properties – almost double today's existing system size. Atwell Suites® surpassed a pipeline of 50 hotels for the first time and launched in Greater China to capitalise on the appetite for our brands in this high-growth market. Premium brand voco™ hotels achieved debut openings in India, Sweden and Malaysia on its way to reaching 177 open and pipeline hotels. Underlining the huge growth potential of our newest brands, our seven most recently launched or acquired brands – not including Garner or our commercial agreement with Iberostar – now represent 17% of our pipeline.

Following acquisitions and new brand launches in recent years, we have established one of the industry's biggest Luxury & Lifestyle portfolios and our six brands continued to drive our growth and performance. We achieved 133 openings and signings in this higher-fee segment in 2024, with Six Senses® Hotels, Resorts & Spas reaching 65 open and pipeline hotels, with debut openings in Japan and the Caribbean. Regent reached 20 open and pipeline properties, including the opening of another flagship property – Regent Santa Monica Beach, which marked the return of the brand to the Americas. Vignette Collection celebrated debut signings in key markets such as the Maldives, Spain and Turkey to surpass 50 open and pipeline hotels in just three years since launch, tracking ahead of our long-term target to attract more than 100 properties by 2031. A debut opening on the Greek islands was one of 25 openings and signings for InterContinental® Hotels & Resorts on the back of an exciting brand evolution in 2024, taking its system size to 227 and its pipeline to 101, which reflects its strong future growth opportunities. Kimpton® Hotels & Restaurants continued its global expansion, with a debut signing in the Turks and Caicos Islands and a first opening in the Dominican Republic adding to the brand's growing presence in prime leisure destinations. A first opening in the Caribbean was among 42 openings and signings for Hotel Indigo®, further reflecting IHG's success in internationalising its brands.

The strong future growth prospects of Luxury & Lifestyle are reflected by our portfolio now representing 14% of our current system size and 21% of our pipeline. Illustrating our growing reputation, 46 hotels were awarded Condé Nast Traveler Readers' Choice Awards – more than double the number of two years ago – while 14 earned Michelin Keys.

In our Exclusive Partners category, we continued to integrate the Iberostar Beachfront Resorts brand into our systems, with 55 out of up to 70 properties from the original agreement in 2022 added to IHG's system, as we capitalise on the growing demand for resort and all-inclusive stays.

Conversion deals were again central to our growth, representing around 50% of both room openings and signings. This strong performance reflects the appeal of our brands and wider enterprise to owners, alongside a sharpened strategic focus on driving these quicker-to-market opportunities. In Greater China, for example, we have a dedicated Conversions and Contract Renewals team and we collaborate closely with owners to deliver a quick return on investment. There were also 340 new-build signings globally during the year – another key indication of growing developer confidence.

## What's to come

We have grown our development pipeline to more than 2,200 hotels, the equivalent of 33% of today's system size. This, together with investments in our enterprise, lays the foundation for continued system size growth in the years ahead.

Supporting this, we will further expand our presence in high-growth markets, such as Greater China, Germany, Japan, Saudi Arabia and India.

We will continue to assert the competitive advantage of our Essentials brands so we can extend their leadership in major markets by optimising their cost to build, open and operate, while at the same time accelerating conversion deals. We will also drive expansion of our newer brands by strengthening their performance and taking them into more new markets globally.

We will embed our Luxury & Lifestyle capabilities to further strengthen our reputation with guests and owners, and accelerate the growth of our brands. Linked to this, we will continue to develop a world-class branded residences offer following strong progress in 2024, which included signing the first Regent Residences in Dubai and Six Senses Residences Dubai Marina, which will be the world's tallest residential tower once complete.



