2018 Global Environmental Initiatives Report
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. We have six primary initiatives under way to achieve our environmental management goals:

- **Operations**: Recycling and reducing solid and liquid waste, including motor oil, glass, tires, etc.
- **Fleet**: Offering our customers a wide variety of vehicles that are environmentally friendly, including 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 or other materials.
- **Car Sharing**: Through our Zipcar brand, Avis Budget Group operates the world’s leading car-sharing network, considered to be one of the most environmentally friendly transportation alternatives available.

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 2017 and beyond.
Operations

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.

- New car wash systems installed at Avis and Budget facilities recycle and reuse at least 80% of their wastewater. The remaining 20% 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.

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

- At the Avis Budget Group World Headquarters in Parsippany, N.J. and Shared Services Center in Virginia Beach, Va., employees recycle office paper, cans and bottles. Printer toner cartridges and obsolete computer hardware are collected and processed to minimize landfill contribution.

- We eliminated printed promotional material used in cars and at rental counters in North America, saving 100 tons of paper and 1,500 trees per year.

- Avis Budget Group manages our 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 reduce 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:

- At our headquarter office locations across EMEA, employees recycle office paper, cans and bottles. Printer toner cartridges and obsolete computer hardware are collected and recycled by a third party to minimize landfill contribution.

- Avis Budget UK has adopted the use of car wash systems that recycle 75% of the water used.

- Avis Budget Germany is working toward a “paperless” office.

- EMEA employees are being encouraged to make better use of resources and reduce energy use, including the development of e-learning tools to replace face-to-face training.

- Avis Budget Italy and Spain collect and environmentally dispose of all PCs, keyboards, mouse devices, phones, batteries and other office equipment. They also have a dedicated channel for the collection and disposal of printer toner cartridges.

- Avis Budget Spain installed new electric meters in higher electrical consumption stations to monitor and optimize use of energy.

- The Business Support Center in Budapest has been recognized by Leadership in Energy and Environmental Design (LEED) and received Platinum certification, making it the greenest office building in Hungary.
Avis Budget Australia installed six new automatic car washes, which recycle up to 80% of the water used. New facilities utilize large rainwater collection tanks connected to the roofs to provide water for landscaping and toilets. All used oil, tires and batteries are disposed of through licensed recycling operators.

Avis Budget New Zealand has implemented the “EcoFocus” program within headquarters to reduce use of paper and electricity, recycle printer cartridges and computer hardware, and provide a full range of food composting and recycling bins for paper and plastic in cafeterias. Car wash bays also have recycling bins nearby to help divert recyclable material left in cars.

Fleet

Avis Budget Group strives to provide a range of vehicles to meet virtually any rental need. For those seeking to minimize the environmental impact from their rental car use, Avis and Budget offer a variety of options including gas / electric hybrids as well as standard vehicles rated “green” by the United States Environmental Protection Agency (EPA).

Of the vehicles currently available in the model-year 2018 Avis Budget fleet in North America, approximately 72% are rated 26 miles per gallon (highway) or better, and 35.4% have received EPA SmartWay or SmartWay Elite Certification under the EPA’s new and stricter criteria, indicating that they are considered better environmental performers compared with other vehicles. Avis Budget Group offers several thousand gas / electric hybrid vehicles including the Ford Fusion and Toyota Prius hybrids, primarily at major airport locations.

EPA SmartWay Certified vehicles are available in the following car classes, some of which are exclusively populated with SmartWay Certified vehicles:

<table>
<thead>
<tr>
<th>Car Class</th>
<th>Percentage of Vehicles SmartWay Certified</th>
</tr>
</thead>
<tbody>
<tr>
<td>A (subcompact)</td>
<td>100%</td>
</tr>
<tr>
<td>B (compact)</td>
<td>59.9%</td>
</tr>
<tr>
<td>C (intermediate)</td>
<td>88.3%</td>
</tr>
<tr>
<td>D (standard)</td>
<td>78.8%</td>
</tr>
<tr>
<td>E (full-size)</td>
<td>99.2%</td>
</tr>
</tbody>
</table>

This ensures that a ‘green’ vehicle can be rented from virtually any Avis or Budget location in North America.

