



JAGUAR LAND ROVER AUTOMOTIVE PLC

---

ANNUAL REPORT 2022/23





BY APPOINTMENT TO  
HM THE QUEEN  
MANUFACTURERS OF  
MOTOR VEHICLES  
JAGUAR LAND ROVER LIMITED  
COVENTRY



BY APPOINTMENT TO  
HRH THE PRINCE OF WALES  
MANUFACTURERS OF  
MOTOR VEHICLES  
JAGUAR LAND ROVER LIMITED  
COVENTRY

## CONTENTS

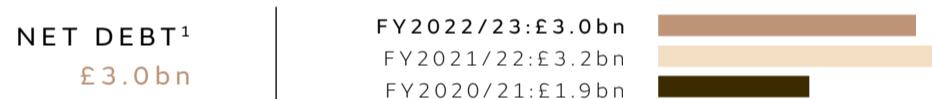
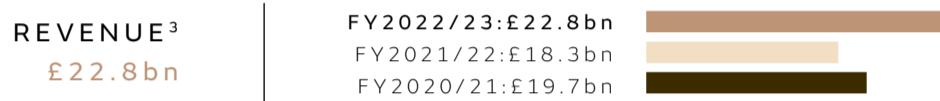
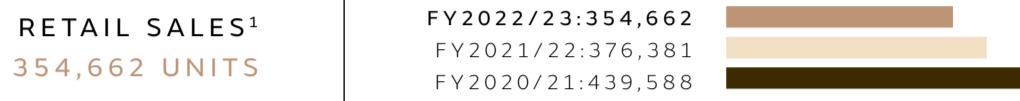
Fiscal year at a glance	<u>3</u>	DIRECTORS' REPORT
Chairman's statement	<u>4</u>	Directors' report
Chief Executive Officer's statement	<u>5</u>	
OUR BUSINESS		
Our purpose and strategy	<u>8</u>	Independent auditor's report
Our business model	<u>11</u>	Consolidated income statement
Our year in review	<u>12</u>	Consolidated statement of comprehensive
Operating environment	<u>15</u>	income and expense
Global retail sales	<u>16</u>	Consolidated balance sheet
Chief Financial Officer's statement	<u>19</u>	Consolidated statement of changes in equity
		Consolidated cash flow statement
		Notes (forming part of the consolidated
		financial statements)
		Parent company financial statements
SUSTAINABILITY		<u>151</u>
Introduction to sustainability	<u>24</u>	
Sustainability governance	<u>26</u>	
Introduction to Planet Regenerate	<u>27</u>	APPENDIX 1
Introduction to Engage for Good	<u>30</u>	Global Reporting Initiative (GRI) content index
Introduction to Responsible Business	<u>32</u>	<u>165</u>
The United Nations Sustainable	<u>40</u>	
Development Goals (SDGs)		
Performance data tables	<u>42</u>	
DEFINITIONS		
GOVERNANCE		Jaguar Land Rover Automotive plc is referred to as the Company.
Our approach to risk	<u>45</u>	Jaguar Land Rover Automotive plc and its subsidiaries are collectively referred to as the Group.
Principal risks	<u>46</u>	
Introduction to governance	<u>50</u>	The Jaguar Land Rover Automotive plc Board is referred to as the Company's Board of Directors.
Leadership	<u>53</u>	
Effectiveness	<u>58</u>	Jaguar Land Rover Limited is referred to as JLRL.
Accountability	<u>60</u>	
Investor relations engagement	<u>62</u>	The Jaguar Land Rover Limited Board is referred to as JLRL Board.
JLR's approach to tax	<u>63</u>	

## FISCAL YEAR AT A GLANCE

Jaguar Land Rover (JLR)'s *Reimagine* strategy is delivering a sustainability-rich vision of modern luxury by design.

We are transforming our business to become carbon net zero across our supply chain, products, and operations by 2039.

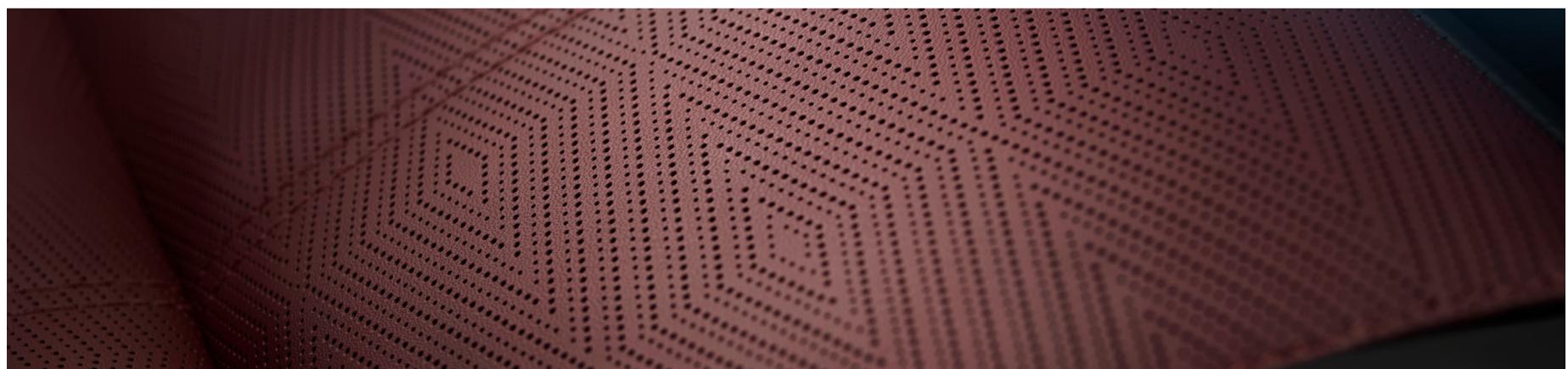
Electrification is central to our strategy and we will introduce all-electric variants to all our brands by 2030.



1 Please see note 3 of the financial statements on page 89 for alternative performance measures.

2 Please see note 4 of the financial statements on page 91 for more information relating to exceptional items.

3 Please see note 5 of the financial statements on page 93 for more information relating to revenue.



## CHAIRMAN'S STATEMENT



**NATARAJAN  
CHANDRASEKARAN**  
CHAIRMAN



The financial year 2022/23 has posed a difficult business environment with several headwinds for the Company. Jaguar Land Rover has had to contend with the shortage of semiconductors and challenges in energy supplies in the aftermath of the war in Ukraine leading to a battle against inflationary pressures.

In this context, I am pleased that the Company is progressing well in its transformation journey and is set to become a modern luxury vehicle business, with sustainability at its heart.

After a challenging start in the first half of the financial year 2022/23, the Company has delivered a resilient performance in the second half, with a consistent rise in wholesale units. The Company's efforts to address the supply chain challenges have started to yield results, enabling the Company to increase the production of the New Range Rover, New Range Rover Sport, and Defender vehicles.

This improving trend resulted in full year revenues for FY23 of £22.8 billion, up 24.5 per cent vs FY22. Meanwhile the FY23 Adjusted EBIT margin<sup>1</sup> of 2.4 per cent and profit before tax of £97 million was a marked improvement from the (0.4) per cent Adjusted EBIT margin and £(455) million loss before tax in FY22. Full year wholesales of 321,362, in FY23 were up nine per cent compared to a year ago.

Key milestones driving the transformation this year were the successful global launch of the award-winning New Range Rover Sport, joining the New Range Rover in defining the Company's modern luxury philosophy to the world, as well as expanding Defender collection with an eight-seat 130 model and introducing new electric hybrid powertrain to the Range Rover collection.

The transformation of Jaguar into an all-electric luxury brand is on track with first new vehicles to be launched in 2025.

I am also pleased to see Jaguar Land Rover's collaboration and active partnerships enabling it to leverage synergies across the Tata Group of companies.

I also would like to take this opportunity to thank Thierry Bolloré, for his contributions to Jaguar Land Rover during his tenure as the CEO.

JLR ends this financial year in a stronger position, with a portfolio of attractive products, a healthy bank of customer orders, and a clear strategy, to reimagine its renowned British brands for global clients.

I remain excited for the electrified future of all our automotive brands, and by the passion, energy, and commitment of all our colleagues and partners, to achieve more, not only for our business and clients, but our communities too and to set new standards in technology, manufacturing, and sustainability.

A handwritten signature in black ink, appearing to read 'Natarajan Chandrasekaran'.

**NATARAJAN CHANDRASEKARAN**  
CHAIRMAN  
*Jaguar Land Rover Automotive plc*  
1st June 2023

<sup>1</sup> Please see note 3 of the financial statements on page 89 for alternative performance measures.

# CHIEF EXECUTIVE OFFICER'S STATEMENT



**ADRIAN MARDELL**  
INTERIM CHIEF  
EXECUTIVE OFFICER



Throughout the financial year 2022/23, we have continued to deliver *Reimagine* – our strategy to realise our vision to be proud creators of the most desirable, modern luxury brands, for the most discerning of clients.

We have maintained momentum under the extraordinary global pressures of semiconductor constraints, inflation, and geopolitical instability, alongside ongoing effects of Covid-19.

While we have not escaped the effects of these global factors on our operations, I am pleased we delivered a resilient performance during the year, to deliver on our wholesale commitments in quarters three and four and return a profit in quarters three and four.

