



2010 Green Survey results

PHH Arval conducts annual environmental survey of fleet industry

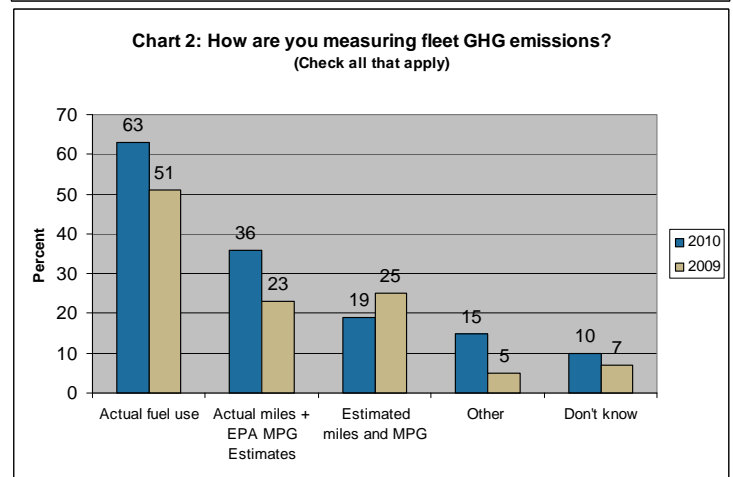
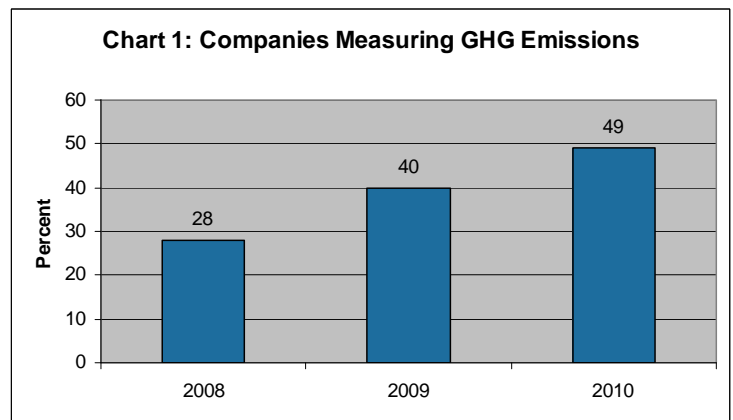
PHH Arval recently completed its annual survey of fleet managers on the subject of environmental issues. Like last year, the survey was distributed via the web and included responses from a wide variety of fleet managers.

Key findings from this year's survey are:

Almost half of all fleets are measuring emissions – up from 28% in 2008

In 2008, the first year we asked the question, slightly more than a quarter of all fleets were measuring their emissions. There have been significant gains in this area in the past two years. Now, almost half of all fleets – 49% – are measuring emissions (Chart 1).

Of those that measure emissions (Chart 2), nearly 65% are using actual fuel data to measure emissions. This is more than a 10% increase over last year. Using actual fuel data gives a fleet the most accurate data and accounts for variations in driver behavior (and hence fuel economy) and mileage. We have always recommended that fleets use fuel data whenever possible and are encouraged to see more and more fleets doing so.



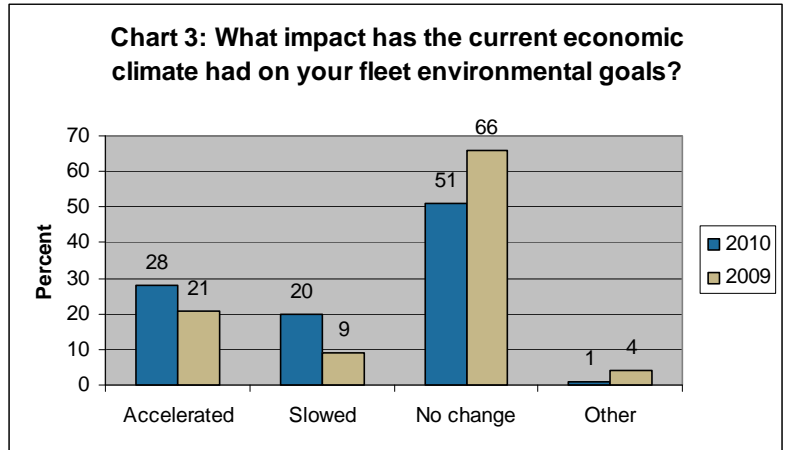
In response to a separate question, 68% of respondents said they have an environmental goal for their fleets, up slightly from last year. Fuel efficiency (MPG) goals were most common at 34%, with greenhouse gas (GHG) goals right behind at 31%. This is encouraging news. Although an MPG goal is not ideal because it does not account for changes in fleet size or mileage, it does allow a company to track the overall efficiency of its fleet. Greenhouse gas reduction goals are the most useful in driving appropriate behavior, as this type of goal allows a company to accurately track its fleet's impact on the environment. We do not recommend technology goals, as they do not provide an insight into environmental

impact. A flex fuel vehicle may be better or worse for the environment than a traditional gasoline vehicle depending on what fuel is used, its overall fuel efficiency, etc.

