HRH The Duke of Sussex drives with Daimy Gommers, daughter of Dutch Invictus Games competitor Paul Gommers, during the Jaguar Land Rover Driving Challenge at the 2017 Invictus Games in Toronto.

The Duke of Sussex was inspired to create the Invictus Games after visiting the 2013 Warrior Games in America. The Games use the power of sport to inspire recovery, support rehabilitation, promote wellbeing, and generate a wider understanding and respect for all those who serve or have served their country.

Jaguar Land Rover is proud of its role as presenting partner of the Invictus Games in London (2014), Orlando (2016) and Toronto (2017), and is looking forward to supporting the Sydney Games in October 2018.

“I am the master of my fate, I am the captain of my soul.”

William Ernest Henley, 1875

Invictus
IN 2008, RATAN TATA HAD THE VISION TO BRING TWO OF THE BIGGEST AND MOST RESPECTED BRITISH BRANDS INTO THE TATA FAMILY: JAGUAR AND LAND ROVER. TEN YEARS ON, JAGUAR LAND ROVER IS NOW A GLOBAL COMPANY WITH A REACH AND FACILITIES ACROSS THE WORLD. BECOMING TRULY INTERNATIONAL HAS NOT DILUTED OUR BRITISHNESS, IT HAS ENRICHED US.

WE SERVE OUR CUSTOMERS’ EVERY WISH AND DESIRE THROUGH THE PULSE-QUICKENING PERFORMANCE OF JAGUAR AND THE TRANQUILLITY AND LUXURY OF LAND ROVER.


WHETHER WE’RE GOING ABOVE AND BEYOND WITH LAND ROVER OR CELEBRATING THE ART OF PERFORMANCE WITH JAGUAR, OUR PURPOSE IS CLEAR: WE WILL ALWAYS DELIVER EXPERIENCES OUR CUSTOMERS WILL LOVE, FOR LIFE.
# CONTENTS

## STRATEGIC REPORT
- **03** Performance highlights
- **04** Chairman’s statement
- **06** Chief Executive Officer’s statement
- **08** Celebrating 10 years of Tata ownership

## TRANSFORMING TODAY FOR TOMORROW
- **12** Our brands
- **14** The way we do business at Jaguar Land Rover
- **18** Global operational footprint
- **20** Great products at the heart of our business
- **20** Jaguar
- **24** Land Rover
- **28** Jaguar Land Rover Special Vehicle Operations (SVO)
- **30** Jaguar Land Rover Classic

## DELIVERING FOR THE FUTURE
- **34** Smarter, safer, cleaner technology
- **40** Why we put customers first
- **42** Leading in Environmental Innovation
- **44** Engaged and passionate people

## VALUE BEYOND OUR BOUNDARIES
- **48** Introduction
- **50** Driving to Destination Zero
- **52** Innovation in electrification comes from within
- **54** Closing the loop
- **56** Redressing the balance
- **58** Jaguar Land Rover: a global community partner
- **60** Technology for good: what3words
- **62** Land Rover and Red Cross: a partnership built on trust
- **64** Better representation of women in engineering

## GLOBAL GROWTH AND FINANCIAL PERFORMANCE
- **68** Driving global growth
- **70** Global sales
- **72** Financial review
- **72** Chief Financial Officer’s statement
- **73** Financial performance

## RESILIENT BUSINESS
- **78** Our approach to risk
- **80** Our principal risks

## GOVERNANCE
- **86** Introduction to governance
- **87** Leadership
- **92** Effectiveness
- **93** Accountability
- **95** Investor relations engagement
- **96** Directors’ report

## FINANCIAL STATEMENTS
- **100** Independent Auditor’s report to the members of Jaguar Land Rover Automotive Plc
- **104** Consolidated financial statements
- **104** Consolidated income statement
- **105** Consolidated statement of comprehensive income/(expense)
- **106** Consolidated balance sheet
- **107** Consolidated statement of changes in equity
- **108** Consolidated cash flow statement
- **109** Notes to the consolidated financial statements
- **168** Parent company financial statements
- **168** Parent company balance sheet
- **169** Parent company statement of changes in equity
- **170** Parent company cash flow statement
- **171** Notes to the parent company financial statements
## Performance Highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>Fiscal 2017/18</th>
<th>Fiscal 2016/17</th>
<th>Fiscal 2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>£25.8bn</td>
<td>£24.3bn</td>
<td>£22.3bn</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>£1.5bn</td>
<td>£1.6bn</td>
<td>£1.6bn</td>
</tr>
<tr>
<td><strong>Retail sales</strong></td>
<td>614,309 units</td>
<td>604,009 units</td>
<td>521,571 units</td>
</tr>
<tr>
<td><strong>Number of retailers worldwide</strong></td>
<td>2,797</td>
<td>2,726</td>
<td>2,720</td>
</tr>
<tr>
<td><strong>Total investment spending</strong></td>
<td>£4.2bn</td>
<td>£3.4bn</td>
<td>£3.1bn</td>
</tr>
<tr>
<td><strong>Number of employees</strong></td>
<td>43,224</td>
<td>(Fiscal 2016/17: 40,265)</td>
<td></td>
</tr>
<tr>
<td><strong>Operating cash flow before investment</strong></td>
<td>£3.1bn</td>
<td>£3.6bn</td>
<td>£3.8bn</td>
</tr>
</tbody>
</table>

*Please see note 3 of the financial statements on page 122 for the definitions of Operating cash flow before investment and Total investment spending.*
In 2018, Tata Sons marks the 10th anniversary of its ownership of Jaguar Land Rover, one of the largest and most recognisable assets in our global portfolio.

As Chairman of Tata Sons and Jaguar Land Rover, I want to congratulate all stakeholders for the tremendous achievements of the past 10 years – a period in which annual unit sales have increased more than threefold to over 600,000 units, and revenues have grown fivefold in as many years. The Company has expanded its manufacturing footprint in the UK, China, Brazil and soon in Slovakia, and more than trebled total employment to over 43,000.

We take pride in these achievements, and I would like to thank every member of the Jaguar Land Rover team, led by CEO Ralf Speth, for their continued hard work and commitment to the organisation. I am also delighted to note that we share a distinguished commitment to community that is a common principle across the Tata Group. Jaguar Land Rover’s efforts in education, engaging young people around the world from the early years of their education through to their steps into apprentice and graduate employment, illustrate the shared value placed in serving the communities in which we operate.

Jaguar Land Rover has set new standards for delighting customers by producing products that are high quality and driven with engineering excellence, new automotive technologies and advanced design. This is reflected by our multiple award-winning models, including the Jaguar XF, Jaguar F-PACE, Land Rover Discovery Sport and Range Rover Evoque. Customer demand for such models has enabled the Company to deliver continued sales growth and solid profitability in the last financial year, despite the technology revolution that is sweeping the automotive industry.

I am confident that Jaguar Land Rover will lead the future transformation of the industry, with a major investment programme underway in new models, in new modular architectures, and in autonomy, connectivity, electrification and shared mobility services.

Our commitment to growth, disciplined capital allocation and shareholder returns are shared goals for Jaguar Land Rover and Tata Motors, which is beginning to see results from its own turnaround strategy and improved operating efficiencies.

As we look ahead, we see emerging opportunities for our operating companies to learn from each other as we pursue new advances in electric mobility, electrification and artificial intelligence. Innovation from Jaguar Land Rover, including an all-electric Jaguar I-PACE and the Range Rover plug-in hybrids, will continue to play a defining role in these efforts.

Given the strong performance of Jaguar Land Rover over the decade of the Tata Group’s ownership, I am confident that it will continue to deliver positive results in a potentially more challenging market and regulatory environment.

We look forward to working together with all stakeholders in the year ahead to craft the next chapter in the Jaguar Land Rover success story.

NATARAJAN CHANDRASEKARAN
CHAIRMAN
JAGUAR LAND ROVER AUTOMOTIVE PLC
24 JULY 2018
This year Jaguar Land Rover celebrates 10 years of Tata ownership. We thank Ratan Tata and Tata Sons for their long-standing support. Since 2008, we have grown into a global player in the luxury, premium and performance marketplace. We are proud to be named again as Britain’s largest automotive manufacturer, respected across the world for our outstanding award-winning products.

Let me re-emphasise the sentiment of Mr Chandrasekaran, our Chairman, in thanking our employees and our partners for their hard work, passion and commitment.

Jaguar Land Rover delivered a solid business and financial performance in Fiscal 2017/18. We increased revenue to £25.8 billion and sustained our profitability despite significant market volatility.

Our sales
Our global sales rose 1.7 per cent to 614,309 vehicles, led by the introduction of the award-winning Range Rover Velar, Jaguar E-PACE and the all-new Land Rover Discovery. Growing demand in China and the United States offset weaker conditions, especially in the UK and mainland Europe.

Our joint venture, Spark44, a ‘first of its kind’ client/agency creative advertising business established in 2011, has grown to 19 offices worldwide. In 2018, we made the strategic decision to take majority control of this venture, in recognition of the importance of our brand communications.

Our products
Today, we offer our customers the most luxurious and sustainable portfolio in our history. Jaguar and Land Rover vehicles represent a compelling combination of British design and engineering integrity. In the last 12 months, we have undertaken a strong product offensive, with the highest number of product launches of any year in our history.

Jaguar expanded its portfolio with the E-PACE, a new compact lifestyle SUV offering looks, agility and dynamic driving that is attracting new customers.

We introduced the XEL, our long-wheelbase XE model produced exclusively in China.

The beautiful new XF Sportbrake offers versatile space and practicality while retaining distinctive Jaguar sportiness.

The Jaguar F-PACE SVR, Jaguar’s ultimate performance SUV, is the latest creation from our Special Vehicle Operations division, designed to get the senses racing.

The arrival of the Jaguar I-PACE, the world’s first fully electric premium SUV, is a technological game changer. With grace, space and eco-pace, it is capturing the imagination of people around the world.

The Land Rover product range has also gone from strength to strength. The all-new Land Rover Discovery, the world’s most capable family SUV, attracted many new customers.

Performance and capability have reached new heights of comfort and refinement with the creation of our new 18 Model Year Range Rover and Range Rover Sport models. These vehicles combine fresh, dynamic design with a brand-new feature-packed cabin, including newly designed seats with 24-way movement. The elegance of the interior has been elevated by our state-of-the-art Touch Pro Duo high-definition infotainment system.

Each of these two vehicles has taken its next evolutionary step with the addition of a totally new plug-in hybrid electric derivative, offering reduced emissions and improved fuel efficiency.

The limited-edition, hand-built Range Rover SV Coupé is personalised to each customer’s individual tastes, taking our flagship to new levels of sophistication and driving pleasure.

This year, the Jaguar Land Rover Classic division showcased our finest restoration skills with the creation of the Jaguar E-type and Land Rover Reborn models.
Jaguar and Land Rover’s creativity, innovation and design talents continue to gain recognition around the world. Among the 200 awards we have won this year was the Range Rover Velar being named ‘World Car Design of the Year’ for its perfectly optimised proportions, stunning silhouette and luxurious, reductive interior.

Our technologies
The transition to modern mobility must be seamless for customers. At Jaguar Land Rover, we are working at pace, refining and improving the efficiencies of our diesel and petrol engine technologies while simultaneously managing the technological changes required to move from ‘ICE’ (the internal combustion engine) to ACE (autonomy, connectivity and electrification) technologies.

Our future modular architecture strategy will bring flexibility and greater economies of scale, offering our customers a full choice of electrified vehicle options, including plug-in hybrid electric vehicles (PHEVs), mild hybrid and battery electric, as well as clean petrol and diesel engines. From 2020, all new Jaguar and Land Rover vehicle models will be electrified.

Through the announcement of our technology partnership with Waymo, we will deliver 20,000 Jaguar I-PACEs to the highways of the United States by 2020.

Our people and communities
At Jaguar Land Rover, our primary asset is our people. Our workforce of over 43,000 employees has continued to grow, with recruitment starting in Nitra, Slovakia – the next step in the growth of our global manufacturing footprint.

Investment in employee training and lifelong learning, accredited through the Jaguar Land Rover Academy, equips our people with the skills to drive forward our product plans for zero tailpipe emissions and electrified vehicles.

The Academy also plays a key role in our communities, actively shaping education – from the Jaguar Primary Schools Challenge to PhD qualifications. We support workforce diversity and inclusivity, maintaining a particular focus on attracting women into engineering and advanced manufacturing through programmes such as our ‘Young Women in the Know’ initiative for female students aged 15 to 18.

As a signatory to the Armed Forces Corporate Covenant, we remain committed to recruiting injured and ex-services personnel. Jaguar Land Rover is a proud partner to the inspirational Invictus Games – we supported this year’s hugely successful competition in Toronto, Canada and have reaffirmed our partnership for the next games in Australia.