This performance has laid the foundations for our future success and growth, and the continued realisation of our strategy.

As we reimagine how we engage with our clients to serve them with a true modern luxury experience, we have chosen a House of Brands organisation, to amplify the unique DNA of each of JLR's brands - Range Rover, Defender, Discovery, and Jaguar - and accelerate the delivery of JLR's vision to be proud creators of modern luxury.

By taking this approach, we will grow each brand's individuality, desirability and appeal in a way that meets the unique needs of its global client base.

Range Rover, Discovery and Defender will continue to bear the trust mark of Land Rover. The Land Rover name will remain on our vehicles, reinforcing our all-terrain credentials and technology capabilities.

This year we expanded our Range Rover and Defender collections and introduced significant updates across our portfolio.

In the coming years we will launch pure-electric versions of all of our Range Rover, Defender and Discovery collections. This starts with the

pure-electric Range Rover, for which we will start taking pre-orders later this year.

Meanwhile, we have announced that the first of three breathtaking new Jaguar designs will be a 4-door GT, built in Solihull with power output more than any previous Jaguar and a range up to 700 km (430 miles).

More details of the new Jaguar designs will be released later this year, before going on sale in selected markets in 2024, for client deliveries in 2025.

As we prepare for our electric-first future, we are taking steps to ensure our people have the skills vital to electrification, digital and autonomous cars. To this end, we launched our Future Skills Programme in September 2022, to train 29,000 of our workforce for our modern luxury, electric future.

We also strengthened our engineering capability to deliver electrification with the arrival, in April 2022, of Thomas Müller, who was appointed as the new Executive Director of Product Engineering.

Then, in July 2022, we appointed Barbara Bergmeier to the newly created position of Executive Director, Industrial Operations, uniting the areas of manufacturing, purchasing and supply chain.

Under Barbara's leadership, we established a dedicated semiconductor taskforce. The taskforce has made significant progress in greatly increasing our visibility of risk, securing chip supply, and stabilising production as we've emerged from the Covid-19 pandemic.

Since she joined JLR in July, Barbara formed deeper relationships and partnerships with our priority chip suppliers, enabling us to ramp up production of our highest margin products, and return to profit in the third and fourth quarters.

During the year we also entered the next phase of our *Refocus* transformation programme, evolving to a simplified business excellence operating model designed to drive sustainable value creation, results and growth.

Following the launch of our clear, measurable, Science Based Targets initiative (SBTi)-approved targets to enable us to achieve carbon net zero by 2039 targets to enable us to achieve carbon net zero by 2039, we were awarded a “Low Risk” ESG Risk Rating from Sustainalytics with a score of 17.1, the fourth lowest rating out of over 75 companies in the Automotive Sub-Industry. This is a significant improvement versus our 2021 rating.

We were also very proud to achieve a maximum five-star Euro NCAP rating for our peerless new Range Rover and Range Rover Sport, underlining the incredible engineering in our MLA architecture that underpins them.

Strategic partnerships are a cornerstone of *Reimagine*. We are partnering with global experts in their fields such as technology leaders NVIDIA, Tata Technologies and Tata Consultancy Services (TCS). These partnerships are bringing new technologies to support the transformation and growth of our business, and the delivery of a true modern luxury experience for our clients.

For all our global activity, this year has also brought moments of great joy and poignancy for many.

JLR celebrated with joy the Platinum Jubilee of Her Majesty Queen Elizabeth II and then mourned her passing. We are sincerely honoured to enjoy a long-standing connection to the Royal Family and The Queen, which is a source of great pride for all of us at JLR.

Together we have achieved much during the past year, in the face of formidable challenges. The coming year is set to be as challenging, but as we look to important milestones in our *Reimagine* journey, I feel confident with the support of the committed, passionate and skilled people of JLR, we will realise them together.



**ADRIAN MARDELL**  
INTERIM CHIEF EXECUTIVE OFFICER  
*Jaguar Land Rover Automotive plc*  
1st June 2023



# OUR BUSINESS

STRATEGIC REPORT

---

# OUR PURPOSE AND STRATEGY

Through our *Reimagine* strategy, we have set a clear vision and pathway to become the proud creators of modern luxury.

*Live the exceptional with soul* is why we do business - our company Purpose, introduced during FY2022/23. It was co-created with over 1,000 voices from across our business and sets out how we will achieve our aspirations.

Our Purpose is guided by our Creators' Code, a set of five co-created behaviours – Customer Love, Unity, Integrity, Growth and Impact.

These set out how we will behave each day to achieve our shared goals. The Creators' Code is underpinned by progressive policies, benefits, and engagement with our people - to accelerate our collective progress.

Combined with the positive impacts of sustainability, diversity and inclusion, our Purpose will enable us to better understand and serve our clients, fuel innovation and engage and inspire our people.

## REIMAGINE

*Reimagine* is the roadmap for the transformation of JLR into a sustainable, electric-first modern luxury business. Through *Reimagine* we will deliver double-digit EBIT margins by 2026 and be net cash positive by FY2025. We will achieve our Science Based Targets initiative (SBTi) carbon reduction targets in 2030 and carbon net zero goals by 2039, and always strive to exceed our clients' expectations.

As part of our modern luxury vision, we have announced the creation of a House of Brands organisation, to amplify the unique DNA of each of JLR's celebrated British automotive brands - Range Rover, Defender, Discovery, and Jaguar. This allows each brand to project their individual purpose, desirability, and personality. The House of Brands will also provide clarity and differentiation for our clients, to create emotional connection.

Two new product additions to the House this year were New Range Rover Sport and Defender 130, both of which beautifully embody our modern luxury design philosophy.

We are also completely reimagining the future of Jaguar, moving purposefully to deliver a dramatic, aspirational, and unique pure-electric modern luxury brand. More details of a new 4-door GT Jaguar will be released later in 2023, before going on sale in selected markets in 2024, for client deliveries in 2025.

Our business will also become carbon net zero by 2039. Guided by our Planet Regenerate, Engage for Good and Responsible Business programmes, sustainability is at the heart of everything we do.

We will deliver new benchmarks in environmental, societal and community impact for a luxury business, creating the world's most desirable, electrified luxury vehicles, against a canvas of true sustainability. We have committed to ambitious science-based targets, to reduce our greenhouse emissions by 46 per cent in our own operations and by 54 per cent per vehicle across our entire value chain by 2030.

Central to our *Reimagine* strategy and integral to our drive towards carbon net zero is the transition to an electric future for all brands – both vehicles and the supporting ecosystem, with plug-in electric hybrids acting as a key stepping stone for JLR and its clients. Our modern luxury philosophy extends to our ambition for effortless, charging experiences globally.

We are investing £15 billion over the next five years to deliver our product plans, including the rapid electrification of the product portfolio.

The pure-electric Range Rover and Range Rover Sport, are on track to arrive in 2024. They will be followed by our Electrified Modular Architecture in 2025, while new Jaguar will be on sale in selected markets in 2024, for client deliveries in 2025.

By 2030, all nameplates will offer pure-electric options that are expected to account for 60% of our retail sales.

We are at the forefront of the rapidly changing automotive industry with a focus on electrification, digital services and data. Leadership in these areas is critical to delivering a modern luxury experience to our clients, now and in the future.

Our digital transformation will create new experiences, new levels of intimacy and connected car services for our client. As a business, we are creating a digital-first mindset to support our growth, enhance the client experience, and increase the productivity and expertise of our teams.

Through our Open Innovation programme, we will deliver technology and digital services leadership, working with global start-ups and scale-ups, to bring new thinking and new opportunities. These are strategic collaborations that allow us to lead, not follow.

Through global partnerships announced in FY2022/23, we will deliver automated driving systems and AI-powered connected services in our vehicles from 2025 with [NVIDIA](#); increase performance and range for our next generation of electric vehicles, using Silicon Carbide semiconductor inverter technologies developed with [Wolfspeed](#); and accelerate the digital transformation of our industrial operations with Tata Technologies.

In FY2022/23, we have initiated an approach to strategic foresight for our business, taking a collaborative approach with external partners, to better identify growth opportunities and improve business resilience, by understanding and evaluating disruptive risks before they happen.

## REFOCUS

Our *Refocus* transformation programme is the engine room of long-term fulfilment of our *Reimagine* strategy. It is how we are driving change across our business to improve our operations and allow us to achieve our strategic goal of reimagining our automotive future.

*Refocus* has already created significant results, for our business and culture, and delivered over £2.6 billion of value since the beginning of FY2021/22. Through our Charge and Accelerate cost saving and transformation journey to date, we have created the right foundation of cost control, waste elimination and cross functional collaboration to help us focus on sustainable value creation and business excellence to deliver true sustainable growth. This new era and approach is an evolution we have called *Refocus* 2.0.

With more than 100 *Refocus* initiatives driving change in the last year, the programme has delivered against key objectives one year earlier than planned.

## Driving profitability

In **Quality**, we have improved the quality that our clients experience during their vehicle ownership. We are measuring customer satisfaction through net promoter score (NPS): in China, Land Rover ranked second in the [Customer Service Index \(CSI\)](#) survey and second in the Vehicle Dependability Survey (VDS). Similarly, in the USA, our JD Power ranking in the [Initial Quality Survey \(IQS\)](#), which measures customer perception of vehicle quality after three months of ownership, improved by two points compared to overall industry drop of eighteen points.

