

Corporate and Social Responsibility Report

For over 40 years, Avis Europe has been committed to the 'We try harder.' ethos. As a result, we are one of the leading car rental companies in Europe, Africa, the Middle East and Asia. The principle of striving to do things better has also ensured that we are at the forefront of our industry environmentally, socially and ethically.

How we manage CSR

The Group Personnel and Corporate Affairs Director has responsibility for Corporate and Social Responsibility (CSR) at Board level, supported by the Country Managing Directors and Regional Licensee Directors, who are responsible for ensuring policy implementation at a local level.

From 2005 all CSR related matters will be monitored and managed through the Group's Risk Management System. Country Risk Management Committees report regularly to the Group's Audit Committee, which has oversight of the overall process and reports regularly to the Board.

CSR strategy

We have a devolved structure and a wide-reaching network so we take a pragmatic approach to CSR.

Our main focus remains the Group's European corporate countries, which accounted for over 90% of Group revenue in 2004. In the medium-term our strategy will be to broaden and deepen CSR in those areas of our business where we have direct control. Where appropriate, we are beginning to introduce centralised reporting and annual performance targets.

We encourage independent licensees to embrace the same CSR principles, and ensure they comply with the laws, regulations and rules applicable to best practice in their individual countries.

We have participated in the Business in the Community Corporate Responsibility Index Survey for the third year and we participate in all questionnaires received from EIRIS (Ethical Investment Research Service). We are members of the Kempen/SNS Smallcap SRI Europe Index.

Our CSR policy focuses on the four areas where we can have the most impact – environment, community, workplace and marketplace.

Environmental impacts

We are committed to identifying and, where practical, reducing the main environmental impacts of our business operations.

To measure and assess all relevant direct and indirect environmental impacts we conduct a review of our operations each year. To achieve this we use a combination of company data backed up by site visits and analysis from independent environmental consultants. Our most significant environmental impact comes from greenhouse gas emissions – from our own management operations and from the vehicles which customers rent. As a result we currently focus our data collection and reporting systems on greenhouse gas emissions from our European corporate countries. Secondary impacts (also linked to climate change), come from waste that we send to landfill and incinerate.

Data collection and analysis is done by an independent organisation, the Edinburgh Centre for Carbon Management working with Future Forests. They help us to conduct an annual assessment, which collates and analyses data on emissions from the following six sources: electricity, gas, oil, propane, landfill waste and incinerated waste. In future reporting periods we intend to use this data as a basis to target annual reductions in emissions in each country.

The environmental emissions results for 2004 are as follows:

Year	2002	2003	2004
CO ₂ emissions (tonnes)	13,545*	22,231	23,763**
Incineration waste (tonnes)	454	427	428
Landfill waste (tonnes)	***	4,238	3,859

*2002 emissions do not include emissions from business travel.

**Part of this increase is attributable to additional facilities and changes in data collection methodology in a number of countries.

***Landfill waste data was not collected in 2002.

Greenhouse gas emissions

With the support of Future Forests, the international climate change business,

and the Edinburgh Centre for Carbon Management, Avis Europe has implemented a market-leading three-point plan to reduce and offset carbon emissions. It details how we will:

- set a plan to reduce CO₂ emissions from corporate operations primarily through improving energy efficiency in our offices and rental stations;
- maintain our CarbonNeutral® status across all our corporate European operations, by offsetting non-reducible greenhouse gas emissions from our energy use and non-recycled waste;
- enabling and encouraging customers to offset the CO₂ emissions from their car rentals.

Our 2004 assessment programme includes a detailed examination of opportunities to reduce emissions and further improvements to our data collection process. Targets for emission reductions will be set this year for 2006.

In 2004, Avis, its staff and customers, in conjunction with Future Forests, offset approximately 18,500 tonnes CO₂ through a combination of clean-energy technology projects and public-access, long-term native forestry schemes across Europe. Since the start of our partnership with Future Forests, Avis has planted a total of some 200,000 saplings over a period of four years to offset greenhouse gas emissions.

Avis Europe also encourages customers to offset the CO₂ emissions from their rentals by giving renters booking via the internet the opportunity to make their journey carbon neutral and in 2004, just over 1,000 customers booking European rentals on-line chose to do this.

