

2012 Global Environmental Initiatives



As a Customer Led, Service Driven Company,

Avis Budget Group is committed to an ethical and socially responsible approach to running our global business. This includes a commitment to sustainability, to ensuring that we are at all times demonstrating responsibility in any and all aspects of our business that interact with the environment.

To Avis Budget Group, environmental responsibility starts first with compliance. We are committed to meeting or exceeding all regulations involving fuel storage, spill prevention and other regulated aspects of our operations.

From there, our approach is one that emphasizes measurement as the first step toward effective management and ultimately the reduction where practicable of our various environmental impacts.

We are committed not only to environmental responsibility in the operating of our rental locations around the world, but also to providing our customers with environmentally friendly vehicles of all types, for those seeking to minimize the environmental impact of their rental car use.

We are also committed to serving as a partner to our commercial accounts to help them make their supply chain greener. With business travel being a required reporting area of the Greenhouse Gas Protocol, we help our corporate customers complete their reporting efforts by providing detailed carbon footprint reports from their travelers' use of our vehicles.

And in the end, we must continue to seek ways not only to reduce our own direct impacts, but to find ways to assist our customers who likewise want to be responsible with respect to the environment when they travel.

Measure, manage and reduce. That's how Avis Budget Group makes travel greener.

Sincerely,



Ronald L. Nelson

Avis Budget Group Chairman & CEO



Summary of Global Approach to Sustainability



As a responsible corporate citizen, Avis Budget Group is committed to monitoring, measuring and managing our environmental impact, and working to reduce it where practicable on an ongoing basis. The Company has five primary initiatives under way to achieve its environmental management goals:

- **Operations:** Establishing Environmental Management Systems for key operating locations to measure environmental impacts and implement plans for managing and reducing these impacts;
- **Fleet:** Offering our customers a wide variety of vehicles that are environmentally friendly as defined by the U.S. Environmental Protection Agency's SmartWay Certification program;
- **Outreach:** Partnering with our corporate customers to help them measure and manage the environmental impact of Avis and Budget rental vehicles used by their employees;
- **Compliance:** Meeting or voluntarily exceeding the requirements of all federal, state and local health, safety and environmental protection laws.

- **Reduction:** Limiting our use of natural resources; recycling where practicable whether water, oil, tire rubber, paper, plastic and other materials; and where further reduction cannot be achieved without disruption to operations, use or providing carbon offsetting programs to help neutralize greenhouse gas emissions.

Through these initiatives, we have improved the environmental profile of our fleet and reduced our consumption of natural resources. Through our "continuous improvement" approach, we remain committed to further managing and reducing our environmental impact in 2012 and beyond.



Avis Budget Group measures and manages its environmental impact through the creation of Environmental Management Systems (EMS) at rental locations in accordance with International Organization for Standardization (ISO) 14001 guidelines. ISO 14001 is a set of international standards used by businesses to establish, implement, maintain and improve environmental management systems.

Avis and Budget airport locations, including counter areas, offices, maintenance and damage facilities, car washing facilities, storage areas and parking lots, are assessed using ISO 14001 procedures. This process assesses the location across more than 100 different potential environmental impacts, from how tires and motor oil are disposed to how cleaning materials used for small spills are handled. Each potential impact is rated for frequency of occurrence, level of severity, level of control and stakeholder impact.

By viewing every single environmental impact in this method, the Company is able to identify potential areas in need of immediate attention, and those where improvement may be sought over time. The assessment also identifies areas where the Company is performing at a "best practices" level with positive environmental impact.

An example of the latter was identified during an assessment of Avis Budget Group operations at Bradley International Airport at Hartford, Conn., where used tire disposal is handled by having a third party transport the tires to an electricity generation plant that runs on used automobile tires. Using the ISO 14001 standards for ongoing assessment of our operations, and the establishment of Environmental Management Systems (EMS), are the core of our environmental initiatives, and an example of our commitment to measurement as the first step toward the

ongoing goal of management and impact reduction.

Avis Budget Group has achieved ISO 14001 certification in Spain, Sweden and the Netherlands. In other parts of the world we are creating EMS programs in accordance with ISO 14001 and will continue to pursue certification where practicable.