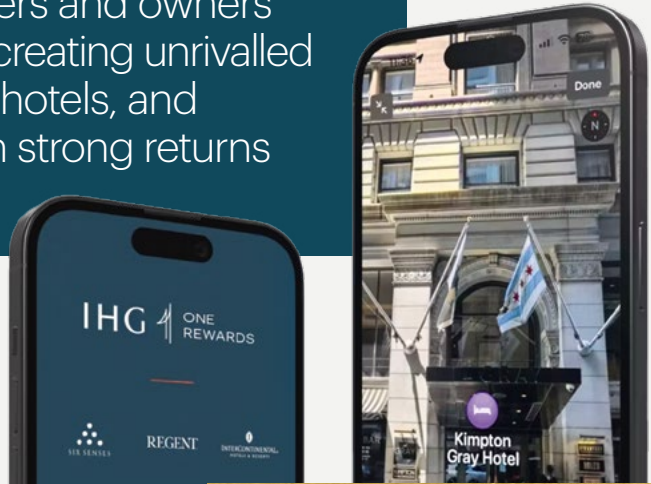
## Our strategy continued



# Brands guests and owners love

Staying successful means putting ourselves in the shoes of our guests, corporate customers and owners in everything we do. This is how we are creating unrivalled service and tailored experiences in our hotels, and attractive investment opportunities with strong returns for our owners.

Maintained outperformance versus key competitors on Guest Satisfaction Index in all three regions.



Launched new chapter of Guest How You Guest marketing campaign to increase awareness of IHG Hotels & Resorts masterbrand for guests and owners.

## >145m

IHG One Rewards loyalty programme grown to over 145 million members.

Further lowered cost per occupied room for Essentials and Suites brands through procurement programmes and enhanced Food & Beverage offer.

## What we achieved in 2024

Strong leisure, business and group demand pushed Global RevPAR up 3.0% in 2024, as we continued to position IHG as first choice for guests and owners. The work we are doing in collaboration with our owners and hotel teams to elevate the guest experience has helped IHG maintain its outperformance versus key competitors on the externally measured Guest Satisfaction Index in all three regions. This included strengthening our IHG One Rewards loyalty programme with fresh experiences, rewards and stay enhancements that helped it grow to more than 145m members. Reward Night redemption is also around 30% higher than prior to the programme refresh two years ago, demonstrating strong member engagement and driving increased owner returns.

Our award-winning mobile app is unlocking the full power of IHG One Rewards, making it easier than ever before to enrol, manage and recognise members. Regular updates are improving the guest experience, IHG® Wi-Fi Auto Connect is automatically connecting loyalty members to hotel wi-fi globally, and the upsell of unique room attributes – such as room size and view – is enabling travellers to tailor their stays as they book with us.

Reflecting continuous investment in our portfolio, in 2024 we launched a new breakfast programme for avid in the US and Canada featuring more choice for guests and reducing costs for owners. For Holiday Inn Express, further optimisation of its breakfast menu is driving 5–10% cost reductions for owners. We also recently launched new public space designs, marketing campaigns and an upgraded coffee service for the brand. We also rolled out a new visual identity for Holiday Inn and have seen rapid owner adoption of its upgraded breakfast buffet service, which is delivering outperformance in key guest metrics and lower labour costs for owners. Testament to our success in keeping this iconic brand feeling fresh, in 2024 Holiday Inn was voted Most Trusted Brand in US Travel and Hospitality by Morning Consult for the fourth consecutive year, as well as Leading Budget Hotel Brand at the World Travel Awards.

For our hotel owners, we are focused on capturing demand and strengthening the performance of their hotels. IHG One Rewards is playing a central role and our masterbrand strategy is supporting it in building engagement with guests by growing awareness and strengthening the perception of our brands in several ways. Our global marketing campaigns, such as the latest instalment of our Guest How You Guest campaign, are increasing IHG's appeal with key demographics. Our exclusive partnerships also continue to reward loyal guests and raise IHG's profile, with IHG One Rewards members redeeming points in exchange for unique experiences at sporting events and music festivals, as well as exclusive member privileges with other leading brands. In late 2024, we also began simplifying our brand endorsement from 'an IHG hotel' to 'By IHG' across properties in the Americas and EMEA to create a bolder connection between our masterbrand and brand portfolio across new signage, digital channels and global distribution listings.

