

2024 Annual Report - Eligible Social Projects

January 2025

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Social Bond Framework Funding

Motability Operations Group plc has accessed the debt capital markets three times since the beginning of September 2023 issuing 8 bonds all under the Social Bond Framework

	September 2023		January 2024			June 2024		
Currency	GBP	GBP	EUR	EUR	GBP	EUR	EUR	GBP
Nominal (m)	250	400	700	1,000	500	1,000	1,000	500
Settlement Date	11-Sep-23	11-Sep-23	24-Jan-24	24-Jan-24	24-Jan-24	17-Jun-24	17-Jun-24	17-Jun-24
Maturity Date	11-Sep-35	11-Sep-48	24-Jul-29	24-Jan-34	24-Jan-54	24-Jan-30	17-Jun-35	17-Jun-51
Coupon	5.625	5.750	3.625	3.875	5.625	4.000	4.250	5.750
Net Proceeds (m)	246.68	397.996	697.459	988.3	495.9	995.57	990.65	494.035
Type	Senior UnSec	Senior UnSec	Senior UnSec	Senior UnSec	Senior UnSec	Senior UnSec	Senior UnSec	Senior UnSec

Where EUR denominated bonds are issued all proceeds are swapped into GBP for the duration of the bonds. The total amount of GBP raised by the 8 bonds under review is £4,799.6m

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Allocation Reporting

All funds raised have been allocated to the Eligible Social Project as prescribed by Motability Operations' Social Bond Framework.

The funds were directed towards activities supporting the 3 Sustainable Development Goals (4, 8, 10) as identified and highlighted in the Social Bond Framework.

SDGs 7 and 13 also align to the Group's activities without being explicitly reported against.

The funds have been fully dispersed, as new financing, during the period under review (October 2023 to December 2024).

There were no unallocated funds remaining as at the period close date of 31st December 2024.

UN SDG	Target	Application
 <p>4 QUALITY EDUCATION</p>	<p>4.5</p> <p>By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</p>	<p>Provision of vehicle lease to customers regardless of age, economic circumstance or other aspects – a universal offering – enabling access to education that may otherwise not be possible</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.5</p> <p>By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<p>Provision of vehicle lease to customers regardless of age, economic circumstance or other aspects – a universal offering – such that employment opportunities may be taken in locations, activities or/and jobs that would have been inaccessible</p>
 <p>10 REDUCED INEQUALITIES</p>	<p>10.2</p> <p>By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>	<p>Provision of vehicle lease to customers regardless of age, economic circumstance or other aspects – a universal offering – such that disability and an inability to travel safely, at a time of choosing and in an appropriate manner is no longer a barrier to any form of inclusion</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>7.2</p> <p>By 2030, increase substantially the share of renewable energy in the global energy mix</p>	<p>The transition to a fleet of electric vehicles and financial support provided to assist customers in this process promotes the adoption of renewable energy technology</p>
 <p>13 CLIMATE ACTION</p>	<p>13.2</p> <p>Integrate climate change measures into national policies, strategies and planning</p>	<p>A reduction in petrol/diesel powered vehicles, as customers choose electric vehicles, reduces emissions shown to affect climate change and advances cleaner technologies</p>

Impact Reporting - Metrics

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Impact Reporting - Metrics (1/2)

The Social Bond Framework identifies four metrics to demonstrate how the Use of Proceeds criteria established have been met.

Beneficiaries From Activities

The number of customers that have entered into a new lease agreement and as such received a new vehicle during the period under review. These may be new-to-Scheme customers in that this is their first lease or customers that have chosen to renew on the Scheme following the expiry of a previous lease.

To gain access to the Scheme customers must be in receipt of one of the qualifying mobility allowances.

Whether the customer chooses to join the Scheme is the customer's own decision.

Customer Satisfaction Scores

The performance indicator used in the Social Bond Framework is the Overall Satisfaction Score.

Customer satisfaction is measured using an independent survey. Motability Operations employs a 3rd party to ensure the most accurate results possible and uses a wide range of questions covering all aspects of the Scheme.

The Overall Satisfaction Score is a single question.

Impact Reporting - Metrics (2/2)

Retention Rates

Retention rates produced by Motability Operations report the percentage of customers choosing to remain on the Scheme following the expiry of the lease.

High retention rates demonstrate that customers are willing to continue with the Scheme and as such further illustrates the value the proposition delivers.

Affordability

- The term Affordability is used in the context of this report to highlight the number of vehicles that customers can lease by using only their qualifying allowances without any further cost or financial outlay required.
- These vehicles are referred to as Nil Advance Payment vehicles.



Impact Reporting- Data & Methodology

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Impact Reporting- Data & Methodology (1/4)



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Beneficiaries From Activities

- Beneficiaries from Activities are recorded as those customers that have taken delivery of a new vehicle (and so started a new lease) during the period under review.
- These may be renewing customers or new-to-Scheme customers.
- Customers are also categorised as ‘new’ if they take a new lease 182 days or more after the end of their previous lease; this also includes customers where the original lease was extended but they have had a 182 day (or longer) break from the end of the extension period .