Avis Budget Group strives to reduce the Company's environmental impact at field operations in many different ways, including:

- In North America, used motor oil, oil filters, parts and brake fluids are collected by Avis Budget Group vendors and recycled at licensed facilities.
- All diesel engine shuttle buses operated by Avis Budget Group at airports utilize clean diesel technology. "Clean diesel" refers to diesel fuel with reduced sulfur content which, combined with advanced engines and effective exhaust-control technology, produces fewer emissions than standard diesel engines.
- New car wash systems installed at Avis and Budget facilities recycle and reuse at least 80 percent of their wastewater. The remaining 20 percent is used in the final rinse to avoid streaks and spots that could impair driver visibility.
- Avis Budget Group maintenance facilities at major locations in the Northeast United States are heated by clean-burning furnaces built to run on used motor oil. These facilities no longer have to ship used oil to recycling facilities, thus avoiding the risk of spills and also eliminating the need to consume external energy for heating. In addition, these facilities have been equipped with high-speed doors to minimize warm air leakage and enhance the efficiency of the clean-burning furnaces.

The Company's efforts to reduce, reuse and recycle also extend to its headquarters facilities and field offices. Examples of recent initiatives that are reducing our use of natural resources include:

- At the Company's World Headquarters in Parsippany, N.J., employees recycle office paper, cans and bottles. Printer toner cartridges and obsolete computer hardware are collected and processed to minimize landfill contribution.



- The Company has eliminated printed promotional material used in Avis cars and at rental counters in North America, saving 100 tons of paper and 1,500 trees per year.
- Avis Budget Group manages its document storage needs through an online billing repository, giving corporate customers secure access to electronic versions of their billing statements. This Web-based solution significantly reduces the amount of paper required to generate thousands of statements and invoices each month.
- Avis Budget Group claims processing has likewise been streamlined to eliminate paper use and speed service to customers.
- Avis Budget Group World Headquarters in Parsippany, N.J. has received the U.S. Environmental Protection Agency's EnergyStar recognition for superior energy performance in a single building.

In Europe and Asia, corporately-owned operations are focused on developing and completing a series of initiatives to improve environmental performance, including:

- Avis Budget UK is adopting the use of waterless car wash systems;
- Avis Budget Germany is working toward a "paperless" office;
- EMEA staff engagement encouraging employees to make better use of resources and reduce energy use, including the development of e-learning tools to replace face-to-face training and greater use of videoconferencing which helped reduce European travel by approximately 30%; and,
- The introduction of car-pooling at a number of our head office locations.

Avis Budget Group operates a single fleet of vehicles that serves customers of both Avis Car Rental and Budget Car Rental around the world. While fleet offerings vary from one country to another, reflecting differences in local travel dynamics, customer preferences and the availability of vehicles from local manufacturers, Avis Budget Group offers Avis and Budget customers a broad variety of fuel-efficient vehicles throughout the world.

In North America, of the total fleet of more than 275,000 Avis Budget Group vehicles in the 2012 model year, more than half are rated 28 miles per gallon or better (highway); more than one-third have a fuel efficiency rating of 30 miles per gallon or better (highway); and one-fourth of the Company's fleet is rated at 32 miles per gallon.

The 2012 Avis Budget fleet also includes gas/electric hybrid vehicles available in multiple car classes at select locations worldwide. In some countries, travelers can also choose from compressed natural gas-powered vehicles (CNG) as well as electric vehicles (EVs).

In the United States, Avis Budget Group promotes green vehicles by helping customers know how to reserve vehicles that have received SmartWay Certification. SmartWay is a program of the U.S. Environmental Protection Agency (EPA) established to show consumers which vehicles are the best environmental performers. The EPA certifies each make and model based on an Air Pollution Score and a Greenhouse Gas Score, ranked on a scale of 1-10. To receive SmartWay Certification, a vehicle must receive a six or better on both scores, and have a total score of at least 13. Virtually 100 percent of



Avis and Budget car classes for compact, subcompact, and intermediate cars are SmartWay Certified. Maintenance is another important aspect in reducing the environmental impact from rental car use. Newer, well-maintained vehicles have been shown to be more energy-efficient than older or poorly maintained vehicles. And most cars in Avis Budget's fleet are less than twelve months old, meaning that its vehicles have more updated technology than the average car on the road.