In **Programme Delivery and Performance**, we are addressing underlying business constraints that impact on our Agile squads' ability to deliver value. Our focus has been on simplifying governance, decision-making processes, as well as increasing the speed with which impediments are resolved to streamline our products' time to market.

In **Delivered Cost per Car**, we have continued building on successful cost reduction initiatives across key vehicle programmes. Through technical and feature optimisation, we have driven material cost reduction changes without disrupting programme delivery. The delivery of cost initiatives approved in FY2022/23 will continue in FY2023/24 to mitigate a reduction in returns on legacy carlines.

In **Supply Chain**, we have continued to deliver end-to-end efficiencies and increased operating stability. Throughout FY2022/23, we significantly improved our semiconductor supply, with intensive efforts on risk identification and mitigation. Throughout next year, our focus will be on improving operating transparency, stability, and resilience through new technologies with our external partners.

In **Client and Market Performance**, we are transforming our go-to-market models and the way we interact with our discerning clients. We have launched our first direct agency sales model in South Africa and created a seamless on and offline Modern Luxury Client Journey with our Retail Partners in Europe, all underpinned from our digital transformation with a new integrated platform enabling our clients to complete their new vehicle reservation journey online.

We are exploring new modern luxury physical retail designs, ensuring each of our brand's unique DNA. We have this new format in our Mayfair-London Boutique, whilst in China, we have opened retail outlets in five cities, including Beijing and Shanghai with this design language, truly showcasing immersive and joyful experiences.

These principles also extended to 'Range Rover House' which is a fully curated experience based in inspiring homes and iconic locations, exclusively for clients.

In **Responsible Spend**, we continued to drive collaboration across the business. By simplifying end-to-end processes and removing bureaucracy, £100 million savings have been achieved throughout the period. New technology and digital ways of working are delivering improved cost control, and will continue to be our focus in the future.

## Changing our way of working

In **Digital**, we merged our Digital and IT teams to form a single 'Digital' function, capitalising on the best practices, bringing together a fully integrated team of over 800 people. Working with our strategic partners, smart tools and technologies developed by the Digital team have underpinned critical operations in FY2022/23. Notable examples include a suite of tools to support the launch of our vehicles built on our Modular Longitudinal Architecture (MLA), as well as enabling data-driven decision-making. Our focus remains on modernising our digital infrastructure, as well as staying safe from cyber-attacks.

In **Agile Organisation and Culture**, our priority has been on unfolding our Purpose and Creators' Code across the organisation. We launched our "Reimagine Leadership" programme which offered numerous learning interventions such as practical empowerment and team engagement to support our cultural transformation.

To enable delivery of our products on time, to cost and quality, we also transitioned six programme delivery portfolios into agile procedures of working whereby 8,000 people are working in empowered squads and have adopted core Agile procedures.

## Commitment to carbon net zero

In **Sustainability**, in FY2022/23, we successfully reduced our emissions from our Manufacturing and Operations (scope 1 and 2) by 13.6 kTCO<sub>2</sub>e, through delivery of specific projects, helping to meet our Science Based Targets initiative (SBTi) glidepath targets. We also progressed in our strategy execution plan for our transition to supply chain decarbonisation and electrification, which support attainment of our scope 3 target in future years, as described in our strategy approach.

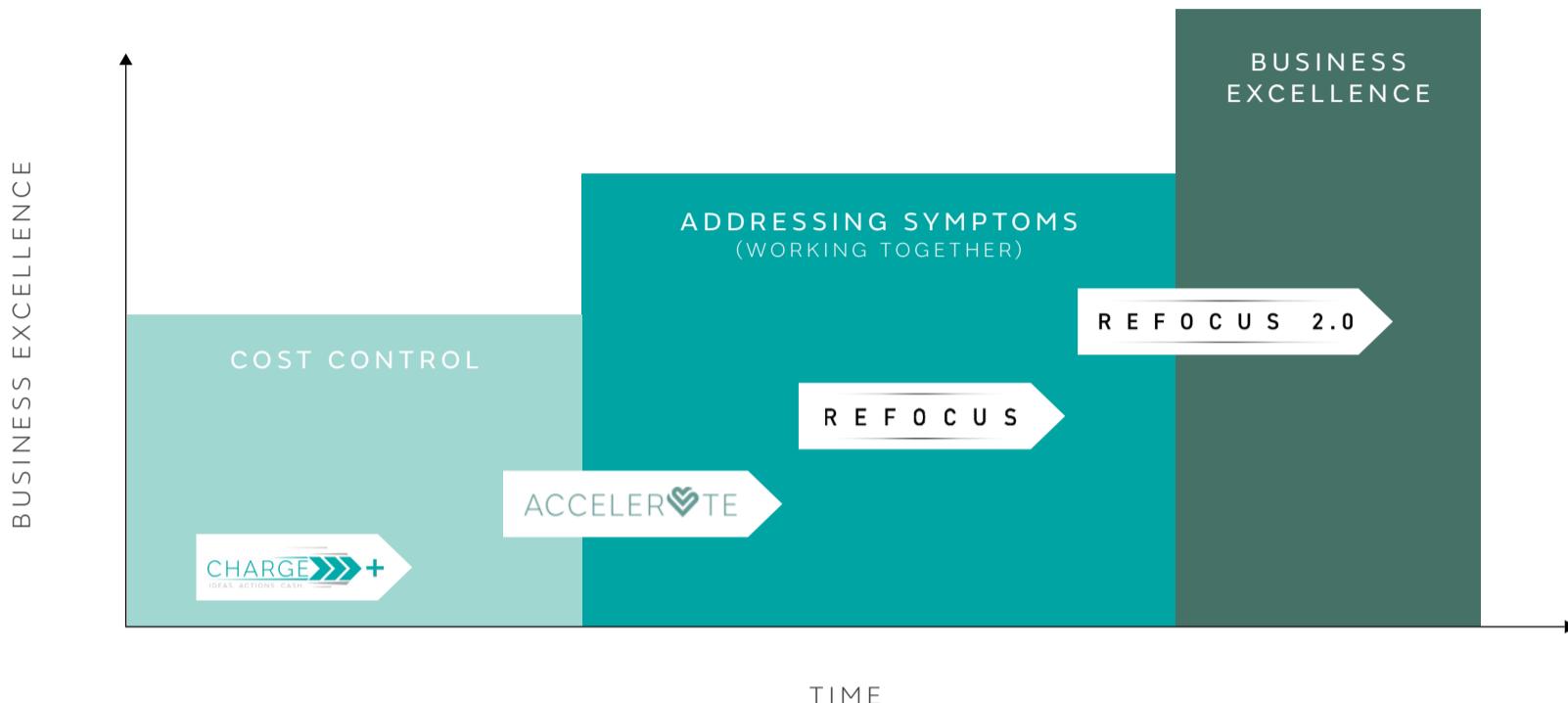
In addition to our decarbonisation roadmap, we have strengthened our overall sustainability position. This has been achieved through adopting strategic partnerships, enriching our circular economy capabilities and responsible business practices, and is reflected in external indices and reporting standards.

For further details, please refer to the dedicated [sustainability section](#).



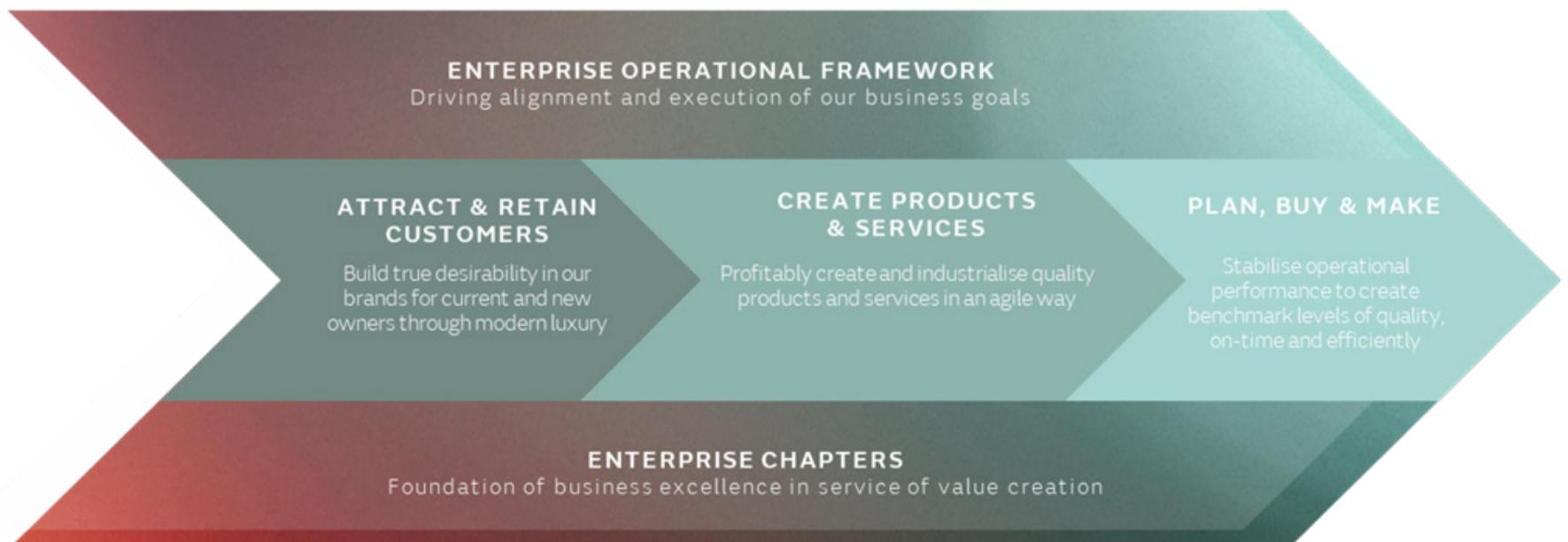
## REFOCUS 2.0

Our Refocus transformation is now evolving to its next level. This next phase will accelerate the energy and power of our organisation and people to deliver our Reimagine strategy.



