

## Strategy in action

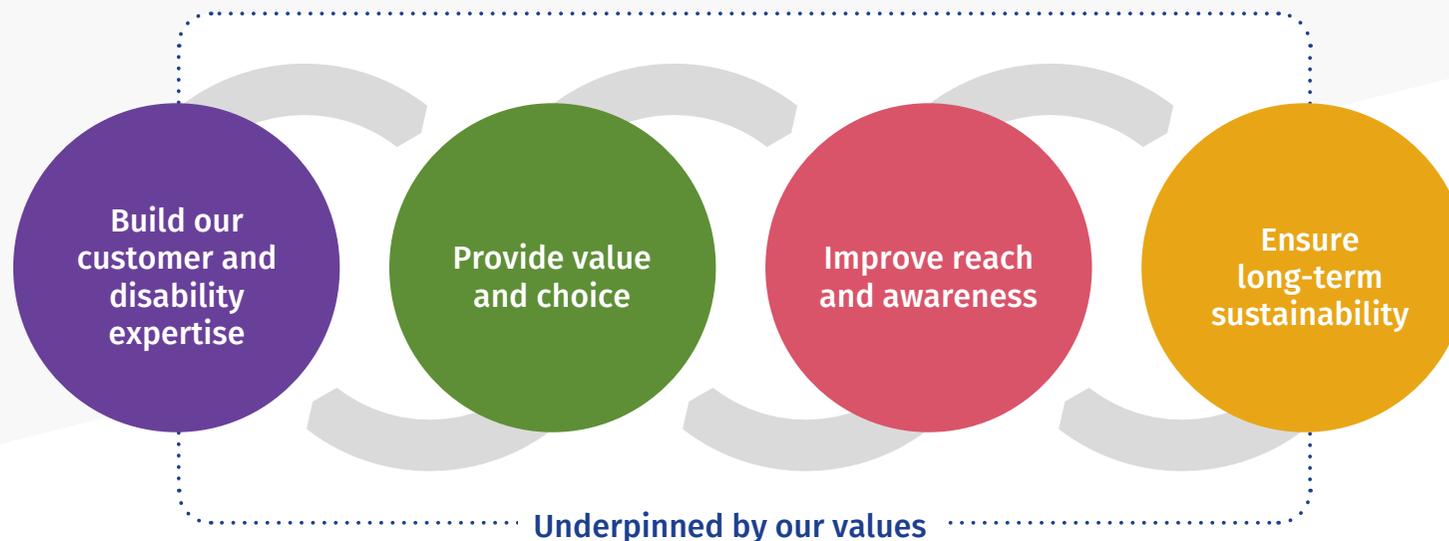
# Our strategic framework

## Our values help us deliver our strategy

### Our strategy

In order to ensure that our activity delivers outstanding value to customers, we have defined four strategic 'pillars'. These set out a clear framework within which we align our business objectives, strategic initiatives, performance targets and business planning. Our people, positioning principles, culture and values form the bedrock to deliver these objectives.

Turn to pages 32-35 for more information on our strategy



### Our values

Our values are central to delivering and meeting the needs and expectations of our customers. We embrace diversity, which enables us to have a wide variety of approaches and perspectives, enhancing performance and creating value for customers.

Turn to page 36 for more information on our values

### People and culture

Our people are fundamental to our success and we are committed to recruiting and retaining an engaged and motivated workforce. We have created an excellent working environment, and promote a collaborative business culture aligned to our core values and principles. We seek to develop our people and to reward and recognise excellent performance.

Turn to pages 36-42 for more information on our people

### Performance

We track performance through a range of contractual and internal Key Performance Indicators (KPIs). These KPIs are defined in the context of the four strategic 'pillars', thereby ensuring that activity across the business is aligned with these strategic objectives. Employee performance is measured with reference to the delivery of both individual and Company targets.

