

## Corporate and Social Responsibility Report

# 'We try harder.' for the environment and the community



### Managing Corporate and Social Responsibility

Responsibility for Corporate Social Responsibility (CSR) at Board level rests with the Group Personnel and Corporate Affairs Director. During 2005, in order to broaden and deepen CSR in those countries where we have direct control, CSR management and monitoring was assigned to Country Risk Management Committees. For our independent licensees, Regional Licensee Directors are responsible for promoting adherence to Group CSR principles and policies.

### CSR strategy

Our CSR strategy flows from the Company values set out in our statement of business principles (see [www.avis-europe.com](http://www.avis-europe.com)).

We believe that we have been adopting best practice in the way we work with our stakeholders for many years. We recognise, however, that we can be more rigorous and transparent in the way we manage these relationships. Therefore, for 2006, we have set a small number of targets for those indicators which best demonstrate our performance in meeting our overall CSR goals. For the community, our focus will be on developing a framework for the wide range of local initiatives currently underway. Our environmental targets will focus on achieving further reductions in emissions in our European corporate head offices, where we have direct control over our energy usage. However, these targets will be set towards the end of 2006 to allow us to continue to improve the quality of our data collection during a period of transition for the business.

In 2006, we will concentrate on ensuring that these targets are met in the Group's European corporate operations. We will encourage our independent licensees to do likewise with a view to bringing all locations displaying the Avis brand into a common CSR measurement system over time. We will report on our progress in due course.

We have again participated in the Business in the Community Corporate Responsibility Index Survey. We are a member of the FTSE4Good Index and the Kempen/SNS Smallcap SRI Europe Index.

### Environmental impacts

We remain committed to measuring and, wherever possible, reducing the negative impacts of our business on the environment. We offset those emissions which we cannot avoid and our European corporate operations and some of our licensees are carbon neutral.

Our largest impact is from greenhouse gas emissions, both from our offices and our rental locations and vehicle fleet. Secondary impacts come from the waste which we send to landfill and incinerate.

Each year we measure these impacts, using data which is reviewed and analysed by the independent Edinburgh Centre for Carbon Management working with The CarbonNeutral Company (formerly Future Forests). The analysis covers emissions from electricity, gas, oil, propane, landfill and incinerated waste by our Group headquarters, European corporate operations head offices and rental locations, along with business travel by staff. We have used more rigorous data collection methods in 2005, which has necessitated restating figures for previous years, in the following table.

Year	2003	2004	2005
CO <sub>2</sub> emissions (tonnes)	19,389	21,133	18,054
Incineration waste (tonnes)	598	604	74
Landfill waste (tonnes)	804	855	735

### Corporate operations

In 2005, we achieved our carbon neutral status for our operations by:

- targeting reductions of CO<sub>2</sub> emissions through the more efficient use of buildings. We are also extending the range of materials which we recycle, to include printer cartridges, mobile phones and plastic cups; and

## **Carbon neutral status maintained for our European corporate operations**

- offsetting non-reducible emissions from energy use and non-recycled waste via tree planting and support of other renewable energy and technology projects that reduce greenhouse gas emissions. Since 2000 we have offset some 76,500 tonnes CO<sub>2</sub> through a combination of forestry and climate-friendly technology projects. In 2005 alone we have offset 19,400 tonnes CO<sub>2</sub>.

### **Fleet operations**

We seek to minimise emissions from our vehicles wherever possible. In 2005 we have:

- continued to change the fleet regularly, so that vehicles run at the optimum level of efficiency;
- conducted over 40 checks between each rental to ensure vehicles are well maintained; and
- introduced new environmentally friendly vehicles. Avis Sweden purchased over 400 of the new ethanol-powered Saab 9-5 BioPower cars during 2005 as well as around 75 Ford Flexi-fuel and 20 Toyota Prius. We continued to supply gasoline-electric hybrid vehicles at the three principal Portuguese airports.

We encourage our customers to support our programme by:

- producing an environmental driving code to help reduce the amount of fuel used; and
- facilitating those who book their rental on-line to make their journey carbon neutral. In 2005, the number of customers choosing to do this rose by over 50% to over 1,500.

Our external environmental accreditation again includes an A rating from the Safety and Environmental Risk Management Rating Agency, well above the industry average. Avis Sweden maintains its eco ISO 14001 standard.

### **Case study: Pioneering tree planting in Brittany**

Avis has supported The CarbonNeutral Company in its project with the Mayor of the village of Querrien, Brittany to plant new woodland near the village and to maintain the area as forestry for 99 years. The site not only absorbs CO<sub>2</sub> emissions, but also provides a recreational space for the community and helps protect the water catchments of the village and promote local biodiversity.

Some 30,000 trees have been planted over the 16.6 acre site. They should absorb about 8,200 tonnes CO<sub>2</sub> over the 99 year period. Approximately 75% of the site has been allocated to Avis, the remainder being reserved for other CarbonNeutral Company clients. The annual CO<sub>2</sub> emissions of Avis France are about 1,200 tonnes CO<sub>2</sub>.

It is the Group's first planting site in France and possibly the first forestry carbon project undertaken in France.

### **Community**

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

Responsibility for decision-making on community matters is devolved to our country and local operations and the most important single criterion for involvement is the positive impact which we can generate. Increasingly, however, our activities centre around road safety and the provision of vehicles for community purposes and the planting of trees in mitigation of our environmental impacts. We also encourage our staff to become involved in team-based charitable fundraising activities.