Refocus 2.0 is an enterprise-wide approach that will simplify our operating framework and governance, with greater focus on systematic value creation and business excellence to help grow our business. Our new Refocus “Value Creation System” will govern everything we do as a business under the three value streams: how we “Attract & Retain our

Clients” to our brands, how we maximise the return on the investments we make in the “Creation of Products & Services”, and how we “Plan, Buy & Make” the Industrial Operations part of our business to build our products.



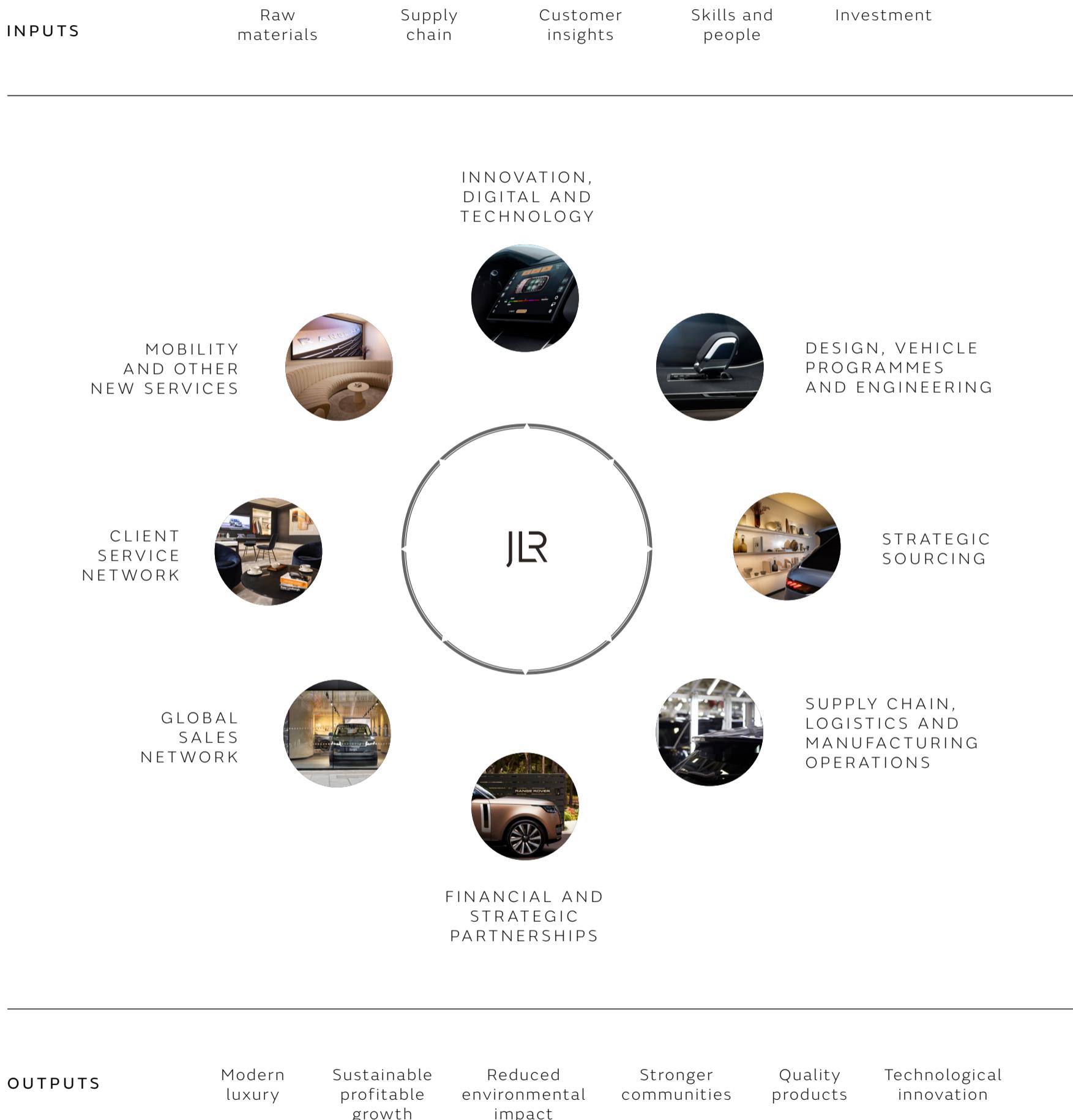
These value creation streams connect our business capabilities, providing end-to-end visibility on how we deliver value.

Using a single set of aligned **Business Outcomes**, measured through our simplified ‘Key Performance Indicators’ as part of our **Enterprise Operating Framework**, we are connecting everyone in our business to a

common purpose and set of priorities. By simplifying our management cadence and how we measure enterprise performance, we drive truly aligned impact for a sustainable future. Working together in functional “Enterprise Chapters” against each outcome, our teams will unite their skills and capabilities to deliver both sustained continuous improvement and business excellence.

# OUR BUSINESS MODEL

Our *Reimagine* strategy continues to evolve our business model, to ensure we redefine JLR as a profit-led company, and realise its potential to generate sustainable, long-term value through operational excellence.



# OUR YEAR IN REVIEW

Under our *Reimagine* strategy, we have continued to bring new products and technologies to our clients, invested in our people and facilities, and announced new strategic partnerships significant for our electric future.

## CONTINUING OUR MODERN LUXURY JOURNEY

### The New Range Rover Sport – Sporting luxury with attitude

Following the success of New Range Rover, in May 2022 we introduced the [New Range Rover Sport](#) - our most dynamic Range Rover Sport ever, bringing a visceral performance edge to the brand and applying our modern luxury philosophy to a new vehicle, for our clients.

Range Rover Sport, which first established Range Rover as a brand beyond a single vehicle in 2005, has grown to become one of our most successful vehicles, spanning 17 years and two generations. With plug-in electric hybrid power and a host of dynamics technologies, the latest Range Rover Sport brings dramatic design, connected convenience and electrified performance to a new level, setting a new standard for performance SUVs.

Innovations and technologies that ensure New Range Rover and New Range Rover Sport lead by example are protected by more than 200 new patents filed up to the end of FY2022/23.

Some of these innovations were recognised by [Euro NCAP](#) this year, in awarding New Range Rover and Range Rover Sport maximum five-star safety scores, including ratings of over 80 per cent for Occupant Protection and in the Safety Assist category, recognising their suite of Advanced Driver Assistance Systems.

### Expanding our Defender collection

The financial year 2022/23 also saw us add to our Defender collection, with the [introduction of the Defender 130 model](#).

Echoing the name of the original long-wheelbase model, the Defender 130 adds another dimension to our all-conquering, all-terrain brand, providing space and comfort for up to eight adults, across three rows of full-size seating.

To create the enhanced interior space, without compromising its unparalleled all-terrain capabilities, Defender's silhouette has been sensitively extended by 340mm rearwards, while the wheelbase remains unchanged. Elsewhere, it features all the Defender refinements and technologies that our clients expect.

### Software over the air

This year, we delivered our five millionth individual software-over-the-air (SOTA) update to 500,000 Range Rover, Defender, Discovery and Jaguar.

Our latest vehicles are highly digitised and seamlessly synchronise multiple systems for the driver, to make the driving experience uncomplicated and relaxing.

New models, such as the New Range Rover, New Range Rover Sport and Defender, feature more updateable Electronic Control Units per car than any other production model on sale. This gives unprecedented scope to enhance the vehicle remotely, without costing clients the time of a retailer visit.

Originally developed to update infotainment systems, SOTA now updates a wide variety of vehicle systems, from engine, braking and steering systems, transmission control for four-wheel-drive and advanced driver-assistance systems (ADAS), such as Adaptive Cruise Control.

### Celebrating milestones

75 years after the original Land Rover was introduced at the 1948 Amsterdam Motor Show, this landmark anniversary was celebrated with a new limited-edition Defender model and a new LEGO® Icons Classic Land Rover Defender 90 set.

The exclusive Grasmere Green exterior colour and unique detailing was reflected in a Lifestyle Collection of complementary goods made available to clients.

As for the 32cm-long LEGO® model, the 2,336-piece set is complete with all the accessories for an off-road expedition, allowing builders to create an everyday road-ready model.

Having won more than 50 global awards, Defender is now on sale in almost 100 countries around the world and continues to grow in popularity.