We are also developing innovative ways to seek out tomorrow’s innovators. We partnered with the virtual band Gorillaz to find the next generation of software engineering brilliance through code-breaking puzzles. Those who cracked them, we interviewed. The best, we hired.

Our external environment
As a company operating in multiple territories, with major import–export movements, heavy regulatory obligations and the need for specialised skills, we favour a policy and trading environment that protects tariff-free, fair and frictionless trade and regulatory harmonisation. Continuing EU recognition of vehicle homologation approvals issued by the UK is a pre-requisite.

While we respect the democratic decision of the UK people, Jaguar Land Rover is seeking clarification and certainty on the terms of Britain’s withdrawal from the European Union. It is of paramount importance that the UK Government preserves as many benefits of the Single Market and Customs Union as possible, for our workforce, wider business and the complete automotive supply chain ecosystem.

Demand has been undermined in Europe by consumer uncertainty about diesel cars, particularly in the UK, where they face more onerous treatment. We urge policymakers to recognise the environmental benefits of the latest low emission internal combustion engine technologies and their contribution to CO2 reduction.

Our future
A world of sustainable smart mobility will offer significant economic, social and health benefits: zero-emissions vehicles, zero congestion and zero accidents. Meeting future CO2 and emissions targets is dependent on the take-up of electrified vehicles. Cities will require smart connected IT and intelligent predictive systems that can maximise road usage, as well as comprehensive networks of smart charging solutions to mitigate the risk of energy shortages at peak times.

Jaguar Land Rover is already playing its part. Closed-loop processes are key to our strategy: we are committed to recycling and zero emissions at every stage, from manufacturing to use.

We will continue to innovate and to invest in new products, technology and capacity to drive long-term, profitable, sustainable growth. We will achieve our ambitions with British heart and soul and a passionate, highly motivated workforce dedicated to designing and developing the most capable premium luxury vehicles in the world.

As we embark on the next phase of our strategy, let me reaffirm our pledge to customers around the world: that we will continue to produce and deliver vehicles that create experiences they will love, for life.

PROF. DR. RALF D. SPETH
CHIEF EXECUTIVE OFFICER
JAGUAR LAND ROVER AUTOMOTIVE PLC
24 JULY 2018
CELEBRATING 10 YEARS OF TATA OWNERSHIP

This year we celebrate 10 years of Tata ownership for Jaguar Land Rover. Looking back to 2008, Ratan Tata instinctively believed in our potential, when others doubted. He provided the vision, the resources and the belief to innovate.

We thank Ratan Tata for his full and unwavering commitment to Jaguar Land Rover. Together, we have written one of the greatest stories in the automotive industry. Our business has been transformed.

Jaguar has proved its exhilarating performance credentials with the creation of F-TYPE, widely regarded as one of the world’s most beautiful sports cars. It’s complemented by an award-winning range of saloons, including the XE, XF and XJ, which this year celebrates its 50th anniversary, Jaguar’s two SUVs and electric I-PACE. All of them truly excite the senses.

Land Rover has become the world’s SUV brand of choice. Discovery and Discovery Sport, our family of four Range Rover models and the next-generation Defender, represent the Above and Beyond spirit like few could have ever imagined a decade ago.

In total, under Tata’s stewardship, we’ve grown from eight vehicle nameplates to 13 segment-defining models and increased our annual sales from 160,000 to 614,309 in Fiscal 2017/18.

We’ve brought the very latest manufacturing innovation to our plants in Solihull, Castle Bromwich and Halewood, expanded capacity, improved efficiency and taken technology to a level previously unthinkable. In 2014, we established our own Engine Manufacturing operations in Wolverhampton, which produce our ultra-clean Ingenium petrol and diesel engines, designed and engineered by Jaguar Land Rover in the UK.

In the last 10 years we have become a truly global business, with manufacturing facilities located in the UK, Austria, Brazil, China, India and, from later this year, Slovakia. Today, we sell our cars in 129 countries across the globe.
We are proud to be the largest employer in the UK automotive sector. It is a responsibility we take seriously because our business is our people – the passion and commitment of our workforce is a key driving force to our success.

In 2008, there were just 3,500 engineers on our books. That number has risen to more than 12,000 in 2018 and will continue to increase as we seek out the most gifted and talented people from around the world to work on future Jaguar and Land Rover electrified vehicles.

Jaguar Land Rover and the wider Tata Group share the same values – community is at the heart of everything that we do. Since we launched our global CSR programme in 2013, the lives of over 7.4 million people in more than 39 countries have been improved through social impact projects. Our ‘Inspiring Tomorrow’s Engineers’ programme has engaged with over one million young people, nurturing future talent for the automotive industry.

While we have trebled our vehicle output, we have reduced our global manufacturing consumption of energy per car by 43 per cent and CO₂ per car by 46 per cent since 2007. We have also procured zero carbon electricity in the UK since April 2016. In the UK, we have reduced water per car by 32 per cent and already achieved our 2020 goal of sending zero Jaguar Land Rover operational waste direct to landfill from our manufacturing sites.

In 2013, the Company became the first manufacturer to win the prestigious UK award ‘Responsible Business of the Year’. Shortly after, we received the Queen’s Award for Sustainable Development.

Jaguar and Land Rover are now stronger and more vibrant brands than ever before, financially fit to grasp the exciting opportunities the future presents. We continue to have the appetite and ambition for global growth.

Just as it is the 10th anniversary of Jaguar Land Rover becoming part of the Tata family, it is also the 150th anniversary of the Tata Corporation. Throughout its history, the Tata Group has seen technological innovation and social responsibility as key drivers of its success and place in society. Today, for Jaguar Land Rover, it is no different.

Together, we now look to the future with confidence and optimism, thanks in part to one man’s vision and belief in our two great automotive brands.

---

**2008–2018 HIGHLIGHTS: A DECADE OF WORLD-CLASS CARS**

**2008**
- LRX concept points to a new direction for Land Rover.

**2009**
- All-new Jaguar XJ reimagined as the ultimate sporting luxury car.

**2010**
- Range Rover Evoque makes its debut at the Paris Motor Show.

**2011**
- Jaguar celebrates 50 years of the E-type and shows the CX-16 concept previewing the F-TYPE sports car.

**2012**
- The all-new aluminium Range Rover breaks new ground for luxury SUVs.

**2013**
- The Range Rover Sport is unveiled at the New York Motor Show.

**2014**
- Jaguar’s first small sports saloon for a generation, the XE, is revealed in London, powered by the new Ingenium diesel engine.

**2015**
- The F-PACE, Jaguar’s first SUV, makes its global debut at the Frankfurt Motor Show.

**2016**
- The fifth-generation Land Rover Discovery is shown, delivering capability, versatility and comfort like no other seven-seat SUV.

**2017**
- The Range Rover Velar, the fourth member of the legendary SUV family, goes on sale.

**2018**
- The Jaguar I-PACE heralds the start of Jaguar Land Rover’s electric revolution, bringing technology, SUV practicality, sports car performance and world-beating design to the electric vehicle market.
TRANSFORMING TODAY FOR TOMORROW
OUR BRANDS

JAGUAR
THE ART OF PERFORMANCE

<table>
<thead>
<tr>
<th>Luxury</th>
<th>Sports</th>
<th>Lifestyle</th>
</tr>
</thead>
<tbody>
<tr>
<td>XE</td>
<td>F-TYPE COUPE</td>
<td>E-PACE</td>
</tr>
<tr>
<td>XEL</td>
<td>F-TYPE CONVERTIBLE</td>
<td>F-PACE</td>
</tr>
<tr>
<td>XF</td>
<td>F-PACE</td>
<td>I-PACE</td>
</tr>
<tr>
<td>XF SPORTBRAKE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>XFL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>XJ</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

RECOGNISING OUR ACHIEVEMENTS

- Jaguar XE crowned Car of the Year at the 2017 Telegraph Car Awards
- Jaguar F-TYPE awarded the Best Premium Sports Car at the Automobile Journalists Association of Canada 2018 Canadian Car of the Year Awards
- Jaguar F-PACE achieved a five-star Euro NCAP rating
- Jaguar I-PACE named the Most Anticipated Car of the Year at the 2018 What Car? Awards
**LAND ROVER**
**ABOVE AND BEYOND**

<table>
<thead>
<tr>
<th>Refinement</th>
<th>Versatility</th>
<th>Durability</th>
</tr>
</thead>
<tbody>
<tr>
<td>RANGE ROVER</td>
<td>DISCOVERY</td>
<td>DEFENDER</td>
</tr>
<tr>
<td>RANGE ROVER SPORT</td>
<td>DISCOVERY SPORT</td>
<td></td>
</tr>
<tr>
<td>RANGE ROVER VELAR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RANGE ROVER EVOQUE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RANGE ROVER EVOQUE CONVERTIBLE</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**RECOGNISING OUR ACHIEVEMENTS**

- Land Rover Discovery awarded Best Large SUV at the Middle East Car of the Year Awards 2018
- Range Rover named Best Luxury SUV at the 2017 What Car? Awards
- Range Rover Velar achieved a five-star Euro NCAP rating
- Range Rover Velar named World Car Design of the Year at the 2018 World Car Awards
THE WAY WE DO BUSINESS AT JAGUAR LAND ROVER

This business blueprint represents the most important elements of who we are and what we stand for – from the products and services we create to defining our wider role in society.

Our purpose is to create experiences our customers love, for life. These strategic priorities act as a roadmap towards fulfilment of our vision, guiding the actions needed to strengthen our brands and drive value for Jaguar Land Rover:

- **CREATING THE BEST QUALITY CUSTOMER EXPERIENCES**
- **TARGETING NEW GROWTH SEGMENTS**
- **ALWAYS BEING BETTER AT WHAT WE DO**
- **INVESTING IN NEW TECHNOLOGIES, SKILLS AND SERVICES**
OUR BLUEPRINT FOR SUCCESS

Our purpose

Two global iconic brands

Three passions

Experiences customers love, for life

Four foundations

More great products
Customer First
Environmental Innovation

Engaged, passionate people
Transformed cost structure
Business excellence
Global growth

Five core values

Integrity
Pioneering
Excellence
Unity
Responsibility

Our most valuable asset is our people; nothing is more important than their safety and wellbeing
Forged over generations, our business model weaves together quality, excellence and creative passion. Applying Customer First principles to every part of the business strengthens our position as a global leader in premium products and services.

**THE FOUNDATION OF OUR BUSINESS MODEL**

**RAW MATERIALS**

Our steel, aluminium, plastic and water are all sourced ethically. Through technological innovation, we are world leaders in aluminium recycling. We actively seek to use renewable and recycled materials in the manufacture of our vehicles, diverting significant waste from landfill each year.

**SUPPLIERS**

Close collaboration with our suppliers is vital to the success of Jaguar Land Rover. We maintain a sustainable, resilient supply chain, wherever we operate. We uphold the highest standards and make this clear to all of our tier one suppliers. We work with them to identify and implement solutions at local, international and industry level in respect of environmental management, business ethics, human rights and working conditions.

**CUSTOMER INSIGHTS**

Understanding our customers helps us create enhanced products, with the features they want and the style, comfort and performance they expect. In an increasingly digital world, we are embracing exciting ways to engage our customers and respond to their every need, present and future.

**INVESTMENT**

Our business model of continuing reinvestment fuels the innovation required to future-proof our business. We have invested £4.2 billion in Fiscal 2017/18, equivalent to 16.2 per cent of revenue. More than half of this has been directed towards future products and technologies. The investment this fiscal year also includes £800 million of enhancements to our UK and overseas manufacturing facilities.

**SKILLS AND PEOPLE**

The automotive industry of the future requires new thinking and new skills. We offer all employees the opportunity for continuous development through the Jaguar Land Rover Academy. All training is measured against quality standards and subject to an approved accreditation process.
CREATING VALUE FOR ALL OF OUR STAKEHOLDERS

WE CREATE:

- Premium-quality experiences for our customers
- Sustainable profitable growth for our investors
- Reduced environmental impact
- Stronger communities
GLOBAL OPERATIONAL FOOTPRINT

HALEWOOD
Vehicle Manufacturing
Land Rover Discovery Sport
Range Rover Evoque

WOLVERHAMPTON
Engine Manufacturing Centre

CASTLE BROMWICH
Vehicle Manufacturing
Jaguar XE
Jaguar XF
Jaguar XF Sportbrake
Jaguar XJ
Jaguar F-TYPE

SOLIHULL
Vehicle Manufacturing
Jaguar F-PACE
Land Rover Discovery
Range Rover Velar
Range Rover Sport
Range Rover

FEN END
Special Vehicle Operations
Engineering HQ

WARWICK
WMG Advanced Research Centre

WHITLEY
Global HQ, Powertrain Engineering HQ and Jaguar Design

RYTON
Special Vehicle Operations Manufacturing Centre and Jaguar Land Rover Classic Works HQ
Jaguar XE SV Project 8
Range Rover SV Coupé
JAGUAR

Jaguars are born out of flair, ingenuity and an instinct for seduction. They are creations that embody our passion for performance and express our reason for being: to excite in every sense.