In addition, the Company conducts regular preventive maintenance including emissions systems, tire pressure and other measures to ensure that the fleet is running at maximum fuel efficiency.

All Avis Budget Group vehicles are disposed of via resale, typically through wholesale auction, online auction or direct-to-dealer sales. Vehicles that have sustained damage, for which repairs are judged to be financially excessive, are disposed of through wholesale vehicle auctions specifically for damaged vehicles.

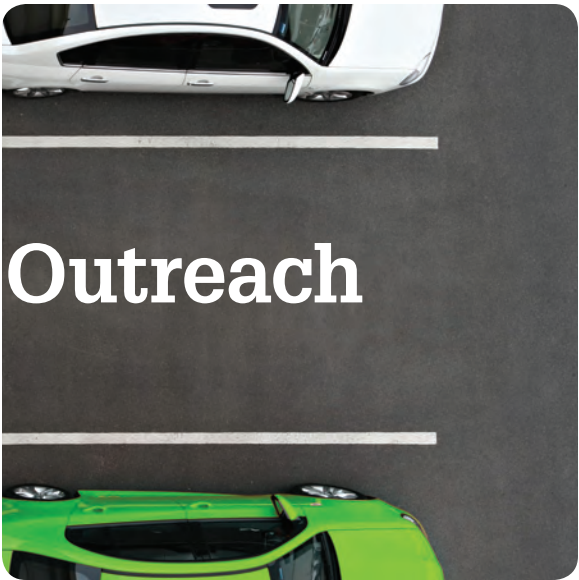
Across Europe, Avis offers the “Eco collection,” which guarantees customers a fuel-efficient, low-emission diesel model every time they rent a car. In addition, Avis Budget has introduced more environmentally-friendly vehicles in more locations, including:

■ **France:** The Company offers Ford Flexi-fuel cars which are designed to run on E85 ethanol biofuel, and Avis Budget has an alliance with Renault to offer new electric vehicles starting in 2012. In addition, Avis Budget is piloting a membership-based plan in Paris that permits subscribers to have a car available 24/7 in one of the many Vinci car parks, potentially allowing these customers to avoid owning their own cars.

- **Italy:** Avis offers liquid propane gas-fuelled Volkswagens and Toyota Prius hybrids;
- **Spain:** Green vehicles offered by Avis and Budget include the BMW 1 Series with stop-start technology and Toyota Prius hybrids;
- **Germany, the UK, Belgium, Holland and the Czech Republic** also offer the BMW 1 Series;
- **Portugal:** Toyota Prius hybrids are available from Avis.
- **Scandinavia:** Eco collection vehicles include the ethanol-powered Saab 9-5 BioPower cars, Ford Flexi-fuel vehicles and Toyota Pries hybrids are featured vehicles.

In addition to offering green vehicles, Avis Budget Group has made strides to reduce its environmental impact through development of a delivery and collection optimization system aimed at improving the efficiency of our inner-city networks by minimizing mileage driven by Avis shuttlers who move our vehicles from location to location to ensure that we have the right mix of vehicles on hand to fulfill daily reservations. In North America, a similar effort involved a process improvement project by the Company’s Performance Excellence team which resulted in a significantly streamlined process for vehicle shuttling that also reduced miles driven and therefore, vehicle emissions.





Avis Budget Group is committed to helping to educate both consumers and travel professionals in the ways that the environmental impact from rental car use can be reduced. Avis Budget Group also works closely with its corporate customers to help them achieve their environmental impact reduction targets.

The Company has a five-part program to help corporate customers reduce the environmental impact from their employees' rental car use, which includes the following:

■ **Driver Education:** Avis Budget Group and its carbon offset partners have created a list of tips on smart driving habits that corporate customers can recommend to their employees to reduce environmental impact from car rental use. The Company also provides suggestions on how to communicate these tips for maximum effectiveness.

■ **eToll:** Avis Budget Group offers customers electronic toll collection services in North America and parts of Europe. Travelers can skip cash payment lines and use automated toll collection lanes to save valuable time while helping the environment. Studies have found that paying for tolls electronically significantly reduces fuel consumption and emissions due to reduced waiting at toll plazas. It also reduces hydrocarbons and carbon monoxide emissions by 40 to 63 percent, and reduces emissions of nitrogen oxides by 16 percent¹.