Through FY2022/23, we recovered production volumes and ramped up to three shift production at our Nitra plant, in Slovakia, supporting the business to deliver more than 86,000 Defender wholesales.

Jaguar sports cars also celebrates its 75th anniversary in 2023 with a unique special edition of the F-TYPE that also acknowledged the sports car's last model year, before Jaguar's renaissance as a pure-electric modern luxury brand.

A pair of exclusively curated special editions were developed to mark the occasion, available in both coupé and convertible body styles, featuring unique interior and exterior design elements, rich specifications and unique paint options such as Giola Green metallic.

### Continuous innovation

At the centre of our *Reimagine* strategy is the development of unique client experiences. [New Range Rover Velar](#), Jaguar F-PACE and the award-winning [Jaguar I-PACE](#) have become more distinctive, compelling and desirable than ever in FY2022/23.

With New Range Rover Velar, we are providing a calm sanctuary to our clients, promoting comfort and wellbeing. The cabin includes active technologies that help to cleanse the air and minimise road noise, to be both cleaner and quieter, on any journey.

With an [upgraded battery](#) pack on the F-PACE P400e plug-in electric hybrid, we offer an increase of 20% to our clients on their electric-only range.

Jaguar I-PACE continues to reinforce its status as the benchmark all-electric performance SUV thanks to an impressive real-world range and day-to-day usability. During FY2022/23, it was enhanced with a more distinctive design, richer specifications, the addition of R-Dynamic model.

## OUR NEW ERA OF ELECTRIFICATION

### Modern luxury of electric propulsion

Through FY2022/23, we continued to transform our business at pace, both in electrifying our current vehicles, and in planning our electric future.

The New Range Rover Sport provides a pure-electric capability for almost every journey. As one of the fastest-charging plug-in hybrid systems, recharging up to 80 per cent takes under an hour.

Every one of our brands – Range Rover, Discovery, Defender, and Jaguar – now offers plug-in and mild hybrid vehicles, together with the all-electric Jaguar I-PACE with 68% of sales being electrified vehicles in FY2022/23.

The reimaging of Jaguar into a pure-electric modern luxury brand is on track. More details of a new 4-door GT Jaguar will be released later in 2023, before going on sale in selected markets in 2024, for client deliveries in 2025.

We are developing a unique architecture, named JEA, to be manufactured in-house at our Solihull manufacturing facility. The new design language for Jaguars of the future has been clearly defined - they are highly anticipated and will be a copy of nothing.

This year, we also re-confirmed our next generation electrification roadmap. Our Electrified Modular Architecture (EMA) will be electric only whilst the flexible Modular Longitudinal Architecture (MLA) will offer flexibility between ICE, hybrid and pure-electric.

The first pure-electric Range Rover will launch in 2024, and over the following years, all our collections will have pure-electric options.

### Making charge attractive

To help ease our clients' transition to electric vehicle ownership, we are actively developing both home charging and public charging.

For our clients' home, we are developing modern luxury home charging solutions. In the UK, in 2022, we partnered with Andersen EV, a London-

based manufacturer and supplier of customisable, high-end vehicle home charge points.

In October 2022, we announced a new service, Jaguar and Land Rover Charging powered by Plugsurfing, to simplify the process with one charging key and one app giving access to a curated network of over 300,000 charging points across 27 European countries and 700 charging point providers.

We are also working with other companies - such as Tesla - to make sure that we have full compatibility with other structures. With the opening of Tesla Superchargers to non-Tesla vehicles, we have been able to offer our clients in the Netherlands the possibility to use that network.

### A sustainable circular economy

In March 2022, we announced a partnership with Pramac, a global leader in the energy sector, to develop a portable, zero-emission energy storage unit powered by second-life electric vehicle batteries.

Their Off Grid Battery Energy Storage System (ESS) features lithium-ion cells from Jaguar I-PACE batteries, supplying zero-emission power where access to the main supply is limited or unavailable.

It was showcased through the year by the Jaguar TCS Racing Formula E team, powering their on-grid utilities on race days.

Second-life applications for our vehicle batteries, such as this, will support our transition towards a circular economy business model over time.

### Embracing a new era in Formula E

Jaguar TCS Racing's Mitch Evans finished second in Season 8 of the ABB FIA Formula E Drivers' Championship, recording four wins and seven podium positions in Jaguar's sixth season of competition.

The 2023 ABB FIA Formula E championship marks a significant moment of revolution for Formula E, its Gen3 era. Lighter, more powerful and faster, the new [Jaguar I-TYPE 6](#) is the most advanced and efficient electric Jaguar race car ever designed and engineered.



Formula E remains a key priority for Jaguar, allowing our engineers to collaborate on new electric vehicle technologies in a high-performance environment. Pioneering new cutting-edge technologies, the resulting knowledge, learning and technological development is directly shaping future pure-electric Jaguar road car technology.

Racing in a zero-emission motorsport category also demonstrates our commitment to have zero tailpipe emissions and to achieve carbon net zero across our supply chain, products and operations by 2039.

#### Partnerships to improve the breed

One key partnership nurtured by Jaguar in Formula E has been with Wolfspeed, with whom the Jaguar TCS Racing team has developed Silicon Carbide semiconductor technology since 2017.

These compound semiconductors can operate at much higher temperatures, provide higher current density, and provide faster switching with reduced heat loss, all critical in electric drivetrain efficiency.

This year, we extended this technology partnership to our whole business, through a global strategic agreement with Wolfspeed, to secure supply for the same cutting-edge Silicon Carbide semiconductors.

This technology will provide our next generation of modern luxury electric vehicles with significantly increased powertrain efficiency and extended driving range, while reducing weight and conserving space.

### INVESTING IN TECHNOLOGY LEADERSHIP

#### Seamlessly integrated technologies

From segment-first digital LED lighting technology to the seamless integration of connectivity powered by Amazon Alexa voice AI, and advanced noise cancelling and cabin air purification systems, our on-board vehicle technologies already deliver true modern luxury and calm sanctuary for our clients.

This year, we added further convenience through over-the-air software updates, including an integration of the '[what3words](#)' platform for clients with Pivi Pro in 150 countries and 24 languages.

'what3words' has given every 3m x 3m square in the world a unique identifier, enabling fast and accurate routing to a destination, even without an address.

Our testing capability in connected technologies was further strengthened this year by our investment in a brand-new [Electromagnetic Compatibility \(EMC\) laboratory](#), at our Gaydon, UK engineering hub.

The New Range Rover Sport was the first vehicle to undergo a bespoke testing programme at this facility, critical to ensuring future quality, legal, and client satisfaction.

#### Growing our ecosystem

Throughout FY2022/23, we have seen several initiatives, projects and partnerships emerging with our sister companies including Tata Technologies, and Tata Consultancy Services (TCS).

The collaboration with [Tata Technologies](#) will enable us to accelerate the digital transformation of our industrial operations. The award-winning cloud-based Enterprise Resource Planning software solutions will

revolutionise operations for employees and suppliers, delivering advanced interfaces, increased efficiency, and enhanced collaboration.

In parallel, over 100 colleagues from JLR and TCS collectively identified more than 30 opportunities across four key domains - Digital, Engineering, Sustainability and Customer journeys – which are aligned with the overall ambition of delivering *Reimagine* and will transform our brands, vehicles and services.

#### Recruiting and upskilling for a digital future

This financial year also saw us taking key actions to recruit and re-train our people for our digital future.

In September 2022, we announced our [Future Skills Programme](#), a global upskilling drive to train 29,000 people over the next three years, in connected and data capabilities, and to support our rapid transformation. More than 10,000 JLR and franchised retailer employees in the UK, and nearly 19,000 across the rest of the world, will be trained in skills vital to electrification, digital and autonomous cars.

Shortly after this announcement and following large-scale job losses from technology firms, we announced a further drive to recruit skilled workers from the digital technology industry by opening a new jobs portal to explore career opportunities and offering hybrid working patterns. More than 800 new digital and engineering positions were offered globally, across Autonomous Driving, Artificial Intelligence, Electrification, Cloud Software, Data Science, and Machine Learning.

We also created [three global tech hubs](#) which will be focusing on autonomous technologies, in Germany, Italy and Spain. They come in addition to the existing JLR tech hubs in the USA, Hungary, Ireland, UK, China and India. The new recruits will bolster the 1,100 engineers who are working on subjects including driver assistance systems and artificial intelligence for self-driving cars.

During the last quarter of FY2022/23, we offered a [record number](#) of degree apprenticeships, to deepen our talent pool and develop the next generation of modern luxury vehicles.

#### Open Innovation for the future

In April 2022, we announced [Open Innovation](#), a strategy created to accelerate next-generation technology and sustainability implementation through collaborations with start-ups, scale-ups and like-minded organisations.

Key to the strategy are partnerships with corporate innovation platforms and investors. We co-founded a first-of-its-kind innovation hub in the UK, in partnership with Plug and Play, while two separate partnerships with Cubo Itau and Firjan have established a connection with the vibrant Latin American start-up ecosystem.

Areas of focus for Open Innovation include sustainability, talent, intelligent multi-enterprise, connectivity, electrification, digital services and the metaverse.