Making great cars is at the very heart of our strategy, and our cars show the world that true performance isn’t only measured in figures, but in the way it makes you feel. These are the moments worth living for. It is not the number of breaths you take, it is the moments that take your breath away. Jaguar. The Art of Performance.

The current line-up of Jaguar cars is the most diverse, exciting and dynamic we’ve ever seen. The new XF Sportbrake joined Jaguar’s award-winning XF saloon in its 10th year of production. The XF was launched in 2007 and has now claimed almost 200 global awards. The saloon’s new Sportbrake sibling delivers equally impressive performance, design, technology and increased space with a 565-litre luggage compartment. The XF Sportbrake is available with Jaguar’s advanced range of clean and efficient four-cylinder Ingenium petrol and diesel engines with CO₂ emissions from as low as 134g/km.

Further demonstrating a long-term commitment to the Chinese market, the all-new XEL saloon – with an additional 100mm added to the wheelbase – is the second Jaguar engineered exclusively for China. It follows the larger XFL, and is one of five Jaguar and Land Rover models to be manufactured there. The XEL delivers even greater interior comfort for rear-seat passengers while maintaining its sleek, sports saloon design.
In 2018, Jaguar’s flagship luxury saloon, the XJ, celebrates its 50th anniversary. It now offers unprecedented power and performance in the form of the 186mph XJR 575 – a car that can truly go from red carpet to race track. Identified by discreet, tailor-made, exterior details, the XJR 575 comes with diamond-quilted leather seats that add a final flourish to the interior.

Introducing our advanced four-cylinder engine to the F-TYPE has created a vehicle with its own distinct character. The pairing of Jaguar’s all-aluminium two-seat sports car with the advanced 300PS 2.0-litre turbocharged powertrain delivers Jaguar sports car DNA, with enhanced agility and improved efficiency and affordability. The new model retains the performance expected from the F-TYPE, accelerating from 0–60mph in only 5.4 seconds and achieving a top speed of 155mph, making the F-TYPE experience more accessible than ever before.

The XJ celebrates its 50th anniversary. It now offers unprecedented power and performance in the form of the 186mph XJR 575.
Joining the PACE family this year is the E-PACE, Jaguar’s feisty new cub. Demonstrating agility, precision and performance at its launch, the compact performance SUV leapt into the Guinness World Records books with a 15.3-metre-long jump and a 270-degree barrel roll. Jaguar’s newest SUV has now gained a five-star Euro NCAP rating, underlining the E-PACE’s safety credentials to match its sports car looks and SUV practicality.

Since the first Jaguar car was produced in 1935 we have pushed the boundaries of what is possible. The Jaguar portfolio has moved the industry forward again with the launch of the all-electric I-PACE. Built on newly designed, bespoke architecture, the new Jaguar I-PACE is the ultimate all-electric performance SUV. No other car on the market combines stunning design, aerodynamic efficiency, zero tailpipe emissions and the driving characteristics only a Jaguar possesses. The bold cab-forward design allows a spacious interior package, matched to sports car performance. Two Jaguar Land Rover-designed electric motors deliver 400PS, all-wheel-drive traction, 0–60mph in just 4.5 seconds and supreme agility. The 100kW DC charging can provide 0–80 per cent charge in just 40 minutes.
For 70 years, Land Rover has been known for its ‘go anywhere’ spirit – designing vehicles with genuine capability and composure at their heart.

We believe in ambition with integrity: we care about what we do as well as the way in which we do it. Land Rovers have a ‘can do’ attitude and deliver the best customer experiences. Life shouldn’t be constrained by obstacles, no matter how big or small. We call this Land Rover’s inner strength. It gives our people the courage, confidence and pioneering spirit to embrace their challenges head-on, with heart, determination and self-assurance.

We will continue to create and innovate to retain our enviable position as the world’s SUV brand of choice. It’s not a responsibility we take lightly, but we are confident that we will succeed by staying true to who we are. We will invest in the new technologies, skills and services that mean we can aim higher, go further, make more of our world... and go Above and Beyond.

Over the last decade, the transformation of the Land Rover brand has been truly remarkable. We have introduced an exciting new range of SUVs, each one showcasing a unique combination of design excellence and engineering integrity.

Our adventurous and versatile compact SUV, the Land Rover Discovery Sport, is Land Rover’s fastest-selling vehicle, with more than 300,000 units sold globally since its introduction in 2014. The premium compact SUV offers unrivalled all-terrain capability, versatility for up to seven people, a premium interior and comprehensive choice of advanced Ingenium petrol and diesel engines.
The sight of a seven-trailer truck being pulled by an SUV sounds far-fetched – but that’s exactly what happened when Land Rover put the 2018 Model Year Discovery to the ultimate towing test. Proving its award-winning towing capability and position as the world’s best family SUV in even the most extreme conditions, the Land Rover Discovery pulled a 110-tonne, 100-metre-long road train on a 16km test route in the heat and dust of Australia’s Northern Territory in September 2017.

To celebrate six years of Evoque success, Land Rover announced a new Special Edition model. The Evoque Landmark is available in a vibrant Moraine Blue colour – inspired by the turquoise lakes of the Canadian Rocky Mountains. Demand is still high for the pioneering luxury compact SUV, which delivers critically acclaimed design, desirability and all-terrain capability to the segment it created in 2011. The Landmark Special Edition comes with Land Rover’s latest technology, including the optional 10-inch InControl Touch Pro system featuring apps such as Spotify and a 4G Wi-Fi hotspot. The Remote Premium app for smartphone and smartwatch lets owners check the fuel level, lock status and location and even pre-heat or cool the cabin.

The Range Rover Evoque also now offers greater performance thanks to all-new Ingenium petrol engines. The 290PS variant is the most powerful, most advanced engine yet offered in either model. Its 400Nm of torque enhances all-terrain capability and enables 0–60mph in as little as 6.0 seconds.
Joining the Range Rover family is the Velar, bringing unprecedented glamour, modernity and elegance. A vehicle with emotionally charged DNA and unquestionable pedigree, it’s the first of its kind. The beauty of the Range Rover Velar was recognised when it won the World Car Design of the Year title at the 2018 World Car Awards, voted for by the world’s leading motoring journalists. This midsize luxury SUV is now renowned as much for its safety as it is for design and technology, having been awarded the maximum five-star Euro NCAP rating for outstanding performance.

Our 18 Model Year Range Rover and Range Rover Sport models take luxury travel to new heights, delivering enhanced refinement, luxury and all-terrain capability.

The redesigned cabin delivers peerless refinement – whether travelling for business or pleasure. The front seats feature 24-way movement thanks to the new seat frames, with wider and deeper foam as well as heated armrests. In the rear a completely redesigned cabin and seating layout create a tranquil sanctuary with no compromise to the rear load space.

The elegance of the interior has been elevated by the seamless integration of the most advanced Touch Pro Duo infotainment system, combining two high-definition 10-inch touchscreens on the centre console working in perfect harmony.

Our legendary two range-topping Range Rovers have taken their next evolutionary step with the addition of plug-in hybrid (PHEV) electric models, providing sustainable luxury with new levels of efficiency and capability to complement their refinement and desirability. Thanks to the electrified powertrain, the Range Rover P400e and Range Rover Sport P400e offer our customers 31 miles of electric-only range, and combined fuel economy and CO₂ emissions of up to 91.1mpg and as low as 72g/km. For the first time, customers choosing Land Rover’s flagship SUVs can experience zero-emissions driving. To prove the dynamic breadth of capability of this exceptional new hybrid powertrain, a Range Rover Sport P400e became the first SUV to ascend the famously challenging 45°, 999-step staircase to Heaven’s Gate rock arch, in Tianmen, China.
JAGUAR LAND ROVER SPECIAL OPERATIONS

Jaguar Land Rover Special Operations comprises two of the most exciting businesses in the automotive industry: Special Vehicle Operations (SVO) and Jaguar Land Rover Classic.

Special Vehicle Operations

Jaguar Land Rover SVO showcases the highest standards of performance, luxury and capability in cars that are truly special.

The SVO-developed Jaguar XE SV Project 8 is now the world's fastest four-door car, following a production-intent prototype's record lap of the Nürburgring Nordschleife.

The incredible time of 7 minutes 21.23 seconds is nearly 11 seconds quicker than the previous fastest sedan around the legendary 12.9-mile German circuit. It positions the 600PS Project 8 ahead of some of the world's fastest two-door coupés and supercars.

Following the success of the Range Rover Sport SVR and Jaguar F-TYPE SVR, the Jaguar F-PACE, renowned as 2017 World Car of the Year, gets the bespoke SVR treatment. The fastest and most powerful version of the F-PACE has an enhanced chassis and aerodynamics for maximum driver reward in all conditions. Its specially tuned 550PS supercharged V8 engine offers a top speed of 176mph and dispatches 0–60mph in just 4.1 seconds.

In 2016, Jaguar became first premium car manufacturer to join the ABB FIA Formula E Championship. Now we’re making history again with the world’s first production battery electric vehicle series – starting in late 2018.

Nearly 50 years ago, Land Rover created the luxury SUV sector with the introduction of the Range Rover. Now it has defined a new genre with the world’s first full-size luxury SUV coupé: the limited-edition two-door Range Rover SV Coupé. An exemplar of Range Rover design, craftsmanship and capability, the SV Coupé features a seductive body allied to the next generation of cabin luxury and tranquility – with the peerless all-terrain ability expected of Range Rover.

The Range Rover Sentinel is one of the most extraordinary Range Rovers ever produced. It has been expertly engineered by SVO to provide class-leading levels of protection to occupants against extreme attack, while retaining the Range Rover’s luxury, refinement and off-road capability. Based on the standard-wheelbase Range Rover Autobiography, the Sentinel delivers the supreme comfort associated with the world’s most desirable SUV allied to outstanding occupant protection. Designed to withstand the most damaging and targeted threats, including penetration by 7.62mm high-velocity armour-piercing incendiary bullets, this exceptional vehicle delivers lateral protection against up to 15kg trinitrotoluene (TNT) blasts and defence against DM51 grenade explosions from both beneath the floor and above the roof.

Nearly 50 years ago
Range Rover invented the luxury SUV. Now it has defined a new genre.
Jaguar Land Rover Classic

Jaguar Land Rover Classic’s mantra is ‘we future history’. The division, headquartered in Ryton, Coventry, UK, is dedicated to preserving and restoring our motoring heritage for future generations to enjoy and cherish. Jaguar Land Rover Classic is the official source of authentic cars, expert services, genuine parts and unforgettable experiences for classic Jaguar and Land Rover enthusiasts worldwide.

In 2018, Jaguar Land Rover Classic accelerated its expansion strategy with the opening of a brand-new Classic Centre in Germany, the first facility of its kind outside the UK. The new 4,500m² Jaguar Land Rover Classic Centre in Kettwig, Essen, follows the successful opening of Jaguar Land Rover Classic Works in the UK, offering owners and enthusiasts a wide range of authentic Jaguar and Land Rover classic cars, services, parts and experiences.

Classic Works took the bold step to electrify the past through the creation of the inventive Jaguar E-type Zero, featuring a fully electric powertrain. Once famously acclaimed by Enzo Ferrari as “the most beautiful car in the world”, this special Jaguar E-type now combines breathtaking beauty with zero emissions. The Jaguar E-type Zero features a cutting-edge electric powertrain enabling 0–62mph in just 5.5 seconds. It has a ‘real world’ range of 270km (170 miles), helped by its low weight and aerodynamics. In 2018, GQ named the Jaguar E-type Zero the “best use of electricity since the lightbulb” at its Car of the Year event.

Jaguar Classic is restarting production of the iconic D-type race car, 62 years after the last example was built in 1956. The first Jaguar D-type to be assembled by Jaguar Classic, an engineering prototype, made its world debut at the Salon Retromobile, Paris, in February 2018. Just 25 new examples of the D-type will be meticulously hand-built at Jaguar Land Rover Classic Works in Ryton. In 1955 Jaguar planned to build 100 D-types. Only 75 were completed and so Jaguar Classic is now fulfilling the Company’s original ambition by creating the remaining 25, which will be period-correct sports cars.

This year, Land Rover created a limited-edition, high-performance version of the iconic Defender. Up to 150 V8-powered examples will be specially selected and re-engineered to celebrate the Land Rover marque’s 70th anniversary year. Defender Works V8 is the most powerful and fastest version that Land Rover has ever created. The 5.0-litre naturally aspirated petrol V8 powertrain produces 405PS and 515Nm of torque (the standard Defender delivered 122PS and 360Nm). The Defender Works V8 will accelerate from 0–60mph in 5.6 seconds, while top speed is increased to 106mph.