We work closely with our hotel teams and owners to drive performance – connecting with general managers on calls and at regional conferences, and with owners through webinars, meetings and events. Our New Owner Orientation programme in the US provides extra support for owners new to IHG, and we welcomed thousands of owners to the IHG Americas Investors & Leadership Conference to share the latest innovations to strengthen their businesses.

Efficient new hotel space designs are reducing costs per key and driving brand consistency, including new prototypes for our extended-stay brands. More hotels are also joining our procurement programmes across Food & Beverage and other operational supplies and services. Together with further enhancements to breakfast menus and our new in-lobby 24/7 bean-to-cup coffee programme, these are further lowering costs per occupied room across Essentials and Suites brands. In the Americas, we are extending our procurement services across Premium and Luxury & Lifestyle hotels to provide savings on a wider range of supplies and services and a full procure-to-pay solution for owners, while our WeChat ecommerce platform in Greater China is providing access to thousands of construction materials. We also lowered our standard loyalty assessment fee for owners during 2024, increased certain Reward Night reimbursements they receive back out of the System Fund when points are redeemed for stays and reduced the IHG® Ignite marketing fee for participating hotels in the Americas and EMEA.

Making hotel operations more sustainable is crucial to the future of our owners' businesses, IHG and our industry, and we are taking active steps to help our hotels measure and manage their environmental impact. In 2024, we launched our industry-first Low Carbon Pioneers programme to help us test, learn and share findings on sustainability measures; we upgraded our Green Engage environmental management platform to strengthen how properties manage energy, water and waste; and we incorporated more energy conservation measures (ECMs) into hotel brand standards to reduce energy usage and costs.

**+** For more on Planet, see pages 60 to 63.

We continue to work with the IHG Owners Association, which represents the interests of thousands of owners and operators, to roll out key projects and ensure our owners are fully aware of the operational and commercial support we are providing. This includes collaborating with governments, trade bodies and peers to support the industry on a broader scale on prominent issues.

## What's to come

We will continue to develop our masterbrand strategy to lift awareness of our brands. This includes extending the reach of our Guest How You Guest campaign across channels and international markets, supported by targeted regional promotions and brand marketing campaigns – including the latest for Holiday Inn Express. In addition, we will invest further in developing strategic partnerships and continue to roll out our new 'By IHG' endorsement across our brands in 2025.

Our focus on quality and consistency of the guest experience relies on continued investment in loyalty benefits, service and digital products to give our hotels a competitive edge, supported by increased use of data, analytics and AI.

We will drive owner returns by continuing to fine-tune our brand formats to reduce cost per key across new projects and renovations, while at the same time improving the guest experience. This includes opening our first new-build prototype for Holiday Inn featuring elevated Food & Beverage, redesigned guest rooms and versatile public spaces. We will also strengthen our groups and meetings offer to further capitalise on strong business and group demand.

## Our strategy continued



# Leading commercial engine

We are investing in the technology and tools that drive commercial success and make the biggest difference to guests, owners and hotel teams. This powerful commercial engine enhances the guest experience while driving returns for owners and encouraging them to grow further with IHG.

### >20%

increase in revenue driven by IHG One Rewards mobile app year-on-year.

### >60%

room nights globally booked by IHG One Rewards members – increasing loyalty penetration.

### 81%

room revenue booked through IHG-managed channels and sources – up from 72% four years ago.

### ~3,500

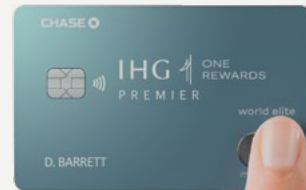
hotels now featuring our new revenue management system.

### ~30%

of guests seeing an upsell offer at some point in their booking journey.



Announced first approved new property management system to create greater value for owners.



Entered into new long-term US co-brand credit card agreements.



## What we achieved in 2024

The success of our enterprise is illustrated by our ability to provide hotel owners with higher-value customers at a lower cost of customer acquisition. In 2024, we saw the percentage of room revenue booked through IHG-managed channels and sources reach 81% – up 9% in four years.