## **Corporate and Social Responsibility Report continued**



### **Managing our environmental impacts**

“The Better by Far Team” at the Forest of Marston Vale in Bedfordshire, one of 12 “community forests” in England. The team helped to replenish stocks of indigenous bluebells and other wildflowers as part of Marston Vale’s wider goal to plant five million trees by 2030.

In 2005, community organisations which have had free use of our rental vehicles have included:

- “les Restaurants du Coeur”, France. Providing food to the homeless;
- Stichting de NEES Foundation, Holland. Providing transport for young people with physical disabilities or who are chronically ill; and
- Mensajeros de la Paz, Spain. Giving free access transport to orphaned children.

Our tree planting activities have included:

- Vilnius Forest Enterprise, Lithuania. Staff, partners and customers have planted over 6,000 trees in a programme developed with Vilnius State Forestry;
- Forest of Marston Vale, England. A staff team helped prepare an area for tree planting and replenished the stock of bluebells and other wild flowers; and
- Alicante, Spain. With The CarbonNeutral Company, we have planted palm and olive trees in the vicinity of our fleet service area.

Staff have taken part in a wide range of charitable fundraising activities. Highlights during 2005 included:

- Helsinki-Tallinn Sailing Race. An Avis team took part in the race, which raises funds for the Tallinn Children’s Hospital;
- Paris to Courchevel relay race. Avis won the “Best Effort” award in this 750 kilometre relay race in aid of organ donation awareness;
- MacMillan Cancer Relief. UK staff have raised funds through coffee mornings, car washing and “Travelling Ted”, a teddy bear which travelled around UK locations attending charity events; and
- Three Peaks Challenge. A team of 21 Avis staff participated in the Three Peaks Challenge to raise funds for CARE International, a global humanitarian organisation.

### **Workplace**

Avis can only deliver its ‘We try harder.’ promise by fostering a strong team spirit and making the Group a great place to work.

We do this by listening to our employees, through one-to-one meetings, large scale staff surveys and our European Employee Council, which consists of representatives of all corporate operations and meets with management twice a year to discuss matters of transnational interest.

We employ an extremely diverse range of people. Our employment policies recognise this and reflect the local circumstances in individual countries. Wherever we operate, however, we follow common principles of non-discrimination in recruitment, development, remuneration and advancement. We also require the highest standards of honesty, integrity and fairness from all our employees, wherever they work.

We believe that the effectiveness and efficiency of the business is enhanced by employing people with extensive experience of the Group at all staff levels. We work hard to retain staff, not least by personal development and internal promotion. We continue to have approximately 50% of staff in Avis Europe with more than five years’ service with the Group.

Our 2004/2005 staff survey covered 12 business units across Europe, representing 90% of employees. The results showed that overall employee satisfaction had risen over two years from 67.5% to 69%. Pride in working for Avis was up from 71.5% to 72.6%. The average rating for the entire survey was 64.4% compared to 62.9%. Given the background of significant structural and management changes in the Group we believe that these results are encouraging.

The survey also identified areas where we could do better. We have therefore introduced a number of initiatives at head office and country level, particularly in the areas of recognition, performance management and communication, to reflect local concerns.

## Minimising emissions from our fleet

In 2005, we continued to introduce new environmentally friendly vehicles onto the fleet. In Sweden our licensee purchased over 400 new ethanol-powered Saab 9-5 BioPower cars and we continued to supply gasoline-electric hybrid vehicles in Portugal.



### Marketplace

We aim to make Avis the first choice of our customers and so customer satisfaction and loyalty are absolutely central to the Group's continuing business success.

We monitor customer satisfaction primarily by customer surveys and by the level of complaints and the way we deal with them.

The three key measures of customer satisfaction are:

- overall satisfaction;
- propensity of customers to recommend Avis; and
- refunds made.

The Managing Director of each operation takes personal responsibility for the monitoring and improvement of the customer satisfaction scores.

Each month we distribute over 12,000 customer opinion surveys to a random selection of customers shortly after their rental. Over 3,000 of them normally reply. For reporting purposes, we restate all the feedback to the month of rental and then undertake an analysis so that we can identify any problems as a basis for taking the appropriate action. Corporate operations in each country receive a monthly report on responses from their own customers. Local Customer Champions work with cross-functional Customer Action Teams to respond to queries and criticism, both on individual cases and systemic issues identified. The aim is continuous improvement in satisfaction levels. In 2005, we have sought to improve the customer experience by introducing faster and automated check-ins, a shorter, more transparent rental agreement and in-vehicle navigation systems.

Overall satisfaction levels have shown steady improvement over the past five years. In the year to December 2005, overall perception has improved by nearly 1% and the ratio of refunds to rentals improved by 6.4%.

We were the first car rental company to achieve the ISO 10002 – CMSAS 86:2000 standard for complaint management, and are still the only car rental company to hold this accreditation (recently re-accredited in January 2006). This international standard covers all our European offices, and demonstrates that we have a closed feedback loop. It includes ensuring that we have the mechanisms, training and values in place to collect, record and collate feedback and provide continuous formal senior management review to highlight and correct service failures to the customer's satisfaction.

An indirect, but powerful, indication of how we treat our customers is the number of awards which we receive. In 2005, we won two prestigious business traveller awards for the second year running – the Business Traveller Awards for Best Car Rental Company and Best Car Rental Company Worldwide, together with a further 13 awards across the territories in which we operate. The majority of these awards are based directly on customers' views.