The Jaguar E-type Zero now combines breathtaking beauty with zero emissions.
DELIVERING FOR THE FUTURE

IN THIS SECTION

- Safer, smarter, cleaner technology 34
- Why we put customers first 40
- Leading in Environmental Innovation 42
- Engaged and passionate people 44
Complete ultra-fast connectivity is coming quickly: over-the-air updates will reduce the need to visit a retailer.

Autonomous technology will improve safety, reduce congestion and allow more universal mobility.
Our customers’ lives are changing rapidly, driven by new technologies, new ownership models and high expectations of personalised experiences. Premium mobility is already at the core of our business and the advent of autonomy, connectivity, electrification and shared mobility (ACES) won’t change this. We’re using these new enabling technologies to enhance the customer experience with a Jaguar or a Land Rover, getting to know our customers better and ensuring their loyalty to our brands remains unquestionable.

To succeed in smart mobility requires collaborative effort. InMotion Ventures, Jaguar Land Rover’s venture capital arm, is creating value through mobility services with a current portfolio of 13 equity investments and three partnerships.

Increasingly, we are innovating from within, harnessing the talents of our 12,000-strong global engineering community. Take our Innovation Lab in Portland, Oregon, US, which concentrates on incubating technologies that will change the way our customers move and how our cars are used.

Our goal is simple: to make cars safer, free up people’s valuable time and improve mobility for everyone.

**Connected and autonomous innovation**

In 2017, motorists in London spent an average of 74 hours waiting in traffic – in a self-driving vehicle, that time could be productive or relaxing.

Autonomous and connected Jaguar Land Rover cars have already been tested on British roads this year, trialling these technologies in real-world scenarios. We are also leading in several key collaborations, including the UK Government-backed UK Autodrive and AutopleX programmes enabling self-driving cars to ‘see’ at blind junctions and through obstacles.

We have also launched CORTEX, a £3.7 million research project in collaboration with the University of Birmingham, to make the self-driving car viable in the widest range of on- and off-road conditions, developing autonomous vehicles of the future with the capability and performance that customers expect.

The knowledge we gain from our new partnership with Waymo, formerly the Google self-driving car project, will be critical to future plans. We are working with Waymo to design and engineer up to 20,000 self-driving Jaguar I-PACE vehicles.

InMotion has invested into Voyage this year, a company that is operating autonomous ride-hailing services in a geo-fenced area in Florida, US: a further opportunity to gain insight into how people will use self-driving cars.

Experts estimate that by 2020 up to 30 billion devices around the world will be connected to a network. The car is no exception, and the pace of adoption and our innovation in connectivity has accelerated.

Our cars already seamlessly connect with devices but in the near future customers will benefit from ‘over-the-air’ software updates to their cars and infotainment systems, reducing the need to visit retailers. This will be even faster when 5G connectivity is a reality. Our recently announced partnership with Qualcomm Technologies, a world leader in next-generation mobile technologies, allows us to take maximum advantage of ultra-fast connectivity and download speeds.
**Electrifying the future**

We believe the future is electric. But even in a battery-powered, autonomous future, customers will want cars that are exciting to drive, refined and agile on the road. The electric motor offers performance coupled with the luxury of silence. A real game changer for the industry, the electric Jaguar I-PACE now on sale gives us true competitive advantage.

We are also seeing success with our new Range Rover and Range Rover Sport PHEV models that blend battery electric power with our 300bhp 2.0-litre Ingenium petrol engine into a highly capable package that truly demonstrates sustainable luxury.

To enable future electrified models, we are now set on a course to become a leading expert in developing and manufacturing vehicle battery technologies.

Our participation in the all-electric ABB FIA Formula E Championship provides an ideal testing ground – covering everything from charging times and battery life cycles to recycling techniques. This ‘race to road’ approach will help speed up electric development.
Shared future
Some cities are beginning to restrict private vehicles; for example, Oslo in Norway will ban all vehicles from 2019. We recognise that most of our customers want to continue to own their cars, but people are increasingly seeking new ways to access vehicles outside of the traditional ownership models and we are responding.

InMotion announced in June 2017 a $25 million (£19 million) investment in Lyft, the fastest-growing rideshare company in the US. This investment is supporting Lyft’s expansion and technology plans. It is also providing Jaguar Land Rover’s InMotion Ventures with the opportunity to develop and test its mobility services, including autonomous vehicles, and to supply Lyft drivers with a fleet of Jaguar and Land Rover vehicles.

InMotion has invested $3 million in US-based self-driving taxi service Voyage to support the development of a global on-demand service, so anyone can summon an autonomous vehicle to their door and reach their destination safely.
Smarter manufacturing
Currently, we operate on multiple architectures. We are developing a robust, efficient and agile architecture strategy which meets the changing needs of customers and enables us to continue creating products that customers will love, for life, whether with efficient combustion engines, fully electric or plug-in hybrid options.

Our investment into MLA (modular longitudinal architecture) will optimise commonality and reduce complexity, while managing costs as vehicle volumes increase.

Solihull is now confirmed as a plant that will be upgraded to the new MLA architecture for the next-generation Range Rover and Range Rover Sport. MLA will be fully flexible for car size, capability and powertrain. The architecture could also be used to work with hydrogen-powered options, future-proofing our business as we continue our research into the safest and cleanest propulsion systems.

It isn’t just our cars undergoing radical transformations. We are equipping our advanced manufacturing facilities with the next generation of technologies to improve productivity and quality, while keeping employee health and wellbeing front and centre.

At Tech Fest in September 2017, we announced our latest collaboration with Harvard University to explore how advances in wearable soft robotics and artificial muscle technologies can be used in our plants. Accelerating operator capability while reducing physical strain helps to create a quieter, safer and more efficient working environment.

**TRANSFORMED COST STRUCTURE**
We are on a journey to ensure that our business is leaner and more agile. A data-driven approach to identifying, analysing and solving problems is improving our cost structure. Our team of expert data analysts model complex data to support operational decisions and help us accurately forecast demand and make production corrections quicker. Following trials, US retailers have started to implement Jaguar Land Rover methods of machine learning to systematically verify the accuracy of vehicle orders. This has resulted in a faster sales process and greater efficiency in the manufacturing process.
Driving a cleaner future

Whilst our future is electric, in the medium term the internal combustion engine will continue to be part of our journey. Engineered in the UK to give the best driving performance in all conditions, our family of Ingenium petrol and diesel engines delivers enhanced responsiveness and maximum fuel efficiency. Our latest EU6d diesels are among the cleanest in the world, with the highest technology aftertreatment available, and are vital to meet European CO₂ targets.

A new set of more demanding and representative European emissions and fuel consumption tests was rolled out in 2017, designed to better replicate real-world driving conditions. We have always invested in the best technology, creating our clean Ingenium petrol and diesel engines, which have been designed, engineered and tested to the toughest emissions standards. We fully support the introduction of even more rigorous emissions rules and are confident that our cars will meet the new tests.
Excellent customer service doesn’t just mean satisfying customers, it means listening and responding to continuously improve our offering. That is why we used over 250,000 verbatim comments from customers, distilling their thoughts down into five Customer First principles: Easy to Do Business With, Dependable, Personalised, Make Me Feel Special and Transparent. These principles focus our attention: everything we do, from each screw we turn to each mile we drive, must be done with our customers at front of mind.

That is why we recruit only the most talented people who understand the importance of customer service and can convey these principles throughout our business, continuing to create experiences customers love, for life.

**Representing the voice of the customer**
Our customer-focused innovation team uses feedback to understand what our customers want and develop ideas accordingly. We currently have 10 advisory boards, bringing together customers from China, the United States and the UK who own the same type of vehicle.

Meanwhile, we have strengthened our customer insight processes to improve the quality and accuracy of customer data, which is fed back into our engineering teams to find new and improved ways to meet our current and future buyers’ demands.

Focusing on the customer ensures every decision we make is tailored with them in mind. That helps us behave in a way that delivers positive outcomes, every time. You don’t get an accurate picture of how customers use their cars until you see how they interact with them. The closer our mind-set is to the customer, the closer we are to perceiving a new problem that our team can solve. This is how we develop new features and exciting products.

**WHAT MATTERS TO OUR CUSTOMERS**
At Jaguar Land Rover we strive for continuous improvement. In 2018, we are addressing fundamental customer challenges that the business must overcome to succeed through our Customer First transformation plan under five strategic objectives: exceed quality expectations, deliver on time, create value for us, create value for our customers, and enable and use our people efficiently.

We have a laser focus on ever higher quality, keeping vehicle programmes on track and ensuring that we optimise resources to deliver an optimal experience to even more customers. This plan is still in its infancy. However, the goals are clear: offering products and services that our customers desire and always striving to exceed customer expectations over time.
Our mantra is to deliver experiences that customers will love for life. The global customer insight team uses direct feedback to improve products and services.
**Our vision**
To be a truly sustainable business, we consider both the vehicles we produce and every aspect of the process that goes into manufacturing them. We are determined to minimise our impact on the environment, our people and on the world’s precious raw materials.

**We are on track**
We are confident of meeting our challenging target to achieve a 45 per cent reduction in European fleet average tailpipe CO\(_2\) emissions by 2020, supported by the plug-in hybrid electric vehicle (PHEV) powertrains in our Range Rover and Range Rover Sport SUVs and the Jaguar I-PACE, our first battery electric vehicle (BEV). We are proud to have achieved a 37 per cent reduction in our European fleet average tailpipe CO\(_2\) emissions in just 10 years.

Diesel technology today is the cleanest yet. NOx and particulate emissions from Jaguar Land Rover diesels are comparable to petrol, with 20 per cent lower CO\(_2\) emissions. Our diesel vehicles have the highest technology diesel aftertreatment available, removing up to 99 per cent of all particulates and NOx emissions.

Minimising the carbon footprint of our wider business is also a key objective. We have already reduced our global vehicle manufacturing operating CO\(_2\) by 46 per cent per vehicle compared to 2007 by driving efficiencies and building our own renewable energy generating capacity.

In the UK we are working towards carbon neutral manufacturing operations. In April 2016 we took the decision to purchase 100 per cent Renewable Energy Guarantees of Origin (REGO)-backed electricity for our UK plants and that, along with efficiency savings, contributed to a 74 per cent reduction in operating CO\(_2\) emissions per car built compared to 2007, while increasing the number of vehicles manufactured by 79 per cent.

We compensate for the remaining, unavoidable emissions through our CO\(_2\) offset programme, supporting projects that provide safe water and clean-burning cook stoves to developing communities.

**ACHIEVEMENTS AND LEARNINGS**
Life cycle assessment (LCA) allows us to fully understand the environmental footprint of our vehicles and minimise our carbon footprint from initial product creation to vehicle end of life. The latest generation of cleaner powertrains, in combination with developments like our closed-loop aluminium manufacturing process, optimise every step of the journey.

The average energy required to build one of our vehicles is now 43 per cent lower compared to 2007, down from 3.69MWh per car to 2.11MWh. Initiatives such as the installation of LED lighting, improved use of building management systems and technology improvements in process equipment have been important drivers of this change, and the trend must continue if we are to power our business into an exciting and sustainable future.

### CO\(_2\) emissions for UK operations (tonnes)
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>380,362</td>
<td>364,325</td>
<td>337,370</td>
<td></td>
</tr>
</tbody>
</table>

Data is based on our operations in Solihull, Halewood, Castle Bromwich, Gaydon, Whitley and our Engine Manufacturing Centre. Data is based on the UK grid conversion factor. Operational CO\(_2\) performance includes purchased gas and electricity.

### CO\(_2\) emissions for overseas manufacturing (tonnes)
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>75,692</td>
<td>83,897</td>
<td></td>
</tr>
</tbody>
</table>

Data is based on our operations in China and Brazil. Operational CO\(_2\) performance includes purchased gas, electricity and steam*. (*Steam only in China.)
The all-electric Jaguar I-PACE and the Range Rover P400e plug-in hybrid.
Our business is driven by passionate people who design, develop and manufacture cars that our customers love.

There is a growing demand for digital and electrical skills across engineering and high-value manufacturing. Development of these skills to fulfil our growth ambitions requires research-led training, with governments, academia and cross-sector industries working in partnership.

We believe that Jaguar Land Rover is in a unique position to answer the industry’s insatiable call for a wide range of skills. We are investing more than £100 million per year in the Jaguar Land Rover Academy, offering lifelong learning for employees. Around a quarter of employees are actively working towards a formal academic or professional qualification at all levels from apprenticeship to doctorate. We have also upskilled 7,000 engineers with Master’s-level education since 2010.

What makes Jaguar Land Rover's skills programme different is the breadth of institutions with which we partner. We use 10 universities, including Warwick, Cambridge and York, to deliver different specialisms. These technically accredited links into academia are supported by over 100 PhD projects at any one time.

**Automotive apprenticeships**

Jaguar Land Rover is the largest provider of automotive apprenticeships in the UK. Over the last six years, we have invested £186.5 million in young people through our apprenticeship programme.