Our IHG One Rewards loyalty programme is playing a key role, with members spending approximately 20% more in hotels than non-members and being around 10 times more likely to book direct. In 2024, we continued to find fresh ways to provide them with leading value, richer benefits and greater choice on the way to growing the programme to over 145 million members. Loyalty penetration also increased, with members now responsible for over 60% of all room nights booked globally, and rising to around 70% in the US and Americas overall.

Knowing that recognised members typically spend more in hotels than non-members, we are working closely with our hotel teams to embed a culture of loyalty. During the year, we provided training, tools and hosted our Loyalty Week in EMEA, as well as our first in the Americas to further support them in strengthening delivery on property. In addition, we continued rolling out IHG Climb across the Americas, with our interactive gaming-based platform engaging teams to help drive performance towards their key loyalty metrics. With highly engaged hotels already seeing significant improvements in performance, we have begun rolling out IHG Climb for Sales to support our sales leaders.

New accounts and average card spend grew across our US co-brand credit cards, which are an important way of driving membership of IHG One Rewards and business to our hotels. Building on our progress, we signed new agreements with our providers in 2024, with total fees to IHG expected to significantly increase from the start of the new agreements and to continue growing over the term.

Our mobile app once again played an integral role in driving deeper engagement with IHG One Rewards, with regular updates further increasing loyalty contribution, direct bookings and incremental spend during stays. Revenue driven by the app increased more than 20% year-on-year, downloads were also up over 20% and it won three prestigious Webby Awards in 2024 – including Best Travel App and Best User Experience. Its success underlines a further shift in preference for mobile devices, with the app and other mobile channels now accounting for two-thirds of all digital bookings. As part of our digital-first strategy, we are also providing AI-backed translations for digital content into 20 languages, saving hotels time and money. We sent over 12 million personalised hotel-to-guest messages in 2024 – 84% more than the previous year – while AI is providing a more intuitive experience for our Digital Concierge chatbot service, which had three million conversations with guests. AI is also enabling IHG Voice to automatically handle customer calls to reduce the workload for busy hotel teams, while our 24/7 asynchronous service is helping guests resolve their queries with reservations and customer care agents via chat. Building on the progress we are making, a new digital check-out experience was piloted in over 300 US hotels and robots were in use in more than 350 properties in Greater China to fulfil basic guest requests, such as delivering towels and other amenities.

Our technology systems are giving our brands, business and owners a competitive edge. As part of a reimagined approach to revenue management, our new revenue management system is now live in around 3,500 properties and incorporating leading data science, machine learning and forecasting tools to deliver advanced insights and pricing recommendations that drive top-line revenue for hotels. We have also begun rolling out a new property management system (PMS) to create greater value for owners. This can be accessed via a mobile phone, with a single cloud-based view across properties improving ease of hotel operations and enabling us to deploy fast, efficient enhancements at scale. Following successful pilots, we have partnered with HotelKey to launch our first system in the US and Canada for our select-service hotels.

In Greater China, over 400 select-service hotels have implemented a new property management system. Through our Guest Reservation System (GRS), around 30% of guests are seeing an upsell offer at some point in their booking journey and we will scale this further in 2025. When selected, upsell offers are achieving average nightly room revenue increases of around \$20 across our Essentials and Suites brands and around \$40 for Luxury & Lifestyle. This is driving share shift into premium rooms and more revenue to hotel owners.

## What's to come

We will continue to drive enrolments for IHG One Rewards by providing new benefits and working closely with our hotel teams to deliver a consistent loyalty experience on property. Linked to this, we are working on a new customer relationship management platform for our loyalty programme that delivers a more seamless guest experience, more tailored solutions to enquiries and connects with guests on their preferred channels.

Continuing our focus on driving high-quality revenue through our best-in-class platforms, we will fine-tune the customer journey across our channels, such as our mobile app, to make it as easy as possible for guests to book stays at our hotels and increase revenue for owners. We will complete the implementation of the new revenue management system across our estate and continue to roll out our new PMS with HotelKey, which is expected to be in place in approximately 1,500 properties in the Americas and EMEA by the end of 2025.

