

# 2021 Annual Report – Eligible Social Projects

Analysis period: 1st October 2020  
to 30th September 2021



## Funds raised

During the financial year ended 30th September 2021 Motability Operations Group plc (MO) issued two bonds under its Social Bond Framework:

- GBP350m, 1.50%, 2041 (XS2287624154)
- EUR500m, 0.125%, 2028 (XS2287624584)

The bonds are the first two Social bonds issued by the company using the Framework.

Bond proceeds received:	20th January 2021
Form:	Bearer, NGN / Senior, Unsecured
Use of Proceeds:	To Finance or refinance, in whole or part, Eligible Social Projects

## Allocation Reporting

### Net Proceeds

- GBP £344,116,500
- EUR €495,885,000

Overall GBP equivalent of £789m

All funds raised have been allocated to the Eligible Social Project during the year in accordance with MO's Social Bond Framework.

The Scheme provides a range of vehicles (small, medium, large and estate cars, MPVs, small SUVs, large SUVs and coupe convertible) hereafter collectively referred to as 'vehicles,' as well as powered wheelchairs and scooters (PWS) to customers funded by the qualifying allowances. The provision of PWS (c.17,000) are far fewer than vehicles (c.631,000) and is not covered in this report. (Figures shown are as at 30th September 2021).

The metrics used in the following analysis refer solely to customers taking vehicles on the Scheme.

All disbursements were made during the financial year 2021, the year of issue.

No unallocated proceeds remain as at the financial year end; 30th September 2021.

As per MO's Annual Report & Accounts for the year ended 30th September 2021 total purchases exceeded £3.4bn.



**“MO will operate a rolling portfolio of assets to be categorised as Eligible Social Projects; the portfolio will be replenished as vehicles leave the Scheme. Replenishment may occur via new customers taking a vehicle for the first time or as existing customers replace their vehicle with a new one.”**

# Impact reporting

## Metrics

Impact reporting uses four key metrics (as highlighted in the Framework) to demonstrate how Social funds have been used to the benefit of MO's customers. These reporting criteria are highlighted below to provide further detail and context.

## Beneficiaries from activities

The number of customers that have entered into a new lease agreement and as such received a new car for the period under review. Leases are provided to either customers new to the Scheme or those taking a new car (which requires a new lease) following the expiry of their previous agreement.

Beneficiaries include those customers that have been in an extended lease which has exceeded 6 months. In these instances, customers are categorised as 'new' if they take a new lease 180 days or more after their extension ends.

Beneficiaries, as used in this reporting, are customers therefore receiving qualifying mobility allowances and have chosen to join the Scheme by taking out a car lease during the period.

## Customer Satisfaction Scores

An independent survey of customer satisfaction with the Scheme is undertaken. MO uses a 3rd party to ensure the most accurate results possible to rate all aspect of the Scheme. For the performance indicator used in this analysis the metric reported is the Overall Satisfaction Rating.

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 respondent scores and multiplied by 10 to give a percentage score out of 100. The response rates for scores of 8 and above are further analysed below.

## Retention rates

Retention rates are produced by MO to highlight the number of customers choosing to remain on the Scheme following the expiry of their lease.

Retention rates are calculated by monitoring the number of customers that take a new car (and start a new agreement) in the 6 months following the expiry of a matured 36-month lease. Rates are reported on a rolling 12-month basis. The observation period of 6 months is chosen to allow for delays or other factors than may mean a new car is not immediately available.

These figures exclude 'lease extensions' where the customers choose to remain in their existing vehicle beyond the standard 36-month period.

The metric below therefore uses data for lease expiries up to the end of March 2021 and the 12 months preceding this date to accommodate the 6-month observation period.

## Affordability

The term Affordability is used in the context of this report to highlight the number of vehicles that customers can lease by using the qualifying allowances without any further cost.



## Impact reporting continued

### Beneficiaries from activities

During the 8 months elapsed from 1st February to 30th September 2021 – the period following settlement of bond proceeds – MO purchased 134,569 vehicles that were taken into the fleet for the sole purpose of leasing customers.

The number of vehicles provided to customers new to Scheme during the period was 45,986.

The number of vehicles provided to customers renewing their leases during the period was 88,583.

For the purchasing period under review (from 1st February to 30th September 2021) the cost of these vehicles joining the eligible project exceed c. £2.1bn, significantly higher than the proceeds raised from the two bonds issued.

### Customer satisfaction scores

Ordinarily twice-yearly MO undertakes an independent customer satisfaction survey. The provision of excellent, timely and informative service to MO's customers is paramount.

Due to Covid-19 the Autumn 2020 survey was not undertaken – the results below therefore are only able to show the single, most recent survey result.