■ **GPS:** Avis's and Budget's global positioning system (GPS) devices provide turn-by-turn navigation assistance that ensures drivers can take the fastest or shortest route, saving time, fuel expense and reducing emissions. This service can easily be included in travelers' Avis Preferred profiles.

■ **Carbon Footprint Calculations:** For Avis Budget Group's corporate customers, the Company utilizes a sophisticated set of formulae based upon car classes and the information stored in its data warehouse that allow the Company to calculate the greenhouse gas emissions for any customer, for specific locations, countries or globally, over any particular time period. The Calculator can be used to determine a benchmark and from that point, track the corporate customer's progress over time. Once the customer's annual emissions and their carbon footprint reduction goal are determined, Avis Budget Group helps the customer reduce their emissions in a number of ways. Many companies are now publicly announcing CO₂ and greenhouse gas emission reduction goals. Avis Budget Group can help these customers achieve their goals with respect to vehicle rental use.



■ **Carbon Offset Credits:** All standard motor vehicles, and even hybrids, emit greenhouse gases. Through carbon offset credits, Avis Budget Group can help any customer make its car rental program 100 percent carbon neutral. Carbon offset credits are created through projects that remove or reduce greenhouse gas emissions in various ways such as renewable energy generation, energy efficiency and reforestation programs. Avis and Budget are also helping to educate consumers on how to be “green” when they travel. Avis Budget Group has alliances with several leading global offset providers including Carbonfund.org, a leading U.S.-based non-profit provider of carbon offset solutions; NextEra Energy Resources, the largest generator of wind and solar power in North America; and The CarbonNeutral Company, a world leading provider of carbon reduction solutions offering carbon offset inclusive programs for companies in 32 countries. Through these providers, retail and corporate customers can invest in sustainable energy projects that offset, or neutralize, their emissions. Travelers can render any trip carbon neutral online at Avis or Budget reservations sites including Avis.com and Budget.com.

1. Saka, A. and Agbob, D. (2002). *Assessment of the Impact of Electronic Toll Collection on Mobile Emissions in the Baltimore Area*. Morgan State University. Available online: http://www.morgan.edu/Documents/schools/SOE/ntc/Assessment_Saka_9900.pdf.



Compliance

Avis Budget Group operations are managed to ensure that we comply with or exceed all federal, state and local regulations relating to health, safety and environmental impact. Examples of measures we have taken to ensure regulatory compliance and employee safety include:

- Spill Prevention Control and Countermeasure (SPCC) plans that have been developed to prevent fuel spills from storage and during fuel loading events at Avis and Budget locations. Staff receive training in SPCC plans and procedures as well as the use of spill kits with absorbent pads, which are conspicuously placed by fueling islands to manage spills. In the United States, a special spill hotline is staffed 24/7 and relevant signage is posted at all facilities.
- Special technology, equipment and systems are used to prevent petroleum products from being released from storage tanks.
- To prevent spilling or overfilling during fuel storage tank refilling, double wall or secondary containment overfill protection is used along with corrosion-resistant tank materials.
- Redundant fuel leak detection methods include automatic line leak detectors, inventory control and reconciliation procedures and remote leak detection systems.
- Vapor recovery controls, under-dispenser pans and inventory controls to minimize air emissions, which were all installed prior to being required by law, are also used.

Reduction



In addition to offering tailored carbon offsetting solutions for corporate and retail customers, Avis Budget Group is also investing in sustainable energy projects to reduce the emissions generated by the Company's own delivery and movement of fleet vehicles as well as from operations and office facilities. Over the past decade we have supported and help finance:

- Forestry projects across Europe;
- A small-scale hydro power project in Bulgaria;
- An agricultural methane capture project in Germany;
- A co-generation power plant in India, which achieves greenhouse gas emissions reductions by switching the supply of energy to the facility from fossil fuel sources to biomass, a renewable energy source; and
- Four run-of-river hydro power stations in western China.

Measuring our impact, managing our operations and fleet in an environmentally responsible manner, offering our customers vehicles as well as other products and services to reduce or offset emissions is all part of Avis Budget Group's ongoing commitment to sustainability.