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 Group’s fleet are less than 14 months old, meaning that our vehicles have much newer technology than the average car on the road.

In addition, we conduct regular preventive maintenance including emissions systems, tire pressure and other measures to help ensure that the fleet is running at maximum fuel efficiency.
Most Avis Budget Group vehicles are disposed of via resale, typically through wholesale auction, online auction, direct-to-dealer and direct-to-consumer sales, all of which involve third-party specialists in vehicle remarketing. 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 Group has introduced more environmentally-friendly vehicles in more locations, including:

**United Kingdom**: Avis UK has begun to deploy a fleet of 100 Lexus NX300H hybrids, in addition to other high-fuel-efficiency vehicles. The average age of the UK fleet is less than 12 months and the average Carbon Dioxide emissions for the fleet is under 120 grammes.

**Portugal**: Virtually all cars in the Avis Budget Group fleet in Portugal are fuel-efficient vehicles, from the Volkswagen BlueMotion and Volvo DRIVE models to the BMW EfficientDynamics and the Mercedes BlueEfficiency range.

**The Netherlands**: The fleet in the Netherlands includes Nissan Leafs, which are 100% electric cars, offering an extremely low-emission rental car option.

**Spain**: More than half of the vehicles in the Avis Budget Group Spanish fleet are rated at sub-120 g / km CO2 emissions, making these ‘green’ vehicles available at virtually any location in Spain.

**France**: Avis Budget Group France offers the fuel-efficient Renault Twingo and Citroen Eco, among other ‘green’ rental options.

**Denmark**: Avis Denmark is the country’s largest private purchaser of electric vehicles and also the leading provider of electric vehicle rentals in Denmark.

**Sweden**: Avis Sweden is actively working on various projects to reduce its climate impact and, since spring 2002, has received SP Certification for constant improvements in sustainability from SP Technical Research Institute of Sweden, a leading international research institute. Avis Sweden also offers customers the opportunity to offset the carbon emissions from rental car use as an option available when booking a reservation.

**Australia / New Zealand**: Both offer the Toyota Camry Hybrid, and all fleet vehicles meet current Euro Fleet Emissions standards.

In addition to offering ‘green’ vehicles, Avis Budget Group expects to reduce our environmental impact through development of an optimization system aimed at improving the efficiency of our inner-city networks by minimizing mileage driven by Avis Budget Group 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 our corporate customers to help them achieve their environmental impact reduction targets.

We have 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 our 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. We also provide suggestions on how to communicate these tips for maximum effectiveness.

- **e-Toll**: 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%, and reduces emissions of nitrogen oxides by 16%.

- **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, lowering 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, we utilize a sophisticated set of formulae based upon car classes and the information stored in our data warehouse that allow us 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 its 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% 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 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.

In Australia, customers can offset their rental vehicle emissions by purchasing offset credits that fund greenhouse gas reduction projects approved under the National Carbon Offset Standard of the Australian Government. We partner with the Air New Zealand Environment Trust to help offset the carbon footprint from our operations and encourage customers to donate towards the range of environmental projects the Trust runs each year.
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 are trained 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.

Car Sharing

Zipcar is the world’s leading car sharing network, with operations in urban areas and college campuses throughout the United States, Canada, the United Kingdom, Spain, France, Germany, Austria and Turkey. Zipcar offers more than 50 makes and models of self-service vehicles by the hour or day to residents and businesses looking for smart, simple and convenient solutions to their urban and campus transportation needs.