Education is a key part of the lower emissions programme. We have developed an environmental driving code for customers to reduce the amount of fuel they use.



Employees are also continuously being educated with a number of initiatives to reduce the amount of energy used in our operations. In addition, Avis Europe worked with schools local to the Group's headquarters to enable pupils to understand the effects of CO₂ emissions on the environment and investigate how they could reduce emissions in their own homes.

We change the rental fleet approximately every six months, ensuring that vehicles are at the optimum level of efficiency. Over 40 checks between each rental ensure the vehicles are well maintained. Over the last ten years, a typical Avis rental car has improved fuel consumption by 15% and now achieves some of the highest European standards for lower emissions. This is the result of lighter materials, better aerodynamics, improved engine technology and more efficient transmissions. In addition, Avis Europe is building opportunities into fleet contracts with leading suppliers, specifically General Motors, to reduce further the environmental impact of vehicles in the rental fleet.

Our car club project, Urbigo, which was launched in 2002 as part of a European Commission integrated transport programme, continues to develop well. Urbigo is a pay-by-the-hour car-sharing scheme, whereby members use a pool of

Avis cars for an annual fee, plus time and mileage, thereby reducing car ownership, congestion and pollution from unnecessary car journeys as people combine their urban travel with public transport.

In 2004 Car Plus, a national body promoting responsible car use, awarded our Urbigo scheme Car Club accreditation. There are currently four Urbigo schemes in operation: Sutton, Southwark, Oxford and Deptford. Usage continued to grow in 2004 with individual members using the cars between 2 and 25 hours per month. Over the last six months the total number of hours used by all locations in the scheme has risen from around 250 to 450 hours per month.

Towards the end of the year, Avis Portugal and Honda concluded an agreement to enable Avis customers to rent environmentally friendly gasoline-electric hybrid vehicles for the first time from the beginning of 2005 in the main three Portuguese airports. To encourage use, the rental price of the Honda and Toyota hybrids will be equal to the lowest price for a rental of a regular vehicle and the number of cars available is expected to increase to around 100 by the end of 2005.

Our external environmental accreditation includes an improved rating of A from the Safety and Environmental Risk

Management Rating Agency, compared to the transport industry average of CC+, and we are a member of the FTSE4Good Index, which guides investors towards corporately responsible organisations. Avis in Sweden has achieved eco ISO 14001 standard.

Avis is a member of the World Travel and Tourism Council (WTTC), and Green Globe, the travel industry's environmental consultancy. The WTTC works with Governments to realise the economic and environmental impacts of travel and tourism.

Community

We aim to make a positive contribution to the communities in which we operate.

Given the diversity of our operations, our businesses determine their community investment policies locally and we prefer to work closely with a smaller number of groups rather than making many small donations to multiple charities. We continue to look for a good fit between our business and the projects and causes we support. The main areas we support globally are road safety and the provision of cars and transport to facilitate fundraising for children, the sick and the underprivileged.

Formal targets have not been set as local managers are encouraged to base their



In April 2004, Avis Italy established a partnership with Unicef to support their worldwide fund-raising programme.

decisions on the quality of projects in their areas. In 2004, Avis gave donations and staff time to over 30 different organisations across our corporate operations. Here are some of the highlights and case studies.

Buying food aid for children in countries affected by war

In 2004, Avis Italy continued its support of Unicef. One element of the fund-raising programme took place during the 'We try harder.' week, involving both rental counters and reservation centres throughout Italy helping Unicef support children currently living in countries affected by war. For every rental from an Italian office for one week in April, Avis donated €0.50 to Unicef. The money raised helped distribute portions of BP-5 (a food rich in proteins, carbohydrates and vitamins) to 800 children for one week and provide hydrating salts to save the lives of more than 30,000 children.

Introduction of "Making a Difference to the Community Awards"

In addition to supporting Group initiatives, Avis UK introduced a local CSR programme at country level in 2004. The programme empowers local teams to make a difference to the community by providing each station and HQ department with funds for donations, fund-raising activities and charitable car rentals. Their efforts are recognised through the introduction of

"Making a Difference to the Community Awards" as part of the company's Spirit of Avis recognition programme.

