

Corporate and Social Responsibility Report

Offsetting emissions

94,500 (CO₂ tonnes)

Offset since 2000

Carbon neutral journeys

+23%

In 2006, we encouraged 1,850 of our customers, booking online, to make their journey carbon neutral

Managing corporate and social responsibility

Board level responsibility for Corporate Social Responsibility (CSR) rests with the Group Personnel and Corporate Affairs Director. CSR management and monitoring is assigned to local management and in certain cases to country Risk Management Committees. Each of these countries has appointed environmental and community champions to drive activity in these areas and improve the environmental data collection process in terms of our environmental impacts. For licensee countries, Regional Licensee Directors are responsible for promoting adherence to Group CSR principles and policies.

CSR strategy

Our CSR strategy is an integral part of our 'We try harder.' philosophy. Company values are set out in our statement of business principles (see www.avis-europe.com).

We have sought to adopt best practice in stakeholder relationships for many years. In 2006, we implemented formal policies to bring greater rigour and transparency to these relationships. Regarding the environment, we issued guidelines to operating countries on reducing energy use in head offices and rental stations. We put in place a centralised data collection process under which utility bills are submitted to our Budapest shared service centre for consolidation and reporting. We face a challenge in that for a significant number of rental stations, particularly at airports, it is difficult to obtain a breakdown of energy use. In such locations we also have a very limited ability directly to affect our energy use, because we are sharing a building with many other users. Therefore future targets for reducing CO₂ emissions will be focused on head-office/down-town locations where we have a direct influence over energy use.

On community matters, we have for the first time developed community investment guidelines for all our countries of operation. These propose that we focus our efforts on the use of vehicles for community purposes and local environmental improvements in mitigation of our environmental impacts. We will continue with this framework during the course of 2007, whilst allowing local management discretion to encourage and support local staff volunteering and fundraising for causes of their choice.

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

Corporate and Social Responsibility Report

continued

Environmental impacts

We have a long-standing commitment to environmental responsibility and remain committed to reducing, wherever possible, our negative impacts on the environment. Since 2002 we have offset greenhouse gas emissions and our European corporate operations and some of our licensees are carbon neutral.

Our track record in this area was acknowledged in the report published by Sir Nicholas Stern for the UK Government on the Economics of Climate Change in autumn 2006. The report cited Avis as being a private sector leader in climate change programmes.

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

We measure these impacts internally and the data is reviewed and analysed by the independent Edinburgh Centre for Carbon Management working with The CarbonNeutral Company. The analysis covers emissions from electricity, gas, oil, propane, landfill and incinerated waste by Group headquarters and rental locations along with business travel by staff.

In 2006 total greenhouse gas emissions amounted to 18,421 tonnes of CO₂. This figure includes emissions from our call centre in Barcelona and our shared service centre in Budapest for the first time. Excluding these, the underlying level of emissions is 17,933 tonnes of CO₂, representing a decrease of 0.7% compared to 2005 emissions.

Year	2003	2004	2005	2006
CO ₂ emissions (tonnes)	19,389	21,133	18,054	18,421*
Incineration waste (tonnes)	598	604	74	278
Landfill waste (tonnes)	804	855	735	1,091

*Includes emissions from our call centre in Barcelona and our shared service centre in Budapest.

Corporate operations

In 2006, we brought our shared service centre in Budapest and our Barcelona call centre within the scope of our carbon neutral operations.

We achieved carbon neutral status for our corporate operations by:

- reducing CO₂ emissions by the more efficient use of office space and of energy; and
- offsetting remaining emissions. 70% of the offset in 2006 was through innovative renewable energy and technology projects which reduce greenhouse gas emissions. The remaining offset was via tree planting. In 2006, we have offset just over 18,400 tonnes of CO₂ and since 2000, we have offset some 94,500 tonnes.

In 2007 the Group will focus on a number of initiatives to further reduce energy usage: installing video-conferencing facilities in the Group's five major markets, the UK Headquarters in Bracknell and the shared service centre in Budapest to reduce the number of business trips and domestic and overseas flights; trialling solar energy in our Italian headquarters and the inclusion of environmental awareness as an integral element of Avis leadership behaviours.

Case study

Agricultural methane capture in Sandbeindorf, Germany

Animal waste is normally stored in open lagoons, allowing methane – which has 21 times the global warming potential of CO₂ – to be released into the atmosphere.

Avis has funded a project on three farms in which combined heat and power plants have been installed to capture this methane. The process takes place in an oxygen-free environment and generates electricity, which is sold to the national grid and heat which is used on the farms. The processed waste is of a much higher quality than that produced from open lagoons and can all be recycled.

In 2005 and 2006 the project reduced emissions by 20,000 tonnes CO₂.

Fleet operations

We seek to minimise emissions from our fleet by:

- changing vehicles very regularly – over 90% changed every six months – and checking them carefully between each rental; and
- introducing more environmentally friendly vehicles in more locations. We continue to buy ethanol-powered and flexi-fuel cars in Sweden and hybrid vehicles in Portugal. In 2006, we also purchased 400 Focus C-MAX flexi-fuel vehicles in France and introduced flexi-fuel vehicles in Greece.

We encourage our customers to support our carbon offset programme by enabling those who book online to make their journey carbon neutral. In 2006, 1,850 chose to do so, an increase of 23% over 2005.

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

Community

We aim to make a positive contribution to the quality of life in the communities where we operate.

Our community investment guidelines provide that we focus on local environmental improvement and provision of free transport for community activities. We also support staff to volunteer and raise funds for charities which are particularly important to them as individuals.