Launched in June, [Plug and Play's Mobility Innovation programme](#) is designed to bring innovation and sustainability improvements to the mobility sector through new technology, processes and tools. Partners include: the University of Warwick, Advanced Propulsion Centre, Zenzic, Novelis and Bentley.

# OPERATING ENVIRONMENT

External challenges have persisted throughout FY2022/23 with varying levels of impact on our business. We have responded to these challenges and improved our performance year-on-year. We have confirmed our commitment to our *Reimagine* strategy and plan, to accelerate our transition to becoming proud creators of the most desirable, modern luxury brands, for the most discerning of clients.

## CHALLENGES

### Semiconductors and general supply constraints

The ongoing supply chain challenges, particularly around semiconductors, continued to limit our ability to build cars in line with client demand during FY2022/23. We saw significant volatility in raw material commodity markets during the year leading to abnormal pricing levels and elements of scarcity in some markets. Supply constraints were caused by various external factors, namely Covid-19 recovery, the conflict in Russia-Ukraine and energy inflation.

In response to these challenges, we focused production on higher margin products and improved our organisational capabilities and processes to more proactively manage our supply chain. We put in place long-term supply agreements directly with a number of semiconductor manufacturers to protect both current and future product programmes.

As a result of our actions, our wholesale volumes for the year were 321,362 up 9.2 per cent compared to the prior year.

Whilst general supply chain challenges are likely to continue in the coming year, we anticipate that the actions we have taken this year will minimise the impacts on our volumes.

### Global inflation

Inflationary pressures have increased during the past year with energy prices in Europe, where we produce the majority of our cars, rising as a result of the Russian invasion of the Ukraine. Inflation accounted for around £850 million of increased costs during the past year with cost increases coming from higher commodity prices, energy costs, labour rates and semiconductor prices.

We have taken steps to offset these impacts under our *Refocus* programme which has delivered over £1.1 billion of value to the business through actions taken to optimise sales, lower costs and to prioritise investment spending.

### Geopolitics

Geopolitical challenges including increasing geopolitical tensions and regulatory and legislative changes such as the US Inflation Reduction Act have a global reach and can impact supply chains. While we have not observed any direct impacts on our business in the last year as a result of specific events, we proactively scenario plan against a range of outcomes to ensure we remain well balanced as a business.

## OPPORTUNITIES

### Commitment to *Reimagine* strategy

In February 2021, we launched our *Reimagine* strategy – our roadmap for the future, to realise our vision to become proud creators of the most

desirable, modern luxury brands, for the most discerning of clients. Since then, we have made great progress. In April 2023, interim Chief Executive Adrian Mardell reaffirmed the business's commitment to this strategy, repositioning the company as an electric-first, modern luxury carmaker by 2030.

### House of Brands

As a next step within the *Reimagine* strategy, we will move to a House of Brands approach, to amplify the unique character of each of our brands - Range Rover, Defender, Discovery and Jaguar - and accelerate the delivery of our vision.

### Investing in next generation electric models

As part of our electrification roadmap, we will accept client orders for the modern luxury pure-electric Range Rover from this autumn. The first of our next generation medium-size modern luxury SUVs will be a pure-electric model from the Range Rover family, launching in 2025 and built at Halewood.

We also announced that the first of three reimaged modern luxury Jaguars will be a 4-door GT built in Solihull in the West Midlands. With power output more than any previous Jaguar, an expected 400+ mile range and with prices starting from £100,000, the new Jaguar will be built on its own unique architecture, named JEA.

### Strengthening the shift to electrification

Our Halewood plant will become JLR's first all-electric production facility, and our next-generation electrified modular architecture (EMA) will now be pure electric only.

This underlines our commitment to *Reimagine* and signals the increasing ambition of our shift to electrification. This will strengthen the transition to our modern luxury electric future, moving us towards our financial goals, developing new skills, and reaffirming our pledge to be net zero carbon by 2039.

While EMA will now be electric only, our flexible MLA architecture, which underpins Range Rover and Range Rover Sport, will continue to offer internal combustion, hybrid and battery electric options. This gives us flexibility to adapt our vehicle line-up to meet the needs of different markets around the world as they transition to carbon net zero.

### Collaborations and Partnerships

Through the course of the year we have entered into partnership agreements with strategic semiconductor manufacturers to secure long term supply to protect both current and future product programmes.

We are collaborating with leaders in their field, such as NVIDIA who are experts in AI and Tata technologies who are helping us to streamline technology.

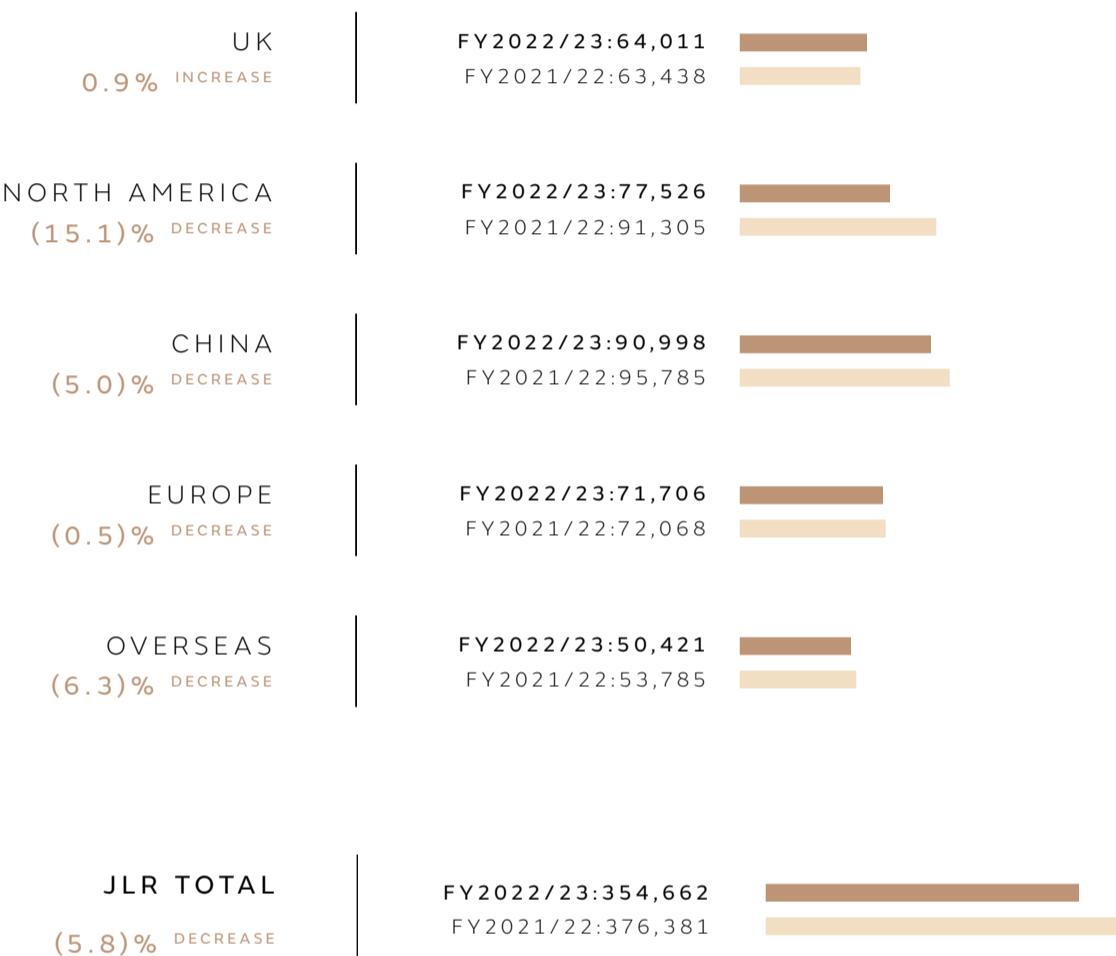
## GLOBAL RETAIL SALES BY REGION

Our retail sales<sup>1</sup> were 354,662 vehicles in FY2022/23, down 21,719 vehicles (5.8 per cent) year-on-year. This decline in sales reflected the continuation of the semiconductor supply shortage which, despite a gradual improvement over the course of the year, impacted production.

Full year retail sales were lower year-on-year in China (down 5.0 per cent), North America (down 15.1 per cent), Europe (down 0.5 per cent) and overseas (down 6.3 per cent). The UK was higher (up 0.9 per cent)

compared to the prior year. As the year progressed, the supply shortages gradually eased, with quarter four retails of 102,889 compared to 78,825 in quarter one.

Total retail sales from our China Joint Venture were 50,904 vehicles for FY2022/23. Sales were down 5.8 per cent compared to the prior year due to the aforementioned semiconductor supply shortages and also, to a lesser extent, as a result of the local Covid lockdowns.



<sup>1</sup> Please see note 3 of the financial statements on page 89 for Alternative performance measures. Jaguar Land Rover retail sales represent vehicle sales made by retailers to end customers and include the retail sale of vehicles produced by CJLR.

## GLOBAL RETAIL SALES BY BRAND AND MODEL FAMILY

The Range Rover nameplates retailed 168,949 vehicles, down 3.4 per cent year-on-year due to the ramp up of production of the New Range Rover and New Range Rover Sport during the year. Range Rover nameplates accounted for 47.6 per cent of total retail sales, up from 46.5 per cent in FY2021/22.