Following pilots in the UK, France, Germany, Italy and Spain in 2024, we will continue working towards establishing a new payment solution in Europe that strengthens security, speeds up processing and reduces owner costs.

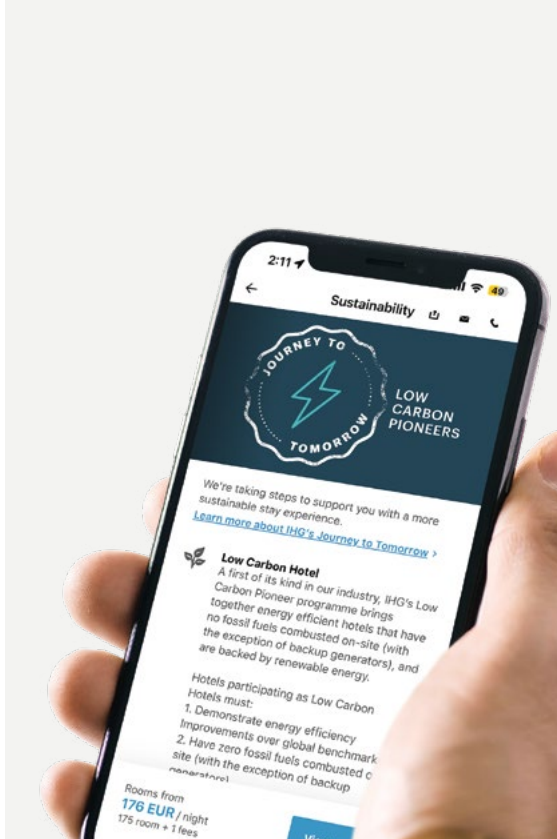
Having entered into new agreements for our US co-brand credit cards, we will continue to evaluate opportunities to grow this important ancillary fee stream further in the US, while continuing to assess the opportunity to launch new co-branded credit cards in new markets.

Our strategy continued



# Care for our people, communities and planet

With more than 6,600 hotels in communities around the world, IHG values the opportunity to be a force for good by positively impacting the lives of millions and protecting the world around us. Guiding our actions is Journey to Tomorrow – a 2030 responsible business plan aligned to our purpose of True Hospitality for Good and the evolving expectations of our stakeholders.



Partnered with Action Against Hunger to help deliver lasting change in thousands of communities across the globe.

**87%**

overall employee engagement, with IHG named a Mercer Global Best Employer.

**>4.2m**

lives improved since 2021 through our collective action and work with charity partners.

**11.5%**

reduction in carbon emissions per available room compared with 2019.

## What we achieved in 2024

### Our people

Building a culture where everyone is valued, respected and able to thrive is fundamental to attracting and retaining a talented workforce and achieving our growth ambitions. In 2024, IHG was ranked among the best places for women to work in the US, and we remain committed to building talent and leadership capabilities for our hotels through programmes such as Journey to GM and our Global RISE mentoring programme, both of which saw continued success in welcoming new participants and placing candidates into GM roles during the year.

Engaging with colleagues is central to our culture and we hold listening forums so they can express their views throughout the year. This includes our colleague engagement survey, where we maintained our score of 87% to be accredited as a Mercer Global Best Employer.

To help develop and retain talent, a corporate onboarding platform for new starters was developed in 2024, along with the introduction of tailored learning tools for IHG University and a new mobile app to improve access to its resources. We also launched IHG Metaverse for prospective candidates to immerse themselves in life at IHG, and continued to build engagement with our careers website, which attracted 5.6 million visitors in 2024.

**+** For more on people, see pages 53 to 57.

### Our communities

Our Journey to Tomorrow plan includes a commitment to improve the lives of 30 million people through skills training, disaster response and food security.

In 2024, we helped improve the lives of more than two million people through our community partnerships and programmes. This included our IHG Academy, which inspires the next generation through skills training, where during the year, more than 43,000 participants benefited from work experience, internships, apprenticeships and free online training.