Impact Reporting- Data & Methodology (2/4)

Customer Satisfaction Scores

- Twice a year Motability Operations commissions an independent customer satisfaction survey. The survey is conducted by IPSOS. The methodology employed to survey our customers during the year changed.
- Our Spring survey covered 600 customers using a telephone-based survey - circa 0.1% of the customers that had a vehicle lease with MO.
- The Autumn survey adopted a revised methodology that covered 6,080 customers using a digital platform.
- The change in methodology provided significantly more responses but also more real-time insights since the feedback was taken within a week of customers receiving their new vehicles.
- The surveyed customers have a range of vehicles from those with no adaptations to those that have been heavily adapted to suit their personal requirements thereby encompassing the whole spectrum of available vehicles.

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Customer satisfaction scores: continued

- Satisfaction scores are surveyed on a scale of 0-10 (10 being “excellent”).
- The overall Customer Satisfaction Score is calculated as an average of all respondents’ scores and multiplied by 10 to give a percentage score out of 100.



Impact Reporting-Data & Methodology (3/4)

Retention Rates

- Retention rates are calculated by monitoring the number of lease agreements that have terminated in a given month and assessing the proportion that take up a new car (and start a new agreement) within 6 months of that termination. A hiatus observation period of 6 months is embedded in this calculation to allow for delays or other factors that may mean a new car is not immediately available
- Rates are reported on a monthly basis from July 2023 to June 2024 inclusive.
- This period is backward looking and commences 18 months retrospectively from the final date in the testing period and ends 6 months prior to the end of the testing period to capture the 6 month observation period.

Retention Rates: Continued

- The retention analysis does not make provision for any renewals that take place 6 months post termination date.
- Retention analysis previously only considered leases that expired at their original 36-month duration and were renewed within 6 months of that expiry. A revised methodology is now in place that considers whether a new lease has been taken within 6 months of the completion of an expiry agreement – this includes completion of the original scheduled 36 month lease period and any termination event post this 36 months (therefore including lease extensions beyond the original agreed 36 month term). This has resulted in a more complete data set

Impact Reporting- Data & Methodology (4/4)

Affordability

- Motability Operations strives to provide the widest choice possible to customers in terms of the vehicle they wish to lease. One key element to this is providing a range of suitable vehicles that can be leased without the need for any additional payment – these are referred to as being Nil Advance Payment (NAP).
- Each quarter Motability Operations produces a customer price list showing all the vehicles available. The price list covers the entire range and as such will include those with NAP. It is the number of NAP options that form the affordability metric.

Impact Reporting - Outcomes



Impact Reporting – Outcomes (1/3)

Beneficiaries From Activities

- Between January 2024 and December 2024, 374,586* new vehicles were delivered to Scheme beneficiaries
- 164,762* beneficiaries were new to the Scheme
- Renewing beneficiaries were 209,824*.
- The cost of purchasing new vehicles for all beneficiaries during this period was in excess of £9.7bn.

* Due to practical limitations in the data collection methodology, the number of unique beneficiaries reported is produced with a possible error margin of +/- 1%



Customer Satisfaction Scores

The Overall Customer Satisfaction scores from the two CSI surveys undertaken during the year are shown.

IPSOS Survey	Spring (April) 2024	Autumn (October) 2024
Participants	600	6,080
Overall Satisfaction Score	96%	95%

Impact Reporting – Outcomes (2/3)

Retention Rates

- The metric below uses data for lease terminations up to the end of June 2024 and the 12 months preceding this date to accommodate the 6-month observation period.
- The individual monthly retention rates throughout the period under review are shown, ranging from 90.2% to 95.5%.
- The 12m rolling retention rate is **93.9%**.
- Customer retention rates are often impacted by a significant changes in a customer’s personal circumstances. The most factors given by customers are changes in their financial situation or changes in their medical conditions

	Percentage
July 2023	92.0%
August 2023	90.2%
September 2023	93.8%
October 2023	93.9%
November 2023	94.3%
December 2023	95.5%
January 2024	94.8%
February 2024	94.0%
March 2024	95.4%
April 2024	93.2%
May 2024	93.3%
June 2024	94.0%
12m Rolling	93.9%

Impact Reporting – Outcomes (3/3)

Affordability

- The target of at least 200 NAP vehicles was not possible for the period under review. This shortfall reflected an overall reduction in petrol/diesel powered vehicle availability as manufacturers transition to EV.
- EVs currently tend to be more expensive than petrol/diesel powered vehicles, impacting the availability of NAP vehicles. However, affordability challenges associated with EVs are easing and ranges are forecast to continue expanding such that a broader spectrum of EVs will be available. NAP numbers are expected to improve as a result.
- Whilst the NAP vehicle percentage has fallen over the year, the increase in vehicle derivatives will start to reverse this trend.

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Quarterly Price List	Jan-24	Apr-24	Jul-24	Oct-24
Vehicles on Price List	861	894	915	954
Number of NAP vehicles	140	126	66	49
% of NAP Vehicles on Price List	16%	14%	7%	5%

Closing Comment

The followings statistics show how during 2024 Motability Operations Group plc continued to deliver on its commitments to customers, and is committed to do so into the future



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