Turn to pages 32-35 for more information on our performance

### Risk management

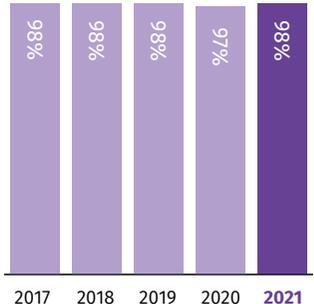
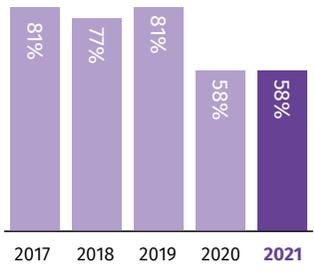
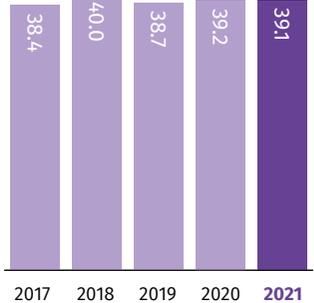
Through our comprehensive risk management processes we identify and assess the risks that we face. Having understood the nature of these risks, we ensure that we have the appropriate mitigants in place to reduce these exposures.

Turn to pages 55-64 for more information on risk

# Strategy in action continued

## Measuring our success

### Building our customer and disability expertise

Objectives	Delivery	Key performance indicators
<p><b>Deliver best-practice customer service through our call centre</b></p>	<p>We continue to invest in our front-line customer services team to address more complex customer needs that have arisen through the pandemic, and to manage the external supply side challenges which undoubtedly impact many customers moving into a new lease.</p>	<p><b>Overall customer satisfaction</b></p> <p>We deliver by listening to our customers and ensuring that we meet their requirements.</p> <div style="display: flex; align-items: center;"> <div style="margin-right: 20px;"> <h1 style="font-size: 48px; color: #4a4a9a;">98%</h1> <p>Target of &gt;92%</p> </div>  </div>
<p><b>Ensure that the standard of services deployed through our key suppliers is commensurate with our internal targets</b></p>	<p>Throughout the national lockdowns, we kept our call centres open, allowing customers to reach us when they needed to. While this presented many challenges, the engagement and values of our call centre staff allowed us to continue providing high levels of service to our customers.</p> <p>Speech analytics enhances our immediate understanding of customer needs and allows us to adapt our delivery, and remain agile to any changing requirements.</p>	
<p><b>Build our adaptation and conversion expertise to ensure that customers have a seamless experience and that we are recognised for the excellence of our 'one-stop shop' service</b></p>	<p>We continue to develop our customer digital services, providing customers with options on how they want to interact with us, as well as enabling customers with the ability to manage their account online, and receive payments via BACS if they so choose.</p> <p>Expanded the digital offering to provide customers with access to information at any time of the day. This has been supported by extended hours of service, trialling of other channels of interaction e.g. Webchat, Twitter, WhatsApp chat. Our online channel has proven particularly popular with customers who are unable, or prefer not, to use the telephone.</p>	<p><b>Calls answered within 20 seconds</b></p> <p>Throughout the year call volumes have been higher than expectation, driven by Covid related concerns and enquiries about the availability of new vehicles. Whilst the 80% target has not been met, on average we were able to answer calls within three minutes.</p> <div style="display: flex; align-items: center;"> <div style="margin-right: 20px;"> <h1 style="font-size: 48px; color: #4a4a9a;">58%</h1> <p>Target of 80%</p> </div>  </div>
<p><b>Provide our customers with the information and tools they need to select a suitable car from the wide range available</b></p>	<p>Our Edinburgh office is now fully operational, a facility designed with disabled customers, disability organisations and colleagues in mind, enabling us to access more tools and additional resource to support our people and customers but also the wider disability community.</p>	
<p><b>Provide information to support decision-making to meet customers' mobility needs</b></p>	<p>The Continuous mobility programme has ensured that our customers can continue with their day-to-day lives; this has been vital given Covid related repair backlogs and car supply shortages, leading to higher levels of customers' vehicles being off the road for a period of time.</p> <p>Worked closely with the converters of our most complex vehicle solutions, understanding and supporting the challenges faced during a difficult period for these often more bespoke organisations.</p> <p>Our 'try before you buy' service has been invaluable for customers who may require a WAV. Customers are able to choose vehicles that are right for their needs, making informed decisions on the suitability of more complex vehicles.</p>	<p><b>Roadside assistance average response time</b></p> <p>Mobility is a priority to our customers. In the event of a breakdown our customers receive priority assistance, and with an average response time of 39.1 minutes during the year (compared with a KPI target of &lt;42 minutes), customers are quickly attended to and are mobile again.</p> <div style="display: flex; align-items: center;"> <div style="margin-right: 20px;"> <h1 style="font-size: 48px; color: #4a4a9a;">39.1 mins</h1> <p>Target of &lt;42 mins</p> </div>  </div>