**A digital call for the world’s brightest and best**

To inspire and attract a diverse range of talent, we are investing in innovative recruitment strategies.

We found 15 new engineers through Tech Quest, an online game that tests abilities through puzzles and coding challenges. Five per cent of our September 2017 apprentices were recruited through our Gorillaz programme. This was an app-based code-breaking challenge with the best-performing candidates fast-tracked through the recruitment process.

**Breaking the Gorillaz code**

Daniel Dunkley, a 23-year-old from Gloucester, UK, was the first successful codebreaker to join Jaguar Land Rover: “I read about the coding challenge set by Jaguar Land Rover and Gorillaz on BBC News and decided to have a go. We did the interview by Google Hangouts, then I was invited to come in and talk about my new job. It completely blew me away that I didn’t have to fill out any application forms.”

Daniel left school at 16 and was working at a local quarry. His coding and software skills are completely self-taught from an early interest in playing computer games at home with his older brother.

**Conducting business with integrity**

Alongside their passion for what they do, our people are committed to conducting business fairly and honestly, in line with Jaguar Land Rover’s Code of Conduct. We expect the highest level of ethical behaviour when interacting with customers, retailers, suppliers, government agencies, communities and each other.

Our human rights policy sets out our commitment to respect and comply with all relevant laws, rules and regulations in the territories in which we operate. These include provisions addressing slavery, human trafficking, forced labour, child labour and upholding each employee’s right to freedom of association.

We have refreshed our assessment of slavery and human trafficking risks within our operations and we continue to deem the risk to be low. During the year ended 31 March 2017, we obtained assurances from key providers of agency staff with regard to their own commitments to respecting human rights.

Jaguar Land Rover’s Code of Conduct and human rights policy, as well as our slavery and human trafficking...
statement for the year ended 31 March 2017, can be found at www.jaguarlandrover.com.

Gender pay gap
We are changing the conversation and reaching out to millions of young women to attract them to a career in the automotive industry. That means making the generational and social changes needed to ensure the gender pay gap is closing. The gender pay gap is a measure of the percentage difference in the average hourly pay or bonus of men and women working for Jaguar Land Rover. The figures take no account of their role in the organisation, length of service or any other differentiating factor. While we have a long way to go before we reach the levels of equality we seek, the published and independently audited gender pay gap, under five per cent for our UK-based employees, suggests we are on the right path.

With fewer women than men in senior roles and a majority of men in production operations in our factories, the gender pay gap can be hard to close. Traditionally, lower numbers of women coming into the industry have made this even harder. Things are changing for the better.

There has been a 24 per cent increase in the proportion of women in our workforce since 2014 and a 21 per cent increase in the proportion of women in our management grades in the same period. In 2017, we recruited more women than men (55 per cent female) onto our Advanced Apprentice programme.

We are committed to both equality and encouraging a diverse workforce.

### Closing the Gap

<table>
<thead>
<tr>
<th>Mean pay gap</th>
<th>4.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median pay gap</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

Mean pay gap
The mean pay gap tells us the difference in the average hourly pay rate for men and women.

Median pay gap
The median pay gap is the difference in the hourly pay rate between the pay of the middle female employee and the pay of the middle male employee when male and female employees are listed in order of hourly pay rate.
VALUE BEYOND OUR BOUNDARIES
IN THIS SECTION

Introduction 48
Driving to Destination Zero 50
Innovation in electrification comes from within 52
Closing the loop 54
Redressing the balance 56
Jaguar Land Rover: a global community partner 58
Technology for good: what3words 60
Land Rover and Red Cross: a partnership built on trust 62
Better representation of women in engineering 64

Jaguar Land Rover
INTRODUCTION

Today, at Jaguar Land Rover, we offer the most varied, sophisticated and sustainable portfolio in our history. Sustainable in our impact on the environment, on global communities and in our use of the world’s precious resources.

Every product and service we create comes under our intense scrutiny. We close the loop at every opportunity, to improve efficiency, minimise our impacts and maximise productivity. We are committed to hunting down and reducing single-use plastics across the business, and we consider the effective use of natural resources in every facet of our operations.

We will continue to invest over-proportionally in our people, products and new technologies to ensure we contribute to a better society and cleaner environment. Our 43,000 employees depend on us along with a further 240,000 people in our wider business ecosystem.

NOT SIMPLY ‘A PLACE TO WORK’

Social impact is more than simply a product of what we do. It is a determining factor in how we do it. Our licence to operate depends upon our lasting and positive impact.

This is a philosophy we share with Tata. The Group’s founder, Jamsetji Tata, said: “In a free enterprise, the community is not just another stakeholder in business but is in fact the very purpose of its existence.”

Combining the talent of our people with our market-leading technologies can deliver real change.

In Fiscal 2017/18, our employees committed over 70,000 hours through our Volunteer Changemakers programme, supporting a diverse range of charity partners. Twenty-two per cent of these hours specifically supported our Technology for Good projects.

This year Jaguar Land Rover supported over 1.2 million people through our projects, volunteering hours and gifts in kind totalling over £10.5 million.
The Land Rover Discovery navigated over 1,800 kilometres through desert and jungle terrain during the 2017 Land Rover Experience Tour in Peru.
Decarbonisation, air quality, digitalisation, connectivity, automation and globalisation. These are the factors driving an industrial revolution bigger, faster and more impactful than the last.

Amid these changes we see endless opportunities for innovation and for improvement in the lives of communities all over the world.

Destination Zero is our ultimate goal – an ambition for cleaner, safer and more efficient cars of the future that achieve 100 per cent safety, zero emissions, zero congestion and long-term sustainable growth.

At Jaguar Land Rover, we are creating a connected, electrified and rejuvenated environment for our people, and this is helping to define the positive impact we can make around our plants and facilities – through employment, education, infrastructure and community.

Innovation is the lifeblood of sustainable growth but Destination Zero cannot be achieved by Jaguar Land Rover alone. So, we have forged strong links with academia, the UK Government and other industry sectors.

Coventry and Warwickshire, where Jaguar Land Rover is headquartered, is already the home of our autonomous driving trials, an opportunity to pilot new mobility models in our local community; models which will bring social and public health benefits in the future.

We are a lead partner in the £150 million National Automotive Innovation Centre (NAIC) venture which will open at the University of Warwick later this year. A state-of-the-art research and collaboration hub for emerging automotive technologies, the NAIC will develop the talent and skills needed for the future of UK automotive.

The region will also be the location of the £80 million UK Battery Industrialisation Centre, a test-bed for learning, design, development and manufacture of next-generation battery technologies for electric vehicles and broader applications.
INNOVATION IN ELECTRIFICATION COMES FROM WITHIN
Jaguar Land Rover is now reaping the rewards of a long-term investment strategy in education. Our market-leading innovation comes from within, often from people who have learned, grown and developed with us and who are now repaying the business through their engineering ingenuity and use of creative future technologies.

Dr Alex Michaelides, Senior Technical Specialist in electric machines and power electronics, has devoted his life’s work to e-machines and is proof that some of the most innovative e-mobility ideas are coming straight out of Jaguar Land Rover.

“In 2013 I began working on Evoque E, a practical research and development project looking at the future of electric motors. The developments and ideas we had soon became the basis for the Jaguar I-PACE. We knew what our competitors were doing at the time, but my small team and I saw the potential for another way – a permanent magnet-assisted reluctance motor. The force in this kind of motor doesn’t just come from magnetic pull but from the reluctance in the magnetic circuit too.

“The goal for us – and what we’ve been able to pioneer and patent – was an ingenious efficient arrangement for the magnetic path and the reluctance path. That takes quite a bit of time and optimisation.”

Alex’s work helped Jaguar Land Rover develop a motor that generates 60 per cent of its torque from reluctance and 40 per cent from magnets, resulting in an efficiency rating for the motor of nearly 97 per cent. And yet he is determined to find even more efficiencies: “For every extra half percentage point we improve, it’s money saved for the customer.”

The Jaguar I-PACE delivers sustainable sports car performance, next-generation artificial intelligence (AI) technology and five-seat SUV practicality.
With the pressure on our natural resources growing, extracting the maximum possible value from every process and material is paramount. That means challenging ourselves on anything that delivers value to our business and our customers only once. We have to ask what is the second- or even third-life opportunity for that material or product? We strive to drive value back into society through efficient, ethical and smart practice.

By closing the loop on legacy ‘take-make-waste’ linear processes, we are driving a circular economy culture within Jaguar Land Rover.

Value created at every turn
Examining tailpipe emissions in isolation for any vehicle doesn’t tell the whole story. Life cycle assessment (LCA) presents an overall environmental footprint for our vehicles – reflecting the combined benefit of our optimised powertrains and our responsible approach to material use in construction.

Closed-loop processes enable up to 50 per cent post-industrial recycled aluminium to be used in car bodies, reducing the use of natural resources required to build each car. REALITY (Recycled Aluminium through Innovative Technology), a £2 million research project in partnership with Innovate UK, demonstrates Jaguar Land Rover’s commitment to the practical application of sustainability. The learnings from REALITY will help Jaguar Land Rover understand how it can use post-consumer aluminium in its vehicles, giving a high-value second life to a valuable natural resource.

Charged with a new responsibility
With the increasing global demand for both battery and plug-in hybrid electric vehicles, a new industry is evolving. Jaguar Land Rover is working to become a world leader in electrification. With this comes a responsibility to influence the material management in supply and development, how batteries are used and ultimately what may become of them at the end of their useful life in the vehicle.

The all-electric Jaguar I-PACE’s 90kWh battery is made up of high energy density lithium-ion pouch cells. Its design and state-of-the-art thermal management system supports longevity and periods of sustained maximum power. The battery comes with an eight-year/100,000-mile (160,000km) warranty, but we are already working on second-life applications for these battery packs.
Jaguar Land Rover and Warwick Manufacturing Group have teamed up with Connected Energy, a business pioneering integrated energy storage, to enable second-life battery usage to store and supply energy to our sites.

Imagine the possibilities of increased energy storage to maximise the benefit of our already leading photovoltaic solar system fitted to Jaguar Land Rover’s Engine Manufacturing Centre in Wolverhampton.

**Maximum efficiency through reducing waste: from ‘Waste to Wave’**

We recycle or reuse 99 per cent of all non-metal waste from our UK manufacturing process. However, our aim is always to prevent the wasteful use of resources in the first instance.

Showcasing the passion and potential of a zero waste, circular economy approach, we have revolutionised the disposal of polyurethane. An essential part of the design process for any new car is the review and refinement of the shape in 1:1 scale.

To create truly desirable vehicles, Jaguar Land Rover employs the craft of skilled clay modellers to shape and contour the fine details of every panel. But beneath those layers of clay, blocks of polyurethane foam are needed to provide the base support structure for these life-sized design creations.

The first step is to minimise the waste in the first place. This is where our virtual capabilities can be useful, pushing more models into the digital rather than the physical realm. For the models we do need to build, we need to break them down and reuse the waste correctly.

The cut-off blocks can be reused either within the business or at Jaguar Land Rover’s education and business partnership centres. However, that still leaves some waste and to deal with that, a new pilot circular economy model has been introduced.

Jaguar Land Rover has now teamed up with pioneering surfboard manufacturer Skunkworks, based in Northern Ireland, to produce surfboards made entirely from our remaining recycled polyurethane waste.
New infrastructure plays an important part in our growth but can be disruptive to the natural environment. That’s why Jaguar Land Rover is committed to a sustainable growth strategy. This means taking our responsibilities seriously and acting ethically towards the environment and our communities as we expand our physical footprint. We do this by proactively balancing the risks and opportunities associated with biodiversity, protected species and habitats, both within our sites and across the wider landscape.

One of our newest facilities is Fen End, in the West Midlands, UK, housing all our Special Vehicle Operations (SVO) engineers.

Sustainability and Environmental Specialist Robert Nussey explains what’s different about Fen End: “This site has a unique history, formerly as an RAF base and then later used for car testing. It is valuable due to its natural diversity and semi-rural setting. The project team worked hard to incorporate the landscaping as an integral part of the new facility and test track design. This not only minimised impact to sensitive ecological areas, such as ponds and woodland, but allowed for the creation of high-value habitat features, such as species-rich wildflower grasslands and new ponds for amphibians and reptiles. Also, we listened to the concerns of local residents around disruption from construction activities. Excavated soil was reused within the site to avoid being sent to landfill and reduce HGV traffic on the roads. Overall, the project saved £350,000 by compensating for biodiversity losses within the site boundary.”

“In spite of existing nature protection policies and laws that give protection to conservation priority species, the UK’s wildlife continues to decline. Biodiversity is critical to support the production of raw materials and contributes to the UK’s economy and people’s wellbeing.”

Jaguar Land Rover recognises that adopting a net positive impact – as a companywide commitment, project target or even aspirational goal – makes sound business sense as it supports long-term business value.