In 2006, our environmental activities have included:

- Peninha, Sintra-Cascais Natural Park, Portugal. We sponsored environmental NGO Quercus to help protect and preserve rare specimens of plants and trees in this unique upland micro-reserve;
- Seville, Spain. We have planted an orchard of orange trees at our rental station; and
- Forest of Marston Vale, UK. Our support for the forest continued with the planting of over 2,000 native trees.

We have provided free transport – amongst others – to the following:

- “Les Restaurants du Coeur”, France. We continue to provide vans to distribute food and hot meals to the needy. In 2006 we also provided transport for equipment and artists for a series of fundraising concerts in Lyon;
- Banco Alimentar Contra a Fome, Portugal. We provide vans to help distribute food from supermarkets to charities working with children and other people in need; and
- Stichting de NEES, Holland. We provide cars to transport disabled or chronically ill children.

Supporting staff volunteering and fundraising has continued in many countries including:

- community volunteering, Spain. Any member of staff who invests at least 12 hours of their own time on community volunteering every three months receives €150 for their charity;
- payroll giving, UK. We began this programme in June 2005, and by the end of 2006 some 25% of our UK staff were participating in the scheme, with over £20,000 raised to date;
- charity budgets, UK. At the local level, each rental station or head office department is given a charity budget or five free “three day” car rentals to give to local charities. At the national level Avis UK supported Macmillian Cancer Support, raising over £1,000 via the “World’s largest coffee morning”; and
- incentivising improved performance, Italy. We make donations to Medicins sans Frontieres based on improved quality performance by staff at each of the rental stations.

Workplace

We rely on our staff to deliver the ‘We try harder.’ promise. We can only achieve this if they are highly motivated and enjoy working for Avis.

We operate in many countries with diverse employment practices. Whilst respecting local circumstances, wherever we operate we follow the principles of non-discrimination in recruitment, development, remuneration and advancement. All our employees must follow the highest standards of honesty, integrity and fairness, wherever they work. It is Group policy to give full and fair consideration to applications made by disabled people, to continue wherever possible the employment of staff who become disabled and to provide opportunities for the training, career development and promotion of disabled employees.



Top: In 2006, Avis Italy supported “The Food is a right” project for children living in Brazil, raising more than €6,000.

Bottom: Forest of Marston Vale, UK – our support for the forest continued with the planting of over 2,000 native trees in 2006.

Corporate and Social Responsibility Report continued

Communication and recognition of achievement form the cornerstones of our employment policy. Each year we survey our staff and in 2006 the survey covered 13 business units representing 90% of employees. 2006 was a year of significant structural and management change for the Group and this is reflected in slightly lower scores for both key measures of employee satisfaction. Overall employee satisfaction declined from 69% to 66.6% and the average rating for the whole survey was marginally lower at 63% (2005: 64.4%).

At a time of change and restructuring, it is particularly important to explain to staff what we are seeking to achieve as a company. In 2006, we have strengthened internal communications by undertaking a series of initiatives including leadership conferences, bi-annual staff days, regular updates on strategy and results for all staff and informal meetings with the Chief Executive.

We continue our 'We try harder.' recognition awards, in which staff nominate their colleagues. In 2006, the number of such awards rose from 800 to over 850.

We believe that our effectiveness is enhanced by having staff who have worked for us over a number of years. We work hard to retain staff, particularly by supporting their personal development. As a result, we continue to have approximately half our staff with more than five years' service with the Group.

Marketplace

We aim to make Avis the first choice for our customers. We seek to do so by continually improving our service and so ensuring customer satisfaction and loyalty.

We monitor customer satisfaction principally through customer surveys and the level of complaints.

Each month we distribute over 20,000 customer opinion surveys of which around 80% are distributed electronically and we receive over 5,000 replies. We increasingly use electronic surveys and encourage customers to give us open-ended comments. Some 80% of responses to electronic surveys are returned in less than three days, enabling us to pass comments on to the relevant business area for appropriate action more quickly than paper-based information.

Our three key measures of customer satisfaction are:

- overall satisfaction;
- willingness of customers to recommend Avis (net promoter score); and
- refunds made.

In 2006, overall satisfaction levels rose by over 2%, continuing the steady improvement which we have seen over the past six years. Willingness to recommend Avis – measured by the net promoter score – improved by some 24%, reflecting the introduction of a number of initiatives to improve customer service in 2006. The ratio of refunds to rentals fell by a further 2.9% in the year.

These improvements have been achieved in part by a series of customer service initiatives, aimed at making the rental process, faster, simpler and clearer for customers. These have included: improved facilities at car pick-up and return, for example a shorter, clearer rental agreement in the customer's language of choice and a car-side check-in service giving customers the ability to return their rental car quickly and efficiently; improved car communications and car-choice options giving customers the opportunity to choose the brand as well as the category they prefer and in-vehicle navigations systems. They have also been achieved by our continuous improvement programmes in customer service techniques, including the use of multimedia programmes for meet and greet and staff training in understanding international cultural differences.

We remain the only car rental company to have achieved the ISO 10002 – CMSAS 86:2000 standard for complaint management and were re-accredited in January 2007. The standard covers all our European offices and demonstrates that we follow best practice in all aspects of complaint management.

Awards provide a strong indication of how we are seen by our customers. In 2006, we won two prestigious Travel Weekly Globe Awards for the third year running, including World's Leading Business Car Rental Company. We won a further 14 awards internationally and were a finalist in the 2006 European Business Awards for Customer Service.