# Strategy in action continued

## Provide value and choice

Objectives	Delivery	Key performance indicators												
<p><b>Provide stability in pricing and choice throughout the economic cycle</b></p>	<p>Working alongside car manufacturers to maintain choice and affordability for customers with more than 205 cars available at no more than the allowance. This was achieved despite disruptions caused by Covid and supply issues caused by the global chip shortage.</p>	<p><b>Relative affordability – % cheaper than alternative</b></p> <p>We benchmark ourselves using commercial contract hire quotations. These are usually unavailable to the general public and are likely to be less expensive than personal contract purchase quotations. Our economies of scale, operational efficiencies and a VAT concession (which is passed onto customers in lease pricing) deliver the majority of this differential.</p> <p><b>43%</b></p> <table border="1"> <tr><th>Year</th><td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td></tr> <tr><th>Value</th><td>45%</td><td>45%</td><td>45%</td><td>44%</td><td>43%</td></tr> </table>	Year	2017	2018	2019	2020	2021	Value	45%	45%	45%	44%	43%
Year	2017	2018	2019	2020	2021									
Value	45%	45%	45%	44%	43%									
<p><b>Maintain a range of at least 200 cars at 'nil advance payment'</b></p>	<p>Provided a large selection of vehicles available at less than the customer's full allowance, with on average 91 cars available through the year.</p>	<p><b>% of vehicles sold online at the end of lease</b></p> <p>Selling via our online sales channel, 'mfldirect', provides an effective, low-cost route to market which facilitates the management of our high volume of disposals, and also ensures a competitive sales environment through which we seek to maximise our net return. During the year to September 2021, 72% of vehicles were sold online.</p> <p><b>72%</b> Target of 70%</p> <table border="1"> <tr><th>Year</th><td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td></tr> <tr><th>Value</th><td>78%</td><td>77%</td><td>78%</td><td>77%</td><td>72%</td></tr> </table>	Year	2017	2018	2019	2020	2021	Value	78%	77%	78%	77%	72%
Year	2017	2018	2019	2020	2021									
Value	78%	77%	78%	77%	72%									
<p><b>Provide a wide selection of vehicle models and brands</b></p>	<p>We have recognised the increasing profile of electric as a vehicle choice, and been able to offer customers an average of 86 electric vehicles options during the year. We have also sought to assist customers with electric charging options, including a home charger as part of the lease package for any battery electric vehicle chosen by customers.</p>	<p><b>Affordable vehicle choice at 'nil advance payment'</b></p> <p>We aim to maintain the availability of at least 200 cars that are funded solely by the assignment of the customer's disability allowance. Whilst this target was met during the year, new vehicle supply challenges and manufacturer model range rationalisations have reduced the breadth of offering. We anticipate this pressure to intensify during 2022.</p> <p><b>205</b> Target of &gt;200</p> <table border="1"> <tr><th>Year</th><td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td></tr> <tr><th>Value</th><td>360</td><td>340</td><td>350</td><td>299</td><td>205</td></tr> </table>	Year	2017	2018	2019	2020	2021	Value	360	340	350	299	205
Year	2017	2018	2019	2020	2021									
Value	360	340	350	299	205									
<p><b>Ensure that our residual value-setting and forecasting is the best in the industry</b></p>	<p>Continued to develop our processes of residual value forecasting, to ensure customer pricing is based on a fair and reasonable assessment of future market values. An independent third-party end-to-end assessment of our residual value forecasting stated "MO's forecasting approach uses sophisticated techniques, is robust, fit-for-purpose and aligns to forecasting best practice".</p>													
<p><b>Retain our market leadership for vehicle remarketing</b></p>	<p>Further enhanced the customer WAV proposition with the roll out of familiarisation visits, and annual checks, to make sure customers are comfortable with their vehicle, and the technical aspects remain sound.</p>													
	<p>Continued activity on the long-term development of systems infrastructure for our online remarketing processes. The agile development will deliver a sustainable and secure platform for the future and provide opportunities to deliver enhancements to our existing remarketing capabilities.</p>													
	<p>Despite disruption in the market from national lockdowns and emerging competitors, VRM channel has performed strongly. We continue to invest in technology to ensure the proposition is robust to deal with new emerging channels of competition.</p>													