Supporting charities through the provision of cars and vans

Avis France, Spain and Germany continued to provide complimentary cars to help a number of charities carry out their work. These included "Les Restaurants du Coeur" in France, a charity that provides free meals to the underprivileged during the winter period; Cancer Research in Germany and Cooperacion Internacional in Spain, an organisation focused on improving housing in poor city areas.

Tsunami

Following the Indian Ocean earthquake and subsequent tsunami at the end of 2004, the Group contributed £25,000 in the form of direct aid contributions.

Workplace

Employment

The Group aims to have an organisation structure and working climate in which both the business and employees grow and develop. Employee satisfaction and people development are high priorities for the Group.

The employment policies of the Group embody the principles of diversity and are tailored to meet the local needs of individual countries.

The Group operates non-discriminatory policies and practices in relation to recruitment, development, compensation and advancement opportunities with regard to gender, religion, race, marital status, age, sexual orientation and disabilities. Avis requires the highest standards of honesty, integrity and fairness from all employees.

The Group operates an Avis European Employee Council with representatives from all corporate countries. Representatives and management meet twice a year for an exchange of views and dialogue on subjects of transnational interest. The Council then distributes a joint communiqué of each meeting's discussions to all employees.

The Group believes its employment practices encourage employee involvement, continuity and business performance. Approximately 50% of the Group's employees have more than five years' service with Avis Europe and we have a good track record of internal promotions within the Group.

Employee satisfaction

The Group conducts regular employee satisfaction surveys. In 2004/2005, 12 business units across Avis Europe participated in the survey accounting for around 90% of corporate employees. Early indications are overall positive for the Group, despite a difficult trading year.



In 2004, Avis Lithuania, a licensee, planted over 3,000 trees in partnership with Vilnius forestry, designed to absorb the carbon dioxide output from the company's operations in Lithuania. Avis Lithuania has established itself as the first "carbon neutral" rental and leasing company in the Lithuanian travel industry.



Having heard about Avis Lithuania's tree planting programme, Reval Hotel Lietuva, a partner of Avis Lithuania joined the initiative in October 2004.

200,000

saplings planted over the last four years to offset CO₂ emissions from corporate operations

The Group strives to achieve a score of 70% or higher in the areas regarded as most important by employees. In 2004/2005 the key indicators of overall employee satisfaction and pride in working for Avis were all ahead, with pride in working for Avis scoring over 72%.

Budget employees in the four corporate markets and central support functions participated in the survey for the first time since Avis acquired Budget in March 2003. Scores for Budget exceeded 70% in two of the three areas regarded as the most important by employees. Both overall satisfaction and pride in working for Budget exceeded 65%.

Areas for improvement will now be identified, monitored and managed by Group senior management.

Human rights

Honesty, integrity and fairness are the foundation of business ethics for the Group. Avis Europe has an ethical policy relating to employment of staff and the operation of its business within the network of third parties with which it works. We adhere to local regulations on human rights and employment practices and ensure we not only meet the minimum standards but also aim to retain and attract loyal staff to the Group.

Marketplace

Customer satisfaction programme

Customer satisfaction and loyalty are fundamental to the Group's success and we are the first car rental company to achieve the ISO 10002 standard for complaint management. This is an international standard and, as a Group system, it covers all our European offices. The standard recognises the importance we place upon our customers and that we have the tools in place to collect, record and collate feedback, and correct any service failures to the customer's satisfaction.

We receive customer feedback from both solicited surveys and customer queries and complaints. Each month Avis sends out over 12,000 customer opinion surveys to a random selection of customers shortly after the end of their rental, with an average response rate of over 25%.

All customer feedback is restated to the month of the rental and then related to rental activity transactions and revenues for reporting purposes. The data can be cut according to the research required to ensure we take root cause actions to prevent a reoccurrence of the same dissatisfaction.

We issue customer satisfaction reports to all corporate countries. Local Customer Champions then work with the local

cross functional Customer Action Teams who are tasked with reducing customer queries and improving customer satisfaction for their country. They use both process and training tools to ensure continuous improvements.

One key measure of customer satisfaction is the customer's overall perception of all aspects of the rental. This has shown a gradual increase over the last six rental months analysed. A second key measure is the ratio of refunds to rentals where we have seen a 20% improvement since we began tracking this data in 2001.

We have consistently continued to reduce our customer queries through the actions carried out in our Customer Satisfaction programme.