Zipcar’s core mission has remained constant during its 18 years of operation: “to enable simple and responsible urban living.” Today, over 1 million Zipcar members share approximately 14,000 cars worldwide and enjoy substantial environmental benefits:

- Reduction in personal vehicle ownership: Zipcar’s primary benefit is the elimination of the need for many households to own a car. For some households, this means they can get by with one car instead of two; for others, it removes the need for vehicle ownership entirely. Studies conducted by Dr. Susan Shaheen of the University of California, Berkeley Transportation Sustainability Research Center, have found that each North American car sharing vehicle takes approximately 9 to 13 vehicles off the road.¹
- Frost & Sullivan study found that over 40% of Zipcar members have given up ownership of their personal vehicles.² This remains true for Zipcar for Business members, as 40% report selling or avoiding buying a car due to membership.³ Reductions in personal vehicle ownership decreases overall congestion in areas where Zipcar operates, supports environmental sustainability and greenhouse gas emission reduction, and reduces the cost and impact of vehicle production and maintenance.
- Reduction in environmental footprint for individual members: Car sharing members report notable reductions in their own driving behavior after joining. Members report reducing their vehicle miles traveled by an average of 40% per month⁴, resulting in a reduction in greenhouse gas emissions by 34% to 41%, or an average of .58 to .84 metric tons per household.⁵ Car sharing members also report that they walk more often.⁶

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² Singh, S. & Mubarak, M. “Inorganic growth seems to be the way-out for the rental companies to enter carsharing business.” Frost & Sullivan (2013). Available here
⁴ Zipcar “North American Transportation” survey. 2014. 24,341 respondents
Substantial total environmental benefit: In total, the impact of behavioral changes by car sharing members amounts to a significant environmental benefit. A study by the Mineta Transportation Institute found in 2009 that the car sharing industry in North America prevents between 160,000 to 225,000 metric tons of greenhouse gas emissions per year, a figure which we believe has increased in recent years as Zipcar has expanded rapidly. In London, a city confronting significant urban transportation challenges, research found that car sharing could help the city achieve up to a 6% reduction in CO2 emissions from cars, with approximately 120,000 cars taken off the road by 2020.7

Dedicated parking model reduces congestion: Zipcar’s model entails providing cars that are parked at dedicated parking spaces throughout densely populated urban areas. Zipcar’s round-trip vehicles must ultimately be returned to their original parking space at the end of each reservation (or in a one-way reservation, to a designated Zipcar parking space elsewhere). Zipcar members therefore avoid the excess driving entailed in searching for parking in cities where it can be scarce, which further contributes to the overall reduction in greenhouse gas emissions. Research shows that drivers cruising in search of parking account for an average of 30% of all urban congestion.8

Reduction in vehicle maintenance and production: In addition to reducing emissions of carbon dioxide and other GHG, the reduction in vehicles needed to fulfill the mobility needs of nearly 1 million people worldwide also reduces consumption of maintenance-related products such as motor oil, and reduces the pressure on urban parking infrastructure.

Supports access to network of sustainable shared transport: Zipcar’s model is well suited to enhance the sustainability goals of major municipalities, and Zipcar works closely with civic leaders to integrate car sharing offerings into transportation systems. Zipcars thus extend the ability of urban residents to travel throughout their region by combining public transit travel with Zipcar parked at rail stations in major cities including Boston, Chicago, Dallas and Toronto.

8 Shoup, Donald “Cruising for Parking”, University of California, Los Angeles (2007)
A task force in London is including car sharing in its blueprint to reduce congestion, pollution and parking pressures and increase walking, cycling and public transport, to make the most efficient use of the city’s road network. Research commissioned by this task force found that in London, one Zipcar effectively removes around 17 privately owned cars from the streets; Zipcar members drive one-seventh the number of short journeys (less than 5 miles) that car owners do; and Zipsters tend not to commute by car or drive during rush hour — it simply does not make sense to pay for a car that is parked at the office all day.

Zipcar offers a wide range of vehicles from luxury cars to passenger vans, and much of its fleet is comprised of fuel-efficient vehicles including the Cooper Mini Clubman, which is rated at 35 miles per gallon (highway), as well as the Mazda 2 (35 mpg) Volkswagen Golf (43 mpg), gas / electric hybrids including the Honda Insight Hybrid (44 mpg) and the Toyota Prius (48 mpg), and all-electric vehicles such as the Honda Fit EV (105 mpg).

After just 18 years since its founding, Zipcar has proven to be a viable alternative to car ownership and is making a significant contribution to the sustainability objectives of consumers and municipalities alike. With an aggressive global growth strategy, Zipcar will be expanding to provide these benefits to more people in more cities in the months and years to come.