# Strategy in action continued

## Improve reach and awareness

Objectives	Delivery	Key performance indicators																																				
<p><b>Raise understanding of Scheme elements and confidence and trust in the Scheme</b></p> <p><b>Maximise effectiveness of multimedia channels to increase understanding within the eligible customer base</b></p> <p><b>Identify and, where appropriate, remove any barriers for potential customers</b></p> <p><b>Continue to encourage Motability dealers to promote the Scheme in line with our brand</b></p>	<p>Due to Covid-19 and uncertainty around large events, we were once again unable to physically host our 'One Big Day' events this year. The events were once again held online with 10,225 people registered participants. 72% of attendees that completed our post event survey said they would attend another online event host by the Motability Scheme.</p> <p>Provided operational and disability confidence training for several thousand dealer Motability specialists, all through an online platform which was developed rapidly to replace our usual classroom environment. Our training courses are being adapted to further enhance our services and align them to a multi-channel approach.</p> <p>Continued improvements to the Scheme website, offering users a simpler, cleaner journey in line with our updated branding and redesigning the way key information is ordered and displayed.</p> <p>Developing an online 'self-service' portal, further broadening the opportunities for customers to contact us and to tailor their package to their own specific requirements.</p> <p>Continued to work with Family Fund, the UK's largest charity providing grants for low-income families raising disabled or seriously ill children and young people, to deliver a pilot scheme providing vehicles to families with children under the age of three who are seriously ill or disabled but do not yet qualify for a government mobility allowance. This programme was endorsed by the DWP with funding to date provided by Motability (the Charity), and during the year more than 200 families were supported by the provision of an appropriate vehicle.</p> <p>In July, we announced that Direct Group Limited will take over from RSA as our insurance partner. This new proposition will offer the potential to grow the Scheme and offer increased flexibility to customers. We are confident that the new relationship will support worry-free motoring and value for money to our customers.</p>	<p><b>Trust in Motability</b></p> <p>Since 2012 we have measured customers' trust in the Motability brand. Trust is considered to be key in enabling current and potential customers to make an informed and confident choice of a mobility solution that meets their disability needs and, in turn, strengthens customer advocacy of the Scheme.</p> <p><b>97%</b> Target of &gt;85%</p> <table border="1"> <tr> <th>Year</th> <td>2017</td> <td>2018</td> <td>2019</td> <td>2020</td> <td>2021</td> </tr> <tr> <th>Trust (%)</th> <td>98%</td> <td>98%</td> <td>97%</td> <td>98%</td> <td>97%</td> </tr> </table> <p><b>Customer renewal rate at the end of lease</b></p> <p>Whether customers decide to renew at the end of the lease is a key measure of our success in delivering affordability, choice and customer service. During the year to September 2021 this was maintained at 91%, compared with a KPI target of 85%.</p> <p><b>91%</b> Target of &gt;85%</p> <table border="1"> <tr> <th>Year</th> <td>2017</td> <td>2018</td> <td>2019</td> <td>2020</td> <td>2021</td> </tr> <tr> <th>Renewal (%)</th> <td>91%</td> <td>91%</td> <td>91%</td> <td>91%</td> <td>91%</td> </tr> </table> <p><b>Customer advocacy</b></p> <p>Existing customers are the Scheme's biggest advocates, with 98% saying that they would recommend the Scheme to others.</p> <p><b>98%</b> Target of &gt;85%</p> <table border="1"> <tr> <th>Year</th> <td>2017</td> <td>2018</td> <td>2019</td> <td>2020</td> <td>2021</td> </tr> <tr> <th>Advocacy (%)</th> <td>96%</td> <td>98%</td> <td>98%</td> <td>98%</td> <td>98%</td> </tr> </table>	Year	2017	2018	2019	2020	2021	Trust (%)	98%	98%	97%	98%	97%	Year	2017	2018	2019	2020	2021	Renewal (%)	91%	91%	91%	91%	91%	Year	2017	2018	2019	2020	2021	Advocacy (%)	96%	98%	98%	98%	98%
Year	2017	2018	2019	2020	2021																																	
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# Strategy in action continued