We responded to 27 natural disasters by supporting charity partners in their relief and recovery efforts, and we launched a global partnership with Action Against Hunger – one of the largest global NGOs combating hunger. Using the strength of our IHG Hotels & Resorts masterbrand, we are driving awareness of food security with millions of guests globally and supporting Action Against Hunger in treating malnourished children.

This work complements our existing long-standing community partnerships.

Every September, IHG colleagues take part in Giving for Good month to give back to their communities, and this year we worked with over 1,450 charities across events spanning 84 countries to improve the lives of nearly half a million people.

**+** For more on communities, see page 58.

### Our planet

We are helping our hotels measure and manage their environmental impact, working closely with our hotel teams and owners to reduce carbon emissions, waste and water on property.

Our asset-light business model means that more than 60% of emissions under our carbon target come from franchisees not under IHG's direct control. Our decarbonisation strategy focuses on three areas: implementing energy efficiency measures in hotels; pioneering low-carbon hotels; and supporting hotels in sourcing renewable energy.

In 2021, we set a target to reach a 46% absolute reduction in GHG emissions by 2030 from our franchised, managed, owned, leased and managed lease hotels, from a 2019 baseline. This target has been validated by the Science Based Targets initiative (SBTi).

Our ongoing commitment to decarbonisation has driven an 11.5% reduction in carbon emissions per available room and a 9.4% reduction in energy per available room in 2024 compared to 2019. However, the lack of a clean energy infrastructure in our markets, alongside the opening of more hotels around the world, means that total carbon emissions are up 7.2% since 2019. As a result, despite our ongoing efforts, we are not on track to meet our 2030 target. We remain dedicated to the actions we are taking to assist hotel owners in reducing carbon emissions and while our programmes will require time to scale, the actions we are taking today will improve operational efficiency of IHG hotels and prepare us for accelerated decarbonisation once market factors are more favourable.

We continued decarbonising existing hotels during the year by supporting them in incorporating new energy conservation measures (ECMs) into brand standards and updating our Green Engage platform to improve their measurement of energy, water and waste. We also launched the Low Carbon Pioneers programme to help drive the development of hotels that operate at very low or zero carbon emissions.

This industry-first community of energy efficient hotels, which have no fossil fuels combusted on site<sup>a</sup> and are backed by renewable energy, will help us test, learn and share findings across our estate.

We do not directly procure renewable energy for our franchised properties, but assist hotels in other ways, including connecting them with Community Solar programmes in select US markets. In addition, several of our global offices, including our headquarters in Windsor in the UK and Atlanta in the US, are procuring 100% renewable electricity.

To reduce waste, we introduced brand standards in Europe to eliminate single-use plastic bottles from guest rooms and meetings, and launched a guide for US owners on disposing of major hotel commodity items. Since launching our global food waste training e-learning module in 2022, it has been accessed by more than 2,700 hotels and over 53,700 courses have been completed by managed and franchised hotel colleagues.

To reduce water usage, we continued integrating water-reduction measures into brand standards. In 2024, our water intensity (m<sup>3</sup> of water use per available room) decreased by 1.8% compared to 2019. We anticipate that as we implement water efficiency brand standards across our estate, this improvement in water efficiency will continue to grow. At the same time, our absolute water footprint has increased by 9% since 2023 due to our continued business growth.

**+** For more on planet, see page 60.

## What's to come

We remain focused on investing in attracting, developing and retaining the talent we need at corporate and hotel level, and will strengthen how we drive high performance across the organisation.

In our communities, we will champion our Action Against Hunger partnership and continue strengthening our collective impact as we work towards improving the lives of 30 million people. We will also embed our refreshed IHG Academy offer by developing new elements for online learning.

To manage our environmental impact, we will continue implementing our decarbonisation roadmap. This includes further developing our Low Carbon Pioneers programme, and working with industry bodies and governments to help speed up the industry's transition to a greener, more resilient future.

a. Except for backup generators that fall below 5% of the hotel's total annual energy consumption.