Retail sales for the Defender were 74,881, up 21.3 per cent compared to FY2021/22 and equated to 21.1 per cent of total retails. Strong client demand combined with the easing of semiconductor supply constraints meant that our plant in Slovakia which produces the Defender moved to a three-shift pattern during the second half of the year.



**RANGE ROVER**

Discovery nameplates retailed 48,311 vehicles, down 22.5 per cent year-on-year due to the prioritisation actions for higher margin models against a backdrop of supply issues throughout the year. Discovery nameplates made up 13.6 per cent of total retails during the year.

The Jaguar family retailed 62,521 vehicles, down 19.2 per cent year-on-year. The decline was caused by the same prioritisation actions which impacted Discovery. Jaguar accounted for 17.6 per cent of total retails in FY2022/23.



**DEFENDER**



**DISCOVERY**



**JAGUAR**

FY2022/23: 168,949

FY2021/22: 174,943

(3.4)% DECREASE

FY2022/23: 74,881

FY2021/22: 61,717

21.3% INCREASE

FY2022/23: 48,311

FY2021/22: 62,340

(22.5)% DECREASE

FY2022/23: 62,521

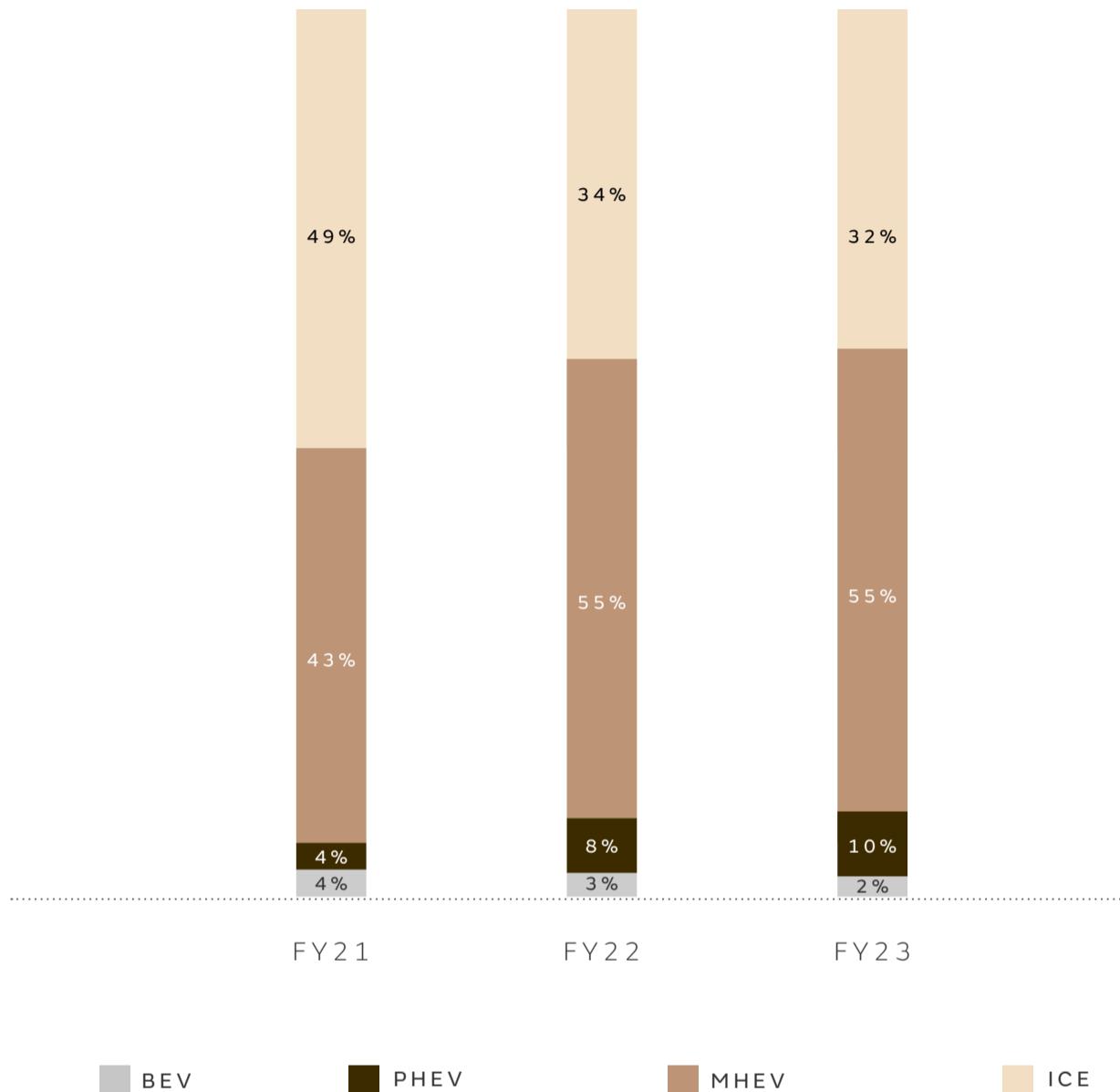
FY2021/22: 77,381

(19.2)% DECREASE

## GLOBAL RETAIL SALES BY POWERTRAIN

During FY2022/23, we continued to have electrification options across our 13 nameplates, with PHEVs available on eight models and MHEVs available on 11 models, as well as the all-electric Jaguar I-PACE. In

FY2022/23, electrified vehicles totalled 67 per cent of our retail sales (up from 66 per cent in FY2021/22) including 2 per cent for the all-electric Jaguar I-PACE, 10 per cent PHEV and 55 per cent MHEV.



# CHIEF FINANCIAL OFFICER'S STATEMENT



**RICHARD MOLYNEUX**  
ACTING CHIEF  
FINANCIAL OFFICER

“

A large part of the financial year ending 31 March 2023 continued to be dominated by the ongoing industry semiconductor shortage. However, we saw a marked improvement in the second half of the year as chip supply started to improve.

Second half wholesale volumes (excluding sales from our China joint venture) volumes were 174,240, up 18 per cent on the first half as the direct engagement to strengthen relationships with semiconductor suppliers significantly improved both semiconductor supply visibility and issue resolution. With our low annual break-even point of circa 300,000 units, the pick-up in volume resulted in improved second half results with £13 billion of revenue, £0.6 billion of profit before tax and exceptional items, 5.3 per cent EBIT margin and over £1.3 billion of free cash flow.

Turning to the full year, wholesales were 321,362 vehicles, up 9.2 per cent compared to the previous year, with sales in all regions up year-on-year. Retail sales were 354,662, down 5.8 per cent compared to the prior year, when higher starting inventories had allowed retail sales to exceed wholesales. Of those retail sales, 67 per cent were electrified, compared to 66 per cent in FY2021/22.

We continue to see strong demand to support further sales growth as evidenced by our order book of circa 200,000 units at 31 March 2023 (compared to circa 168,000 at the end of FY2021/22). Orders for Range Rover, Range Rover Sport and Defender account for over 76 per cent of the total order book.

Revenues for the year were £22.8 billion, up 24.5 per cent year-on-year reflecting the higher wholesales and favourable product mix as Range Rover and Range Rover Sport production ramped up and the Nitra factory (which produces the Defender) moved to three shifts.

Profit margins improved in the year with an Adjusted EBITDA margin<sup>1</sup> of 11.3 per cent (1.0 percentage points higher year-on-year) and adjusted EBIT margin<sup>1</sup> of 2.4 per cent (up 2.8 percentage points year-on-year), driven by higher wholesales, higher average pricing and favourable mix. Profit before tax and exceptional items (of £161 million) in FY2022/23

was a loss of £64 million but £348m better than the prior financial year. Loss after tax was £60 million, up £762 million year on year.

The *Refocus* programme continues to generate value through revenue, cost optimisation actions and investment savings, with £1.1 billion of benefit during FY2022/23. This provided an offset to the inflation headwinds felt throughout the year.

Our commitment to our *Reimagine* strategy and specifically to electrification was reflected in the £2.4 billion of investment spend during the year. Free cash flow<sup>1</sup> after investment spending was £521 million for the full year, reflecting working capital outflow of £17 million.

The positive free cash flow reduced net debt at year end to £3.0 billion reflecting total cash and cash equivalents, deposits and investments of £3.8 billion<sup>1</sup> and £6.8 billion of gross debt (after repayment of £1.2 billion out of cash in the year). Our £1.5 billion undrawn revolving credit facility “RCF” was extended to April 2026 and available liquidity, including the RCF, was £5.3 billion at March 2023.

Looking ahead, the macroeconomic and geopolitical environments remain challenging and supply chains remain fragile. However, we expect volumes to further improve in FY2023/24 with semiconductor supply continuing to improve. We expect to be able to build on the strong business performance seen in the second half of this year supported by our great products, strong brands and commitment to the *Reimagine* strategy.

A handwritten signature in blue ink.

**RICHARD MOLYNEUX**  
ACTING CHIEF FINANCIAL OFFICER  
*Jaguar Land Rover Automotive plc*  
1st June 2023

<sup>1</sup> Please see note 3 of the financial statements on page 89 for alternative performance measures.