## Ensure long-term sustainability

Objectives	Delivery	Key performance indicators																								
<p><b>Maintain a prudent reserves policy that provides financial strength adequate for us to withstand the impact of potential shock events</b></p> <p><b>Create opportunities to access wider sources of competitive funding. We aim to maintain our credit rating, enabling us to secure the most appropriate funding at competitive rates</b></p> <p><b>Ensure that our premises and information technology infrastructure are robust and future-proof</b></p> <p><b>Attract and retain quality people</b></p> <p><b>Continue to nurture effective partnerships with key stakeholders</b></p> <p><b>Maintain a forward-looking environmental policy, providing a choice of environmentally friendly vehicles on the Scheme, balancing customer needs with fuel economy and emissions</b></p>	<p>Financial results during the year have been buoyed by a significant increase in used-car values, caused by demand from new online dealers and supply shortages related to the semi-conductor crisis in the new car market.</p> <p>We continue to apply capital modelling methodology and our applied risk appetite and confidence levels, and we benchmark our capital reserve levels against near-comparable companies. This Economic Capital approach has been confirmed as appropriate by Oliver Wyman and supports the Group's application of a 99.99% confidence level.</p> <p>Continued development aligned to our strategic IT roadmap that will secure systems sustainability (replacing aged legacy systems) with linked benefits flowing across business operations.</p> <p>Our annual independent employee culture survey recorded an exceptionally high engagement score of 94%, significantly ahead of the benchmark of other high-performing organisations.</p> <p>Given the high-performance levels expected of individuals who work to deliver the Scheme we have invested resources to ensure we maintain and develop an appropriate environment that supports their needs and that recognises and embraces the benefits of a diverse workforce.</p> <p>Maintained a proactive engagement programme with key stakeholders, operating in a transparent and straightforward manner.</p> <p>An investment of £20m to improve affordability for those customers applying for an electric vehicle on the scheme, with £300m ringfenced to invest over the next five years.</p>	<p><b>Employee engagement</b></p> <p>We participate in an independent annual review of business culture, where we have significantly outperformed the 'High-Performing Organisations' benchmark. Employee engagement is 10pts higher than the benchmark.</p> <p><b>94%</b> Target of 84%</p> <table border="1"> <tr> <th>Year</th> <td>2017</td> <td>2018</td> <td>2019</td> <td>2020</td> <td>2021</td> </tr> <tr> <th>Score</th> <td>94%</td> <td>93%</td> <td>95%</td> <td>96%</td> <td>94%</td> </tr> </table> <p><b>Credit rating</b></p> <p>Our credit ratings underpin our ability to fund the Scheme in a sustainable and cost-effective manner. Our ratings are A / A1 with stable outlooks (from Standard &amp; Poor's and Moody's respectively).</p> <p><b>A/A1</b></p> <p><b>Debt maturity profile</b></p> <p>The Group aims to retain a well-laddered debt maturity profile in order to effectively manage refinancing risk. The average debt maturity remains appropriate at close to 8 years.</p> <p><b>7.9 yrs</b></p> <table border="1"> <tr> <th>Year</th> <td>2017</td> <td>2018</td> <td>2019</td> <td>2020</td> <td>2021</td> </tr> <tr> <th>Value</th> <td>7.87</td> <td>7.87</td> <td>8.73</td> <td>7.84</td> <td>7.9</td> </tr> </table>	Year	2017	2018	2019	2020	2021	Score	94%	93%	95%	96%	94%	Year	2017	2018	2019	2020	2021	Value	7.87	7.87	8.73	7.84	7.9
Year	2017	2018	2019	2020	2021																					
Score	94%	93%	95%	96%	94%																					
Year	2017	2018	2019	2020	2021																					
Value	7.87	7.87	8.73	7.84	7.9																					