

AVIS BUDGET UK LIMITED (“the Company”)

Company number: 00802486

Reporting period: 1 July 2023 to 31 December 2023

DUTY TO REPORT ON PAYMENT PRACTICES AND PERFORMANCE

Background

Effective from April 2017, all large UK companies now have a duty to report publicly on their payment policies, practices, and performance. The reporting covers payment policies, practices and performance relating to contracts between two (or more) businesses that have a significant connection with the UK. The contracts must be for goods, services, or intangible property, including intellectual property, but excludes contracts for financial services.

Payment statistics

Average time taken to pay invoices: **31 days**

Invoices paid:

- within 30 days: **72%**
- in 31 to 60 days: **17%**
- in 61 days or more: **11%**

Invoices due but not paid within agreed terms: **34%**

Payment terms

Shortest standard payment period: **1 days**

Longest standard payment period: **60 days**

Standard payment terms:

- Invoices for purchases of fleet are paid to terms agreed with individual manufacturers.
- Invoices payable to companies within the ABG Group are paid based on date received + the agreed payment term of 30/45/60 days via a net settlement process offsetting any receivable amounts due from those companies.
- Other suppliers are paid 60 days from invoice date (provided a valid VAT invoice is submitted quoting a PO/ reference number).

Were there any changes to the standard payment terms in the reporting period? **No**

Maximum contractual payment period agreed: **60 days**

Any other information about payment terms: **N/A**

Dispute resolution process

If necessary, subsequent escalation can be made by contacting the Procurement Manager or appropriate stakeholder – the Procurement Manager can then escalate within the team at the shared service centre and ask for specific actions to be taken whilst then communicating with the supplier.

Validation is sought from invoice approvers in terms of disputed invoices. Set off may be allowed if a settlement has to be made subject to payment terms and contractual agreement position.

Other payment information

Has this business signed up to a code of conduct or standards on payment practices? If so, which? **No**

For example, signatories to The Prompt Payment Code must commit to paying 95% of their invoices within 60 days.

Does this business offer e-invoicing in relation to qualifying contracts? **Yes**

This is where suppliers can electronically submit and track invoices. It's not just allowing suppliers to email them an invoice.

Does this business offer supply chain finance? **No**

This is where a supplier who has submitted an invoice can be paid by a third-party finance provider earlier than the agreed payment date. The business would then pay the finance provider the invoiced sum.

Under its payment practices and policies, can this business deduct sums from payments under qualifying contracts as a charge for remaining on a supplier list? **No**

During the reporting period, did the business deduct sums from payments as a charge for remaining on a supplier list? **No**

Future developments

Identification of the primary causes of failure to pay 95% of all supply chain invoices within 60 days and actions being taken to improve payment of suppliers within the agreed terms

The Company applies a standard purchase order process whereby suppliers are required to quote relevant purchase order details on invoices. Where purchase order details are correctly reflected on supplier invoices, and rates/amounts align, invoices are automatically processed and paid within the agreed terms upon receipt.

Where invoices do not reflect the correct purchase order details, or rates charge do not match those agreed as per relevant purchase orders, invoices are routed through a dispute management process which may delay the timeliness of payment until underlying details are resolved.

The Company operates an electronic payment process. Preference is to receive invoices from suppliers electronically. Where invoices are received from suppliers on a paper only basis, this may delay payment due to timing or postage and required scanning/logging of invoice details, before entry into the electronic payment process.

Actions to address each of these causes

The Company implemented a new financial system (“Oracle Fusion”) in February 2023 to further enhance and automate the Company’s “Purchase To Pay” processes. This system further assists on-time payment of suppliers and regular automated payment runs including suppliers due for payment within the agreed terms.

The Company continues to pro-actively work with suppliers to ensure Purchase Order compliance on invoices, and the encouragement for supplier invoices to be provided in electronic format. The Company measures and monitors internally the level of Purchase Order compliance, and timeliness of invoice processing and payments.

Signed on behalf of the Avis Budget UK Limited:

Paul Leslie Ford

Director / CFO International

Date: 30 January 2024

This report is publicly available within the “Governance” section at <https://ir.avisbudgetgroup.com>