# OUR FINANCIAL PERFORMANCE

## CONSOLIDATED INCOME STATEMENT

Our revenue and profitability were higher in FY2022/23 compared to the prior year largely due to the improving production volumes caused by the easing of the global supply chain semiconductor shortages. As the year progressed, quarterly improvements could be seen in revenue, profitability and free cash flow, primarily as a result of higher wholesale volumes, favourable mix and pricing with higher inflation largely offset by pricing and cost efficiency delivered by the *Refocus* programme.

### REVENUE

Revenue was £22.8 billion in FY2022/23, up 24.5 per cent from £18.3 billion in the prior year. Wholesales<sup>1</sup> (excluding the China joint venture) were higher across all key markets, up 9.2 per cent year-on-year to 321,362 units, and mix was favourable with Range Rover and Defender nameplates accounting for over 76 per cent of all wholesales in the year (up from 70 per cent in FY2021/22).



### ADJUSTED EBITDA<sup>1</sup>

Adjusted EBITDA was £2.6 billion<sup>1</sup> (11.3 per cent margin) in FY2022/23, £675 million higher than the Adjusted EBITDA of £1.9 billion (10.3 per cent margin) in the previous fiscal year. Higher wholesales, favourable sales mix, lower incentive spending and improved pricing offset cost increases in manufacturing and selling.



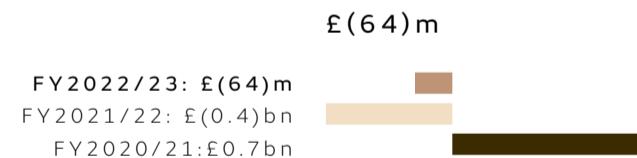
### ADJUSTED EBIT<sup>1</sup>

Adjusted EBIT was £544 million<sup>1</sup> with a margin of (2.4 per cent) in FY2022/23, an increase compared to the Adjusted EBIT of £(66) million<sup>1</sup> (0.4 per cent margin) in the prior year. This reflects the higher Adjusted EBITDA.



### LOSS BEFORE TAX AND EXCEPTIONAL ITEMS

Loss before tax excluding exceptional items was £64 million<sup>1</sup> in FY2022/23, lower than the prior year (loss before tax and exceptional items of £412 million<sup>1</sup>). This reflects the improved EBIT, offset by adverse exchange and commodities valuations and higher net finance expense as a result of the increase in borrowing costs.



### LOSS AFTER TAX

The loss after tax was £60 million in FY2022/23, compared to the loss of £822 million in the prior year. A tax charge of £157 million was recorded in FY2022/23, compared to a £367 million tax charge in FY2021/22.

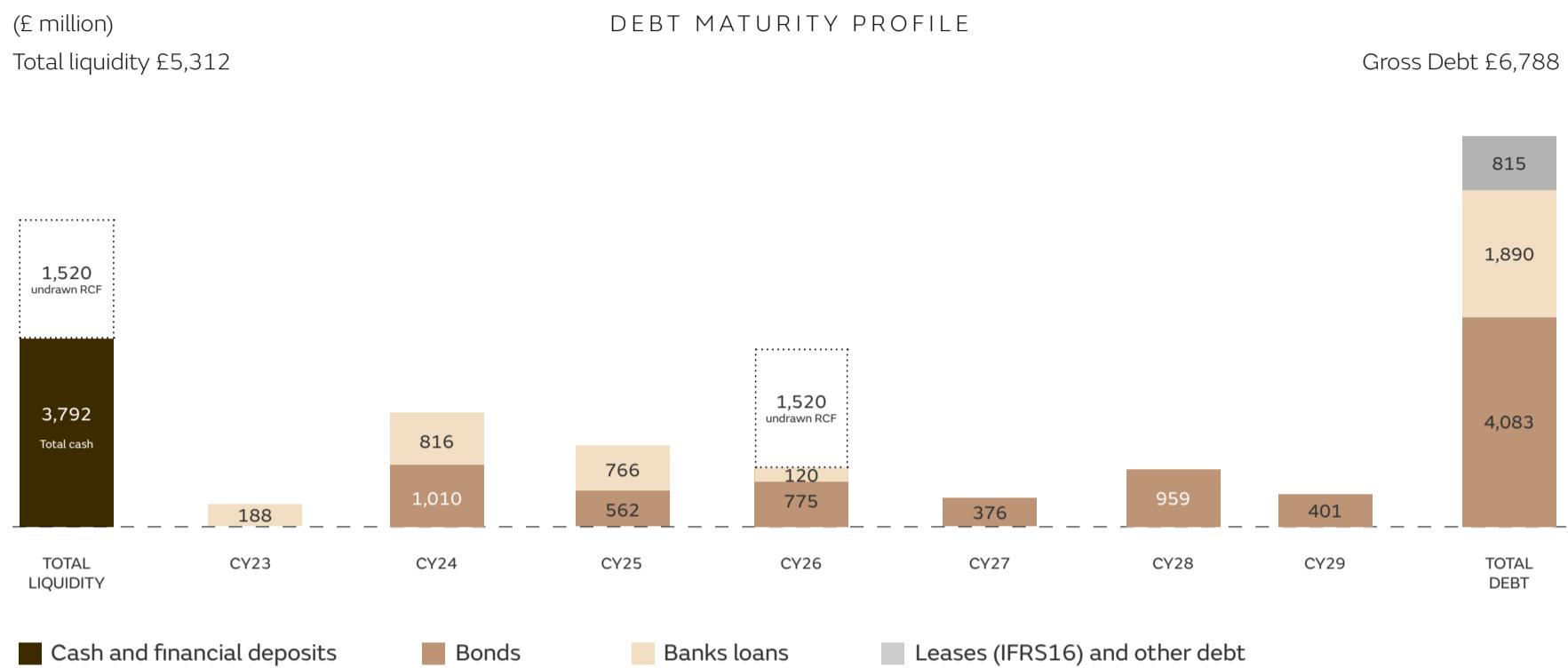


The loss after tax includes £161 million non-recurring exceptional gains, £155 million of which relates to pensions. The prior year loss after tax includes non-recurring exceptional charges of £43 million.

<sup>1</sup> Please see note 3 of the financial statements on page 89 for alternative performance measures.

## JAGUAR LAND ROVER AUTOMOTIVE PLC CAPITAL STRUCTURE

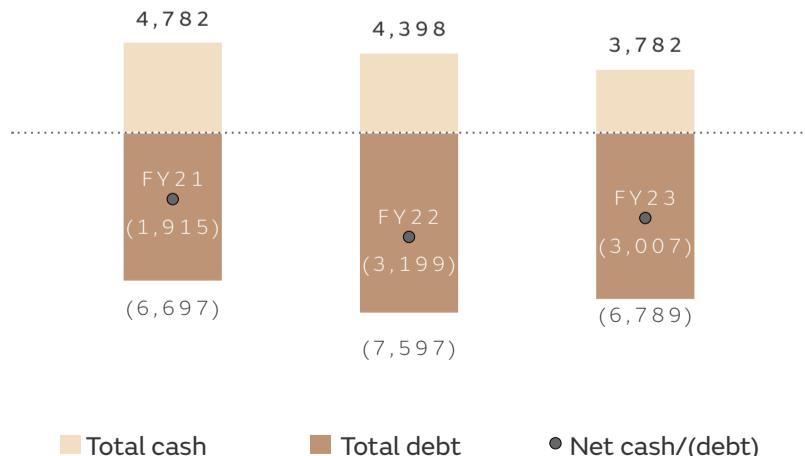
At 31 March 2023, we had £5.3 billion<sup>1</sup> of total liquidity, including cash and cash equivalents, financial deposits of £3.8 billion<sup>1</sup> and an undrawn committed revolving credit facility (RCF) of £1.5 billion. The RCF was renewed in December 2022. Our total debt outstanding at 31 March 2023 was £(6.8) billion<sup>2</sup>, giving a net debt position of £3.0 billion.



Note: CY refers to calendar year in the debt maturity profile above.

## LIQUIDITY AND NET DEBT

Our total cash and cash equivalents, deposits and investments at 31 March 2023 were £3.8 billion<sup>1</sup> (16.6 per cent of revenue), compared to £4.4 billion<sup>1</sup> at 31 March 2022 (24.0 per cent of revenue). The balance at 31 March 2023 comprised cash and cash equivalents of £3.7 billion, of which £488 million was held in overseas subsidiaries, and deposits and other investments of £0.1 billion. Including our £1.5 billion revolving credit facility (fully undrawn and committed until April 2026), total liquidity was £5.3 billion<sup>1</sup> at 31 March 2023 versus £6.4 billion<sup>1</sup> at the end of the prior year. The lower cash and liquidity is more than explained by £1.2 billion equivalent of debt maturities repaid out of cash in the year. At 31 March 2023, gross debt was £6.8 billion and net debt (debt net of total cash and cash equivalents, deposits and investments) was £3.0 billion at 31 March 2023, £0.2b lower than the net debt position of £3.2 billion at the end of the prior year.



## BORROWINGS AND INDEBTEDNESS

At 31 March 2023, we had £6.8 billion of debt outstanding, comprising:

- £4.1 billion of unsecured bonds
- £1.9 billion of unsecured loans
- £710 million of leases accounted as debt under IFRS 16
- £105 million of other debt.