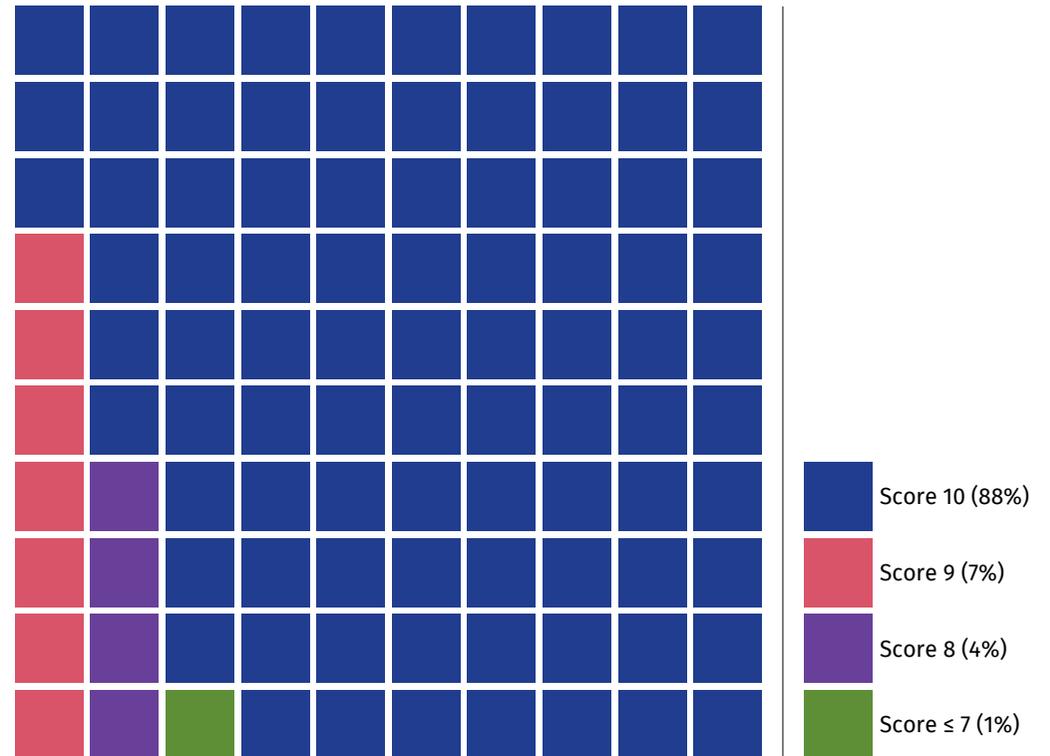
The results shown below are 'Overall' satisfaction levels with regards the customer experience of their time on the Scheme.

The number of respondents that completed the survey were 600.

Survey Period	Autumn (October) 2020	Spring (April) 2021
Survey Provider	n/a	IPSOS Mori
Overall Satisfaction Score	n/a	98%

# 98%

overall customer satisfaction score is based on an average of all respondent scores. Response rates for scores of 8 and above are broken down as follows:



## Impact reporting continued

### Retention rates

Retention rates are generated using data collected by MO as described in the Impact Reporting section and therefore incorporate the 6 month observation period. The results show a high level of retention such that these align to the customer Overall Satisfaction scores.

Leases that go into extension at the end of their 36 month term lease are excluded until the point of their renewal, from our retention rate analysis. Due to ongoing market supply constraints lease extensions are consequently higher than normal with a corresponding larger vehicle order book. The 12 month average of lease extensions for the period under review is 24%, being 50% larger than equivalent metric from 1 year earlier (March 2020) and double that of the values from March 2019.

Lease extensions are expected to normalise through renewal; this normalisation is likely to extend beyond the 6 months observation period so falling outside of the standard retention rate analysis.

Percentage rates below show the rolling 12-month retention average (90.9%) and the 12 individual months comprising this

12m	Mar 21	Feb 21	Jan 21	Dec 20	Nov 20	Oct 20	Sep 20	Aug 20	Jul 20	Jun 20	May 20	Apr 20
90.9%	90.5%	90.6%	90.7%	91.1%	91.7%	92.1%	91.8%	90.5%	90.6%	90.1%	90.3%	90.8%

### Affordability

MO is committed to ensuring its customers have access to worry-free, affordable mobility.

A central element of this principle is the provision of a sufficient choice of vehicles that can be leased using the qualifying allowance without the need for any additional further payment; these are provided at 'Nil Advance Payment'(NAP).

An extensive range of NAP vehicles allows customers to match the specifications of the vehicle to their own requirements and choices, with the express aim of satisfying their ongoing and future mobility needs.

MO produces quarterly price lists, and it is from these that customers are able to choose which make, model and derivative they wish and whether they choose a NAP option.

During the Financial Year to September 30th 2021 MO had available at least 200 NAP vehicles A summary of the NAP vehicles available on each is given below.

The number of NAP vehicles available each quarter is a current reporting metric from Motability the charity

Quarterly Price List	October 2020	January 2021	April 2021	July 2021
Number of NAP vehicles	231	208	212	205
Vehicles on Price List	1,629	1,648	1,640	1,426



“**This car, it’s definitely a good decision for my family.”**”

### Valentina’s Story

Valentina and her daughter Ana, who has autism, recently joined the Motability Scheme and opted for a fully electric vehicle.

While Valentina enjoys the futuristic feel of the car and the practicality of recharging it only once a week, she says that Ana enjoys the quietness that the vehicle offers and “feels more stable, it’s so sensitive, so quiet, she always smiles.”

For Valentina having the right car means that Ana and her are now able to enjoy family outings with their dog Charlie. She says “this car, it’s definitely a good decision for my family”.

Visit the Motability Scheme website to hear from Valentina and other customers about what the Scheme means to them.

<https://news.motability.co.uk/motoring/driving-an-electric-vehicle-valentina-renault-zoe/>