As we expand globally, we are instilling a world-class philosophy in everything we aim for. The Fen End SVO Engineering HQ and our new Slovakian manufacturing plant are aiming for BREEAM accreditation, a globally recognised standard which we commit to in many of our new facilities around the world. Our Brazil manufacturing facility is accredited to Leadership in Energy and Environmental Design (LEED) Gold, another globally recognised green building standard. Attaining these standards supports our commitment to being efficient in our processes and resource use, and being a company that people want to work for.
Jaguar Land Rover’s sustainable infrastructure policy requires that new buildings are assessed, designed and built with sustainability at their core. The Fen End facility has been future-proofed to ensure the lowest possible utility operating costs, resilience to climatic conditions, and to provide a workplace offering improved wellbeing.

**ENERGY PERFORMANCE CERTIFICATE A**

The Fen End facility is more efficient than national building requirements. Photovoltaic (PV) panels and natural roof lighting incorporated into the design minimise energy requirements, with a focus on sustainability.

**RESPONSIBLE SOURCING**

35 per cent of the materials used for the construction of the Fen End facility were from recognised highly responsible manufacturers (BES 6001 Very Good, Forestry Stewardship Council (FSC)).

**BREEAM VERY GOOD**

The new facility is on track to reach its target of BREEAM Very Good. This represents the top 25 per cent of UK non-domestic new building demonstrating advanced good practice within its design and construction.

**RESOURCE EFFICIENCY**

90 per cent of construction waste recycled. Over 78,000m³ of soil was reused during the construction of the new building and the associated landscaping.

**BIODIVERSITY**

We delivered a net gain in biodiversity through:

- Creation of 8.5 hectares of new high-value habitat
- Improving around 8 hectares of existing habitat, including Runway Community Woodland
- Planting over 38,000 trees on the site.
JAGUAR LAND ROVER: A GLOBAL COMMUNITY PARTNER

To make a positive social impact, we believe you need to think big... and small.

We have combined the talents of our workforce with Jaguar Land Rover’s latest technology in a network of interlinked projects around the world. These come in all shapes and sizes, from global projects benefiting millions to local initiatives helping small communities around our facilities. In the last five years, Jaguar Land Rover has delivered 40 global social impact projects.

Dream big in China
Since it was established jointly by Jaguar Land Rover and the China Soong Ching Ling Foundation (CSCLF) in May 2014, the Jaguar Land Rover China Children and Youth Dream Fund has invested RMB 50 million (over £5.6 million) in projects to improve the health and wellbeing of young people in China. As of 2018, 254,000 children and young people have benefited from Dream Fund programmes, which have been enabled by the inherent capability and technology in Land Rover vehicles. In Dream Fund phase two, we will invest another RMB 30 million (£3.4 million) over the next three years.
The Journey for Vision project has already provided vital eye care to over 160,000 children across remote areas of China. Many of these children were living with serious eye conditions that otherwise could have been left untreated. Land Rover's capability has enabled these initiatives to go beyond the road’s end to access remote communities.

The latest innovative programme is the Jaguar Land Rover Road Safety Experience Centre, which opened in Beijing in March 2018. The facility provides a fun environment for children to learn about road safety through interactive and immersive experiences using cutting-edge technologies.

**LOCAL PRODUCE: HEALTHY FOOD FOR THOSE IN NEED**

Smaller scale, localised projects can still have a big impact on Jaguar Land Rover communities. In the last year, more than 1.3 million people in the UK have visited a food bank. Through an employee volunteering initiative run from our flagship manufacturing plant in Solihull, West Midlands, Jaguar Land Rover is working with social enterprise Gro-Organic to provide fresh food to people in need.

As part of the initiative, our employees took over a disused allotment plot close to our plant, completely transforming it to grow fruit and vegetables for people who need them. Not only do the volunteers learn a new skill set, but the allotment has also become an asset to local schools and community groups, supporting education on sustainability, healthy eating and exercise.
This year Jaguar Land Rover has become what3words’ exclusive automotive humanitarian partner. The British technology company what3words has addressed the world with a grid of 57 trillion 3m x 3m squares. Each square is assigned a unique three-word address. These short, memorable addresses are a new and easy way to talk about location, and to put remote and developing communities ‘on the map’ where no formal addressing system exists.
The partnership launched with an activity on the isle of Mull, Scotland, that involved a team of Land Rover volunteers using a fleet of Land Rover vehicles to deliver three-word address plaques to every property on the island.

The initiative was to make remote-living patients easier to find much more quickly and accurately, improving both routine health care and potentially life-saving emergency response times.
Land Rover has been a supporter of the Red Cross and Red Crescent Movement for more than 60 years. The partnership began in 1954 when Land Rover donated a specially adapted Defender to the Movement to act as a medical dispensary to travellers in the deserts of the United Arab Emirates. Since then we have supported more than a million vulnerable people in some of the world’s hardest-to-reach places.

Today, Jaguar Land Rover’s support extends across 18 projects enabled by volunteers, expertise and vehicles in 25 countries. These projects have helped rebuild communities, provided water and sanitation facilities and supported health and social care for older people.

The Streets of Solidarity

Italy has a population of almost 60 million people, up to five million of whom live under the poverty line. More than 50,000 of these make up the ‘invisible’ community of people who regularly sleep on the streets at night.
The Streets of Solidarity project was launched by the Italian Red Cross in Milan in 2001. Today it is active in five other cities – Rome, Turin, Naples, Florence and Palermo – and it supports the activities of more than 60 local committees.

The main aims are to alleviate homelessness and help change lives, through volunteers who respect and bond with the homeless community.

Land Rover vehicles are used to assist with the distribution of blankets and food, as well as to supply medical and psychological support. Success can be as simple as making someone’s night more comfortable, but it is also derived from social inclusion and the integration of people back into society – providing them with a new way of life and a sense of belonging.
On International Women’s Day 2017, Jaguar Land Rover and Getty Images partnered to highlight the need for a more realistic visual representation of female engineers. More people than ever are searching for images of women in STEM careers, yet results are often outdated and don’t reflect today’s exciting and varied roles. The partnership aimed to change that by releasing images that show women in a variety of roles from aerodynamics to cyber and audio engineering.
GLOBAL GROWTH AND FINANCIAL PERFORMANCE
IN THIS SECTION

Driving global growth  
Global sales  
Financial review  
Chief Financial Officer’s statement  
Financial performance
We take pride in being a truly international company, trading and manufacturing across the world, but our heart and soul remain firmly in the UK.

For the third consecutive year, we’ve confirmed our position as Britain’s largest automotive manufacturer, for both vehicles and engines. It is through focused, continuous investment that we are creating the most advanced and efficient operational environments across all our sites globally.

With construction almost complete, our 300,000m² manufacturing site in Nitra, Slovakia offers us the additional capacity necessary to further increase our product range. The £1 billion investment will produce a true factory of the future. It will feature dynamic manufacturing technologies, including Kuka’s Pulse carrier system, which is 30 per cent faster than conventional conveyance systems.

Installation of manufacturing technologies in Nitra continues to reaffirm Jaguar Land Rover as a leader in the development of lightweight technologies in the automotive sector.

In response to growing demand for our vehicles in China, in July 2017 we opened our Chinese engine plant as part of an RMB 10.9 billion joint venture with Chery Jaguar Land Rover Automotive Company Ltd. The facility incorporates the latest cutting-edge engine manufacturing technologies from Jaguar Land Rover to deliver the new Ingenium petrol engine to our Chinese customers.

Mirroring its sister plant in the UK, the Chinese engine facility includes both machining and assembly halls to manufacture the most advanced engines we have ever produced – supporting our global strategy to reduce emissions and improve fuel efficiency – all without compromise for our
customers. At more than 50,000m², the new world-class facility contains a fully flexible production line.

Our Gaydon facilities in Warwickshire, UK, the headquarters for all engineering research and development, are midway through a £450 million expansion to create a pioneering hub for Jaguar Land Rover’s next-generation design and engineering activities. The hub is supported by a number of ‘spokes’, centres of engineering excellence located in key markets where we can access the skills in short supply: robotics, data analytics, electrical engineering software and artificial intelligence. All of these are critical to the progression of Jaguar Land Rover’s technology ambitions.

We have this year announced the next spoke, a new software centre in Shannon, Republic of Ireland, harnessing the talent in what is a globally recognised centre of excellence for software engineering. Shannon will act as a research hub supporting our Gaydon pioneering hub and will strengthen our international engineering capabilities as we pioneer autonomous and electrification technologies for future Jaguar and Land Rover vehicles.

We’ve also underpinned our commitment to the United States, one of our biggest markets, with an expanded new North American headquarters in Mahwah, New Jersey. The US$30 million investment includes creation of a 147,000 sq ft state-of-the-art facility. Technology and skills development were at the forefront of the building design, to enable greater collaborative working and housing bespoke facilities for training and product research.

Below
Our new North American HQ includes product research and training facilities.
GLOBAL SALES

RETAIL SALES BY REGION

Jaguar Land Rover retail sales were 614,309 vehicles in Fiscal 2017/18, up 1.7 per cent year on year.

Retail sales volumes were up 19.9 per cent year on year in China, 4.7 per cent in North America and 3.4 per cent in Overseas markets. For the UK and Europe, volumes were down 12.8 per cent and 5.3 per cent respectively.

Sales performance in the year primarily reflected the introduction of new models, including the all-new Land Rover Discovery, the Range Rover Velar and the Jaguar E-PACE, which went on sale in all markets except China, where it will be launched from our joint venture later in 2018. However, sales were impacted by diesel uncertainty in Europe and the UK as well as the model year changeover of Range Rover and Range Rover Sport in the second half of Fiscal 2018.

In addition to new models introduced during the year, retail sales were buoyed by higher volumes of the long-wheelbase Jaguar XFL, F-PACE, Discovery Sport and Evoque in China. Similarly, new models and the ongoing demand for F-PACE led to incremental sales in North America and in Overseas markets.

Despite new model launches and continuing solid sales of F-PACE, retail sales were down year on year in the UK, reflecting the weaker market cycle as well as ongoing uncertainty around Brexit and diesel. Similarly, in Europe retail sales were down compared to last year as the introduction of the Range Rover Velar, Jaguar E-PACE and the all-new Land Rover Discovery were not sufficient to compensate for lower sales of other models.

Total retail sales from our China joint venture were 87,774 vehicles in Fiscal 2017/18, up 35.0 per cent year on year, led by increased sales of the long-wheelbase Jaguar XFL and continued solid demand for Discovery Sport and Evoque. The introduction of the long-wheelbase Jaguar XEL in December also contributed to the increased sales volumes from our China joint venture.

614,309 cars sold in Fiscal 2017/18
▲ 1.7% increase year on year
RETAIL SALES BY BRAND

Retail sales growth in Fiscal 2017/18 was led by the introduction of the award-winning Range Rover Velar, Jaguar E-PACE and the all-new Land Rover Discovery, as well as continued solid demand for the long-wheelbase Jaguar XFL in China and the award-winning Jaguar F-PACE.

Jaguar retail volumes were 174,560 vehicles in Fiscal 2017/18, up 1.0 per cent year on year. This increase is reflective of the introduction of the Jaguar E-PACE as well as continuing solid sales of the F-PACE and the long-wheelbase XFL in China, offset by lower sales of the XE, XJ and F-TYPE.

Land Rover retail sales increased 2.0 per cent year on year to 439,749 units in Fiscal 2017/18, as the introduction of the Range Rover Velar and the all-new Discovery more than offset lower sales of the Evoque and Discovery Sport.

Sales of Range Rover and Range Rover Sport were less due to the model year changeover ahead of the launch of the new refreshed models (including plug-in hybrid variants) at the end of 2017.

<table>
<thead>
<tr>
<th>Model</th>
<th>FY 2017/18</th>
<th>FY 2016/17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jaguar</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>XE</td>
<td>32,825</td>
<td>45,469</td>
<td>-27.8%</td>
</tr>
<tr>
<td>XF</td>
<td>40,907</td>
<td>37,157</td>
<td>+10.1%</td>
</tr>
<tr>
<td>XJ</td>
<td>9,136</td>
<td>11,489</td>
<td>-20.5%</td>
</tr>
<tr>
<td>F-TYPE</td>
<td>9,882</td>
<td>10,777</td>
<td>-8.3%</td>
</tr>
<tr>
<td><strong>Land Rover</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RANGE ROVER</td>
<td>53,509</td>
<td>57,480</td>
<td>-6.9%</td>
</tr>
<tr>
<td>RANGE ROVER SPORT</td>
<td>76,121</td>
<td>89,746</td>
<td>-15.2%</td>
</tr>
<tr>
<td>RANGE ROVER VELAR</td>
<td>46,036</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>RANGE ROVER EVOQUE</td>
<td>98,501</td>
<td>114,373</td>
<td>-13.9%</td>
</tr>
<tr>
<td>DISCOVERY</td>
<td>67,955</td>
<td>42,023</td>
<td>+10.6%</td>
</tr>
<tr>
<td>DISCOVERY SPORT</td>
<td>126,152</td>
<td>126,152</td>
<td>-5.6%</td>
</tr>
</tbody>
</table>

Note: Sales of discontinued models (Jaguar XK, Land Rover Defender and Freelander) are excluded from the above.
FINANCIAL REVIEW

CHIEF FINANCIAL OFFICER'S STATEMENT

Record retail sales of 614,309 units and revenue of £25.8 billion in Fiscal 2017/18 mark yet another year of growth for Jaguar Land Rover.