Despite economic climate, there is continued interest in environmental issues

Ongoing economic uncertainty has not seemed to impact the focus on fleet environmental issues. Seventy five percent of respondents reported they had been asked about the environmental impact of their fleets in the last year. This compares to 74% in 2009 and has largely remained flat since 2007, the first year of the survey.

As we did in 2009, we also wanted to understand how the current economic environment is impacting fleet environmental programs (Chart 3). Compared to last year, the economy has had more of an impact on fleet environmental goals. But interestingly, it has accelerated progress for some, slowed it for others.

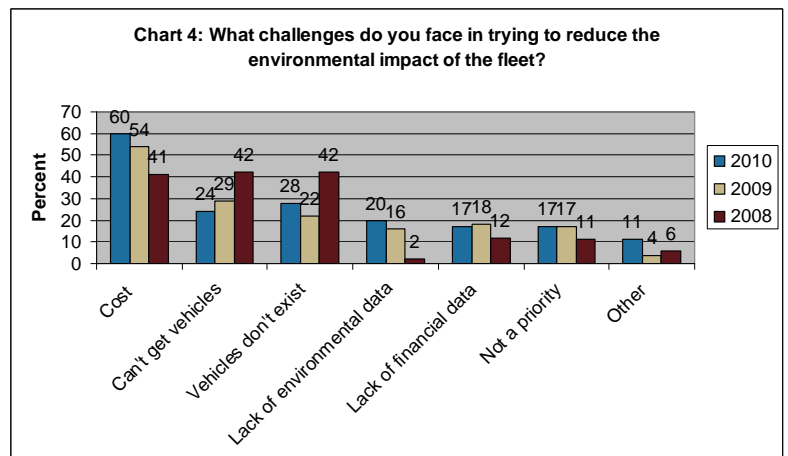


Twenty eight percent said the economy accelerated their programs (compared to 21% last year), and 20% said it slowed their plans (compared to 9% last year).

Cost continues to be a concern

This is the third year we have asked about the impact of cost on reducing fleet emissions. Although the number of people that identify cost as a barrier has fallen slightly each year, it continues to be significant at 42% (down from 46% in 2008). Twenty nine percent of respondents have been finding cost savings as they reduce emissions. This is slightly up from last year (25%).

In another question, we asked about what challenges fleet managers face in trying to reduce a fleet's environmental impact (Chart 4). Cost is the largest challenge, as it has been since we started this survey. And cost seems to be a growing challenge for fleet managers. In 2008, 40% of respondents indicated that cost was a significant issue. In 2010, that jumped to



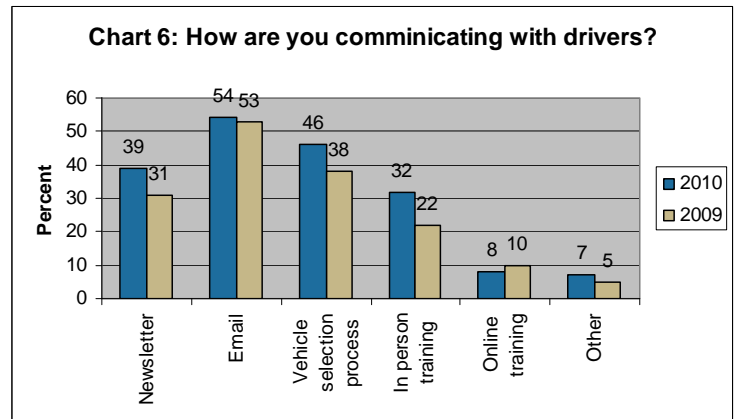
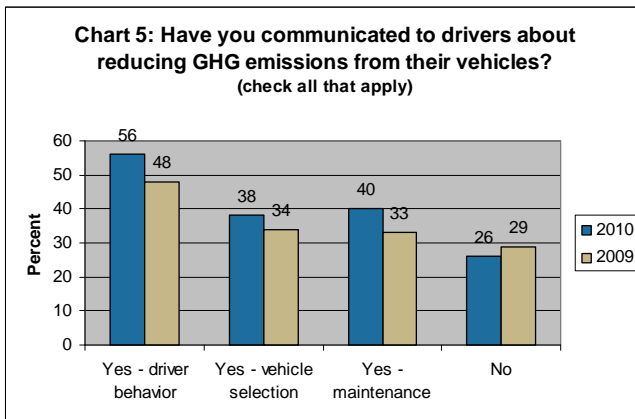
60%. There may be multiple reasons for this. First, many fleets have already undertaken some of the “easy” ways to reduce emissions – right-sizing vehicles and putting the drivers in the most efficient vehicle in each class. Some of the next steps – which might include hybrids, alternative fuels, driver training, or telematics – all cost money, and fleets have to very carefully evaluate the payback. In the ongoing economic uncertainty, many companies are cautious about spending money without a quick, proven payback.