Jaguar Land Rover achieved record retail sales of 614,309 vehicles in Fiscal 2017/18, up 1.7 per cent year on year. The increase in sales reflects the continuing success of new models, particularly in China, North America and in Overseas markets.

Wholesales were 545,298 vehicles, up 2.0 per cent year on year, generating record revenues of £25.8 billion, up £1.4 billion compared to last year.

Profit before tax (PBT) was £1.5 billion, down £74 million compared to Fiscal 2016/17. The lower PBT includes higher depreciation and amortisation, higher incentives, marketing expense and certain Q4 engineering charges, offset by lower material costs, favourable FX revaluation and the £437 million exceptional pension credit in Q1.

EBIT\(^1\) was £974 million (3.8 per cent margin) in Fiscal 2017/18 compared to the £1.4 billion EBIT\(^1\) (5.9 per cent margin) in Fiscal 2016/17.

Free cash flow was negative £1.0 billion after total investment spending of £4.2 billion. We also paid a £150 million dividend to our parent, Tata Motors, and issued a $500 million 10-year bond with a 4.5 per cent fixed coupon during the year. Total cash and financial deposits at 31 March 2018 was £4.7 billion and total liquidity was £6.6 billion including a £1.9 billion undrawn revolving credit facility. Allowing for £3.7 billion of debt, including the $500 million bond issued in October 2017, net cash at 31 March 2018 was £926 million.

Jaguar Land Rover’s strategy continues to be to achieve sustainable profitable growth by investing proportionally more in new products, technology and manufacturing capacity. Consistent with this, Fiscal 2018/19 investment spending is expected to be in the region of £4.5 billion.

Looking ahead, we anticipate cyclically weaker automotive markets in the UK (exacerbated by Brexit) and in the US, and diesel uncertainty in the UK and Europe, which will naturally lead to higher incentives. We also expect historical seasonality by quarter to continue. Furthermore, electrification and other technological changes should present additional challenges as well as opportunities.

However, new products and technologies, as well as continued global growth, notably in China, are expected to drive higher sales growth and improved profitability in Fiscal 2018/19, achieving a 4–7 per cent EBIT\(^1\) margin in the medium term and 7–9 per cent in the long term.

KENNETH GREGOR
CHIEF FINANCIAL OFFICER
JAGUAR LAND ROVER AUTOMOTIVE PLC
24 JULY 2018

---

\(^1\) Please see note 3 of the financial statements on page 122 for the definition of EBIT.
FINANCIAL PERFORMANCE

Consolidated income statement
Jaguar Land Rover achieved record wholesales, retails and revenue for the eighth consecutive year; however, profitability was lower primarily due to higher depreciation and amortisation related to new models.

REVENUE
Revenue was £25.8 billion in Fiscal 2017/18, up from £24.3 billion in the prior year with higher wholesales of 545,298 units (excluding sales from the China joint venture), up 2.0 per cent year on year, led by Velar, E-PACE and the all-new Land Rover Discovery. Similarly, retail sales (including sales from the China joint venture) were 614,309 in Fiscal 2017/18, up 1.7 per cent.

EBITDA\(^1\) – EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION
EBITDA was £2.8 billion (10.8 per cent margin) in Fiscal 2017/18, down slightly from the EBITDA of £2.9 billion (12.1 per cent margin) in the previous fiscal year, as favourable volume and mix and lower material costs were offset by higher incentive spending, higher marketing costs and £97 million of certain Q4 engineering costs.

EBIT\(^1\) – EARNINGS BEFORE INTEREST AND TAXES
EBIT was £974 million (3.8 per cent margin) in Fiscal 2017/18 compared to £1.4 billion (5.9 per cent margin) in Fiscal 2016/17. The lower EBIT in Fiscal 2017/18 includes higher depreciation and amortisation related to new products launched during the year and the lower EBITDA, partially offset by higher China joint venture profits of £252 million.

PBT – PROFIT BEFORE TAX
PBT was £1.5 billion in Fiscal 2017/18, down slightly from the £1.6 billion PBT of last year given the lower EBIT, higher net interest expense and the non-recurrence of Tianjin recoveries last year, offset by more favourable revaluation of unrealised foreign currency debt and hedges and the £437 million pension credit in the first quarter.

PAT – PROFIT AFTER TAX
PAT was £1.1 billion in Fiscal 2017/18, down compared to the £1.3 billion PAT of last year. The effective tax rate in Fiscal 2017/18 was 26.2 per cent compared to 21.0 per cent last year. This primarily reflects a £54 million charge for the impact of the change in the US Federal rate from 35 per cent to 21 per cent on deferred tax assets. For further disclosure on our approach to tax, please see note 14 on page 129 of the financial statements.

---

1 Please see note 3 of the financial statements on page 122 for the definition of EBITDA and EBIT.
FINANCIAL PERFORMANCE (CONTINUED)

Consolidated cash flow

Free cash flow was negative £1.0 billion in Fiscal 2017/18 after total investment spending of £4.2 billion.

<table>
<thead>
<tr>
<th>Description</th>
<th>Fiscal 2017/18</th>
<th>Fiscal 2016/17</th>
<th>Fiscal 2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBT FY 17/18</td>
<td>1,836</td>
<td>1,836</td>
<td>1,536</td>
</tr>
<tr>
<td>D&amp;A AND OTHER</td>
<td>81</td>
<td>81</td>
<td>81</td>
</tr>
<tr>
<td>WORKING CAPITAL AND ACCRUALS</td>
<td>(312)</td>
<td>(400)</td>
<td>(289)</td>
</tr>
<tr>
<td>TAX PAID</td>
<td>1,045</td>
<td>1,045</td>
<td>1,045</td>
</tr>
<tr>
<td>TOTAL INVESTMENT</td>
<td>(4,186)</td>
<td>(4,186)</td>
<td>(4,186)</td>
</tr>
<tr>
<td>FREE CASH FLOW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHANGES IN DEBT</td>
<td>370</td>
<td>370</td>
<td>370</td>
</tr>
<tr>
<td>DIVIDENDS AND OTHER DISTRIBUTIONS</td>
<td>(155)</td>
<td>(155)</td>
<td>(155)</td>
</tr>
<tr>
<td>CHANGE IN CASH AND FINANCIAL DEPOSITS</td>
<td>(830)</td>
<td>(830)</td>
<td>(830)</td>
</tr>
</tbody>
</table>

TOTAL PRODUCT AND OTHER INVESTMENT
Investment spending in Fiscal 2017/18 reached £4.2 billion (16.2 per cent of revenue), compared to £3.4 billion (14.1 per cent of revenue) in the prior fiscal year. In Fiscal 2017/18, £406 million of investment spending was expensed in EBIT and the remaining £3.8 billion was capitalised. Research and development accounted for £2.0 billion (48.2 per cent) of investment spending, while tangible and other intangible assets accounted for the remaining £2.2 billion (51.8 per cent).

WORKING CAPITAL
Working capital inflows (including non-cash accruals) were £81 million during the year, including a £296 million increase in inventory related to the launch of new products, as well as a £317 million unfavourable movement in trade receivables, offset by a £600 million increase in trade payables.

FREE CASH FLOW
Free cash flow was negative £1.0 billion in Fiscal 2017/18 after £4.2 billion of total investment spending, £81 million working capital outflows and £312 million paid in taxes.

CHANGE IN CASH AND FINANCIAL DEPOSITS
The net reduction in cash and financial deposits in Fiscal 2017/18 was £830 million. The decrease is explained by the negative free cash flow of £1.0 billion, a £370 million increase in debt (primarily reflecting the $500 million bond issued in October) less a £150 million dividend paid to Tata Motors and £5 million of other distributions.

1 Please see note 3 of the financial statements on page 122 for the definition of EBIT, total product and other investment, working capital and free cash flow.
2 Cash and financial deposits comprises ‘cash and cash equivalents’ and ‘short-term deposits and other investments’ on page 106.
Capital structure
At 31 March 2018 cash and financial deposits stood at £4.7 billion and we also had an undrawn committed revolving credit facility (RCF) of £1.9 billion, resulting in £6.6 billion of liquidity. Total debt outstanding at 31 March 2018 was £3.7 billion and we ended the year in a net cash position of £926 million.

Debt maturity and liquidity at 31 March 2018 (£ millions)¹

<table>
<thead>
<tr>
<th>LIQUIDITY FY 17/18</th>
<th>TOTAL LIQUIDITY</th>
<th>UNDRAWN RCF</th>
<th>TOTAL CASH AND FINANCIAL DEPOSITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>£3.581</td>
<td>£3.731</td>
<td>£1.935</td>
<td>£4.657</td>
</tr>
<tr>
<td>CY18</td>
<td>498</td>
<td></td>
<td>CY19 356 356 300 400 756 569 //</td>
</tr>
<tr>
<td>CY20</td>
<td></td>
<td></td>
<td>CY24 346</td>
</tr>
<tr>
<td>CY21</td>
<td></td>
<td></td>
<td>CY27 289</td>
</tr>
<tr>
<td>CY22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CY23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CY24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL DEBT</td>
<td>£3.7bn</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Maturity of debt at 31 March 2018

Net cash at 31 March (£ billions)

<table>
<thead>
<tr>
<th>FY 16/17</th>
<th>FY 17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.5</td>
<td>4.7</td>
</tr>
</tbody>
</table>

Borrowings and Indebtedness
At 31 March 2018, we had £3.7 billion of debt outstanding, comprising £3.6 billion of long-term unsecured bonds (less £24 million of deferred fees capitalised on the balance sheet), £155 million equivalent of total short-term discounted receivables and £19 million of finance leases. Of the £3.6 billion of bonds, £1.9 billion are denominated in US Dollars (of which £1.2 billion have been designated as foreign currency hedges), £1.1 billion are denominated in Pound Sterling and £569 million are denominated in Euros. We also have a balanced profile of maturing debt, with 25 per cent of our debt maturing after five years, 31 per cent in three to five years and the remaining 44 per cent maturing within three years.

In October 2017, we issued a $500 million 10-year bond with a coupon of 4.5 per cent. In July 2017, we amended and extended our existing RCF by two years, to mature in July 2022, and increased the facility size, which stood at £1.9 billion undrawn at 31 March 2018. Please see note 25 on page 142 for further disclosure on our loans and borrowings.

¹ FY (Fiscal Year) refers to a 12-month period ending on 31 March. CY (Calendar Year) refers to a 12-month period ending on 31 December.

² The face value of outstanding bonds is reflected and excludes £24 million of deferred fees capitalised on the balance sheet.
RESILIENT BUSINESS

IN THIS SECTION

<table>
<thead>
<tr>
<th>Our approach to risk</th>
<th>78</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our principal risks</td>
<td>80</td>
</tr>
</tbody>
</table>
OUR APPROACH TO RISK

We manage and monitor risk and the factors that could impact our plans for long-term sustainable growth.

DEFINING RISK

Risks are uncertain events that could materially impact business objectives – negative for threats and positive for opportunities. We recognise that risk is inherent in all business activities and must be balanced when assessing returns. Successful management of these risks is therefore key to accomplishing our strategic objectives and the long-term sustainable growth of our business. Enterprise risk management (ERM) is used as a system to identify, assess, control and continually monitor key risks that could affect our business objectives.

RISK MANAGEMENT

To achieve an informed understanding of our tolerance for risk when delivering our overall business plan, we must be mindful that the objective of risk management is not necessarily to eliminate risk, but to ensure that the risks we do accept remain within a predetermined level of acceptability and control while pursuing value-enhancing opportunities. The ultimate goal of risk management within Jaguar Land Rover is to continually assess the control environment to prevent and build resilience against any internal or external shocks, both anticipated and unforeseen.

RESPONSIBILITY FOR RISK

The Board of Management is ultimately responsible for the management of risks within Jaguar Land Rover. However, the wider organisation is responsible for the proactive day-to-day management and control. Board of Management members review our key risks to monitor the progress of mitigating actions. The Risk Management Committee reviews current and emerging risks at a detailed level against acceptable levels of exposure and agrees actions as the business environment changes. Principal risks and exceptions are reported to the Audit Committee regularly to assist in the decision-making process and ensure adequate controls are in place to protect the business.