Other challenges included lack of appropriate vehicles. The difficulty in getting appropriate vehicles has eased somewhat since last year, but the number of respondents saying the right vehicles simply don’t exist has gotten larger. Lack of financial or environmental data continues to be an issue for a minority of respondents.

We also asked people to respond to the statement, “It is difficult to green our fleet without increasing costs.” Sixty percent of respondents agreed, which is down slightly from last year (64%), an encouraging sign given these tight economic times.

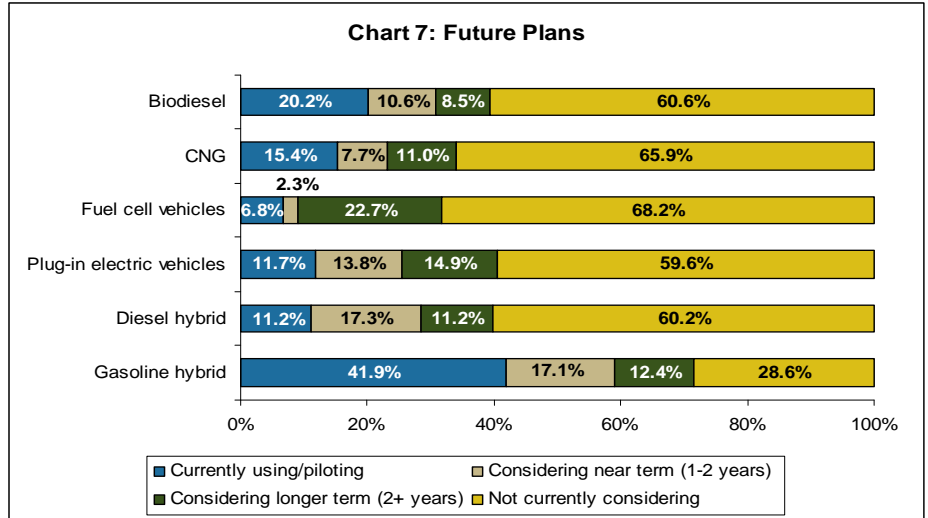
Fleets are focusing on driver behavior as a key way to reduce emissions

Most fleets (74%) are reaching out to drivers to enlist their help with fleet environmental goals (Chart 5). The most common type of communication (Chart 6) has been to educate drivers on how their behavior can impact fuel economy (56% compared to 48% in 2009). This is an excellent area to focus on, as it can have immediate impact on both fleet emissions and fleet budgets – no need to wait for vehicle replacement cycles. Compared to last year, it appears that fleet managers are using more methods to communicate with drivers, as response rates went up for nearly every type of communication.



Fleets are cautious in adopting new or emerging alternative fuels

This year, we asked a new question about interest in new fuels for vehicles. We asked respondents about their current use and potential near-term use for a variety of fuel types including electric, diesel and Compressed



Natural Gas (CNG). Perhaps not surprisingly, conventional gasoline hybrids had the most acceptance, with every other technology trailing significantly.

Other findings include:

- Most respondents continue to get their environmental information from industry sources – either their fleet management company (51%), *Automotive Fleet* (48%) or the NAFA Fleet Management Association (34%). Only a small number say they get some of their environmental information from environmental consultants or publications focused on environmental issues.
- 81% of respondents disagreed with the statement “fuel efficient vehicles are less safe.” This is virtually unchanged from last year.
- Also unchanged from last year was the response to the statement “fuel efficient vehicles are less attractive to our drivers and executives.” As with last year, 56% said that this statement was false.

About PHH’s green initiatives

PHH works with our clients through [PHH GreenFleet®](#), the program developed in conjunction with [Environmental Defense Fund](#), which is achieving impressive results in measuring and reducing both greenhouse gases and overall fleet costs. For more information, contact us at 800 ONLY PHH.

PHH works with a wide variety of organizations that are making it a priority to green their fleets, both because they care about the environment and because they are looking to reduce costs. Each company has different goals, different cultures, and different vehicle requirements. The solutions they find to their green challenges vary. From overall selector changes to analyzing each individual vehicle, to implementing online “green driver” training, experimenting with compressed/liquefied natural gas and hybrid vehicles – operating a greener fleet continues to be strategic benefit in the marketplace.

We encourage fleet managers to share their experiences with their colleagues as part of enhanced education and understanding of best practices in green fleets.