OUR RESPONSIBILITY FRAMEWORK
**OUR APPROACH TO RISK MANAGEMENT**

**Creating and sustaining value through ERM**

The ERM framework helps us to identify new and evolving risks and opportunities so we can understand and manage risks that may materially impact our business objectives. This framework supports and enables future value creation and also preserves the value of routine operations.

The ERM framework is also an effective communication tool used by senior management to monitor and gain consensus on how to effectively manage and control risks enterprise-wide.

**The environment in which we operate is dynamic, as are the risks we face**

We plan for certain known changes to the industry and the external environment while remaining sufficiently flexible for rapid and unknown changes that are inherently difficult to anticipate. Managing the changing environment in which we operate and having the ability to be resilient to sudden unforeseen challenges support long-term sustainability of the business and healthy, profitable growth.

**Risk management: identification, assessment, evaluation, response and reporting**

By continuing to monitor and assess risks as well as embedding the management of such risks within our culture, we can identify new material risks and opportunities early on to take advantage of value-adding prospects and mitigate value-eroding threats. We also continue to evaluate and report risks and opportunities to enable us to prioritise effectively and formulate effective responses.

---

**Organisation**

A cross-functional network of risk champions coordinates the identification, monitoring and management of risks within their respective functional areas. A central ERM team consolidates and reports on risk information to the Risk Management Committee, Board of Management, Audit Committee and Jaguar Land Rover Automotive plc Board ('JLR plc Board').

**Continuous improvement**

Our risk management process is designed to enable the assimilation of best practice from prior experience and external benchmarking, leading to continuous improvement. This process ensures that the risk management process becomes more efficient over time and changes as the business grows.

**Process**

We embed risk management into routine activities enterprise-wide, supporting and ensuring robust business decision-making. The standardisation of risk management processes across functions supports a consistency in our approach to the management of risk, facilitating its use and enhancing its effectiveness.

**Reporting**

Our risk reporting is structured to inform the appropriate stakeholders promptly to aid the decision-making process. Reporting also allows us to effectively categorise risks so that appropriate stakeholder working groups discuss relevant risks and ensure that high-quality input is received and appropriate mitigation strategies are proposed.

**Tools and training**

We embed common risk management tools, training, techniques, language and approaches to engender cross-functional consistency of risk identification, assessment, monitoring and reporting. This ensures that risks are appropriately captured and calibrated consistently across the organisation.
OUR PRINCIPAL RISKS

Risks are identified, assessed and measured against a defined set of criteria to consider the likelihood of occurrence and potential impact to the business, facilitated by our ERM framework. Plotting our principal risks on a risk map helps to visualise each risk profile as well as targeting to bring each risk back within a tolerable level.

Changes to our principal risks during Fiscal 2017/18
Our principal risks change as our business evolves in a dynamic external environment. In Fiscal 2017/18, we have focused more emphasis on the potential impacts relating to diesel uncertainty, notably in the UK and Europe, the European General Data Protection Regulation (GDPR) and cyber security.

One principal risk introduced into the top 10 listing
5. Diesel uncertainty

Recent events and increased focus have raised the profile of this risk. Mitigating actions are in place (as detailed on pages 78 to 79) to address the higher intensity of risk to the business as a result.

One principal risk has moved out of the top 10 listing
• Patent and intellectual property (IP) protection

Plans and mitigating actions put in place since Fiscal 2016/17 have proved effective in reducing our overall exposure to this risk to more tolerable levels.

PRINCIPAL RISKS AT A GLANCE

<table>
<thead>
<tr>
<th>OUR 10 PRINCIPAL RISKS</th>
<th>2016/17 RANKING</th>
<th>SHIFT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Financial Competitive business efficiency</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td>2 Strategic Global economic and geopolitical environment</td>
<td>2</td>
<td>–</td>
</tr>
<tr>
<td>3 Strategic Brand positioning</td>
<td>3</td>
<td>↑</td>
</tr>
<tr>
<td>4 Legal and compliance Environmental regulations and compliance</td>
<td>4</td>
<td>↑</td>
</tr>
<tr>
<td>5 Operational Diesel uncertainty</td>
<td>(NEW)</td>
<td></td>
</tr>
<tr>
<td>6 Legal and compliance Unethical and prohibited business practices</td>
<td>6</td>
<td>↑</td>
</tr>
<tr>
<td>7 Operational Information and cyber security</td>
<td>7</td>
<td>↓</td>
</tr>
<tr>
<td>8 Strategic Rapid technology change</td>
<td>8</td>
<td>↓</td>
</tr>
<tr>
<td>9 Financial Exchange rate fluctuations</td>
<td>9</td>
<td>↓</td>
</tr>
<tr>
<td>10 Operational Product liability and recalls</td>
<td>10</td>
<td>↓</td>
</tr>
</tbody>
</table>
Jaguar Land Rover classifies risks into four broad categories to facilitate efficient risk management and formulate effective mitigation strategies. Our risk register details our principal risks as well as other notable risks that are reported to and monitored by the Board of Management.

**RISK HORIZON**

We recognise the need to anticipate and prepare for future challenges and trends that may develop and that could materially affect our long-term business success. Our risk horizon enables us to proactively anticipate forthcoming issues to inform our strategy creation process.

1 Please refer to our 10 principal risks on page 80.
The principal risks faced by Jaguar Land Rover are outlined below. The risks discussed are not exhaustive and Jaguar Land Rover may be subject to other risks not specifically outlined in this Annual Report.

### STRATEGIC

<table>
<thead>
<tr>
<th><strong>CONSEQUENCES</strong></th>
<th><strong>MITIGATIONS</strong></th>
<th><strong>OPPORTUNITIES</strong></th>
<th><strong>PRIOR YEAR RANKING</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Given our global distribution of sales, changes in the external environment could have a significant impact on the global demand for our vehicles and our supply chain. This may affect our financial results.</td>
<td>We continue to expand our international footprint (e.g. Slovakia manufacturing and with Magna Steyr in Austria) and maintain a balanced retail sales profile across our key sales regions. Furthermore, we continue to closely monitor global geopolitical and macroeconomic developments.</td>
<td>Global economic growth in developed and emerging markets presents opportunities to extend sales. Global growth creates opportunities both in new and existing geographical markets as well as new and existing segments.</td>
<td>2</td>
</tr>
<tr>
<td>Our potential inability to successfully position, maintain and build the strength of our brands as well as failing to develop new products/technologies that meet customer preferences, or suffering delayed product launches, could impact demand for our products.</td>
<td>Recent successful model launches have broadened our product range to existing and new customers in established and emerging segments. In addition, we regularly monitor the perception of our brands to quickly identify and address risks and opportunities that may arise.</td>
<td>Strengthen our brands by creating greater brand association through innovation and technological advancement into our expanding product portfolio and services.</td>
<td>3</td>
</tr>
<tr>
<td>Any delay in the launch of technologically intensive products, or if the technology in our products becomes relatively obsolete, could impact sales as customers move to purchase products from our competitors.</td>
<td>We continue to invest substantially in R&amp;D and we also continue our strategic focus on key technology areas, including autonomy, connectivity and electrification, with the aim of launching our products ahead of our competition.</td>
<td>Substantial changes to the market (e.g. automation, electrification and mobility services) enable us to focus on launching industry defining products ahead of our competition as well as strengthening partnerships with global technological organisations and leading academic research teams.</td>
<td>4</td>
</tr>
</tbody>
</table>

### LEGAL AND COMPLIANCE

<table>
<thead>
<tr>
<th><strong>CONSEQUENCES</strong></th>
<th><strong>MITIGATIONS</strong></th>
<th><strong>OPPORTUNITIES</strong></th>
<th><strong>PRIOR YEAR RANKING</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>We may incur additional compliance costs, including incremental investment, to avoid facing significant civil and regulatory penalties, and our competitors may gain an advantage by adopting new emissions and fuel-efficient technologies before we do.</td>
<td>We have invested substantially in the development of MLA, our in-house four-cylinder engines and electrification technologies, including mild and plug-in hybrids as well as battery electric vehicles. We also retain an EU derogation permitting less stringent fleet average CO2 targets.</td>
<td>We are the first premium manufacturer to introduce a battery electric vehicle into mainstream production with the I-PACE and we have introduced the Range Rover and Range Rover Sport PHEV models. From 2020 we will offer an electrified option on each of our models.</td>
<td>2</td>
</tr>
<tr>
<td>Non-compliance with ethical and/or legal practices may materially impact our reputation and could result in restrictions being placed on our operations, causing business disruption.</td>
<td>Our Code of Conduct sets out the behaviours that we expect of our staff, including confronting to the highest moral and ethical standards and complying with applicable laws, including anti-bribery, corruption and competition laws, sanctions and export controls.</td>
<td>We are committed to conducting business in an ethical manner to instill a reputation of trust and reliance. Such qualities foster greater business relationships with the supplier base, governments and partnerships with other third parties.</td>
<td>3</td>
</tr>
</tbody>
</table>

*The mitigations and opportunities stated are merely examples and do not constitute an exhaustive list.*
### OPERATIONAL

<table>
<thead>
<tr>
<th>CONSEQUENCES</th>
<th>MITIGATIONS*</th>
<th>OPPORTUNITIES*</th>
<th>PRIOR YEAR RANKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information and cyber security</td>
<td>The loss of sensitive and personal data could lead to legal action and fines of up to 4 per cent revenue (e.g. GDPR), together with negative reputational impacts. Successful attacks against our IT infrastructure could lead to disruptions to our business operations.</td>
<td>We strive to implement consistent security policies and procedures as well as educating staff, vendors and suppliers to embed best practices by implementing internal and cloud-ready tools to detect and mitigate current and emerging cyber security threats.</td>
<td>We aim to maintain a strong IT control environment, and by monitoring and reacting to emerging cyber threats protect the Company from attacks. As our exposure to threats increases we strive to embed deeper, more intelligent controls over time.</td>
</tr>
<tr>
<td>Product liability and recalls</td>
<td>Increases in related costs and warranty claims as well as longer-term impacts on sales due to adverse reputational effects could occur. In addition, we could be the subject of class actions or other large-scale lawsuits as a consequence.</td>
<td>We regularly monitor the service data of our vehicles to proactively manage recalls and minimise warranty claims. We also issue technical updates to our dealer network to manage identified faults and defects.</td>
<td>Enhanced vehicle connectivity and digital capability provide opportunities for us to identify and remedy potential faults more efficiently.</td>
</tr>
<tr>
<td>Diesel uncertainty</td>
<td>In addition to the financial impact of falling sales, a significantly lower diesel sales mix would create a challenge in achieving CO2 compliance, as well as causing major disruption to our supply base.</td>
<td>We are committed to the introduction and expansion of our electrified fleet across the product portfolio and the continued refinement of our internal combustion engines and production flexibility within our Engine Manufacturing Centre.</td>
<td>Our modern high-tech diesel engines have better fuel consumption and 20 to 30 per cent lower CO2 emissions, with significantly reduced NOx emissions in real-world usage. Furthermore, we are well placed to capitalise on the growing demand for electrified models with the introduction of Range Rover and Range Rover Sport PHEVs and the I-PACE battery electric vehicle.</td>
</tr>
</tbody>
</table>

### FINANCIAL

<table>
<thead>
<tr>
<th>CONSEQUENCES</th>
<th>MITIGATIONS*</th>
<th>OPPORTUNITIES*</th>
<th>PRIOR YEAR RANKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive business efficiency</td>
<td>If we are unable to deliver the desired benefits from these programmes, our business results may be adversely impacted and our ability to compete successfully over the longer term could be affected.</td>
<td>We have launched certain initiatives to reduce product and business complexity (e.g. MLA), to benefit from economies of scale, and we have robust project management processes in place to ensure set targets are met.</td>
<td>We are developing more streamlined processes to realise greater degrees of efficiency within our engineering and other functions. Furthermore, our expansion plans present opportunities to invest in world-class facilities and enhanced capabilities.</td>
</tr>
<tr>
<td>Exchange rate fluctuations</td>
<td>Generally, a stronger Pound adversely impacts our earnings because the value of overseas sales is eroded. Structural misalignments in the denomination of costs and revenues in different currencies expose us to longer-term foreign exchange trends beyond our hedging programme.</td>
<td>Currency transaction risk is managed with financial derivatives in line with the hedging policy approved by the JLR plc Board. Also, we aim to align our sourcing base with our global sales profile. Recently we have executed cross-currency interest rate swaps to hedge our exposure to a proportion of our US Dollar debt.</td>
<td>We continue to investigate further opportunities to develop our international manufacturing footprint, which may result in greater natural hedging of our currency exposures by aligning the currency profile of cost with sales. Going forward, we plan to execute further derivatives in order to hedge significant proportions of our debt denominated in foreign currency.</td>
</tr>
</tbody>
</table>

*The mitigations and opportunities stated are merely examples and do not constitute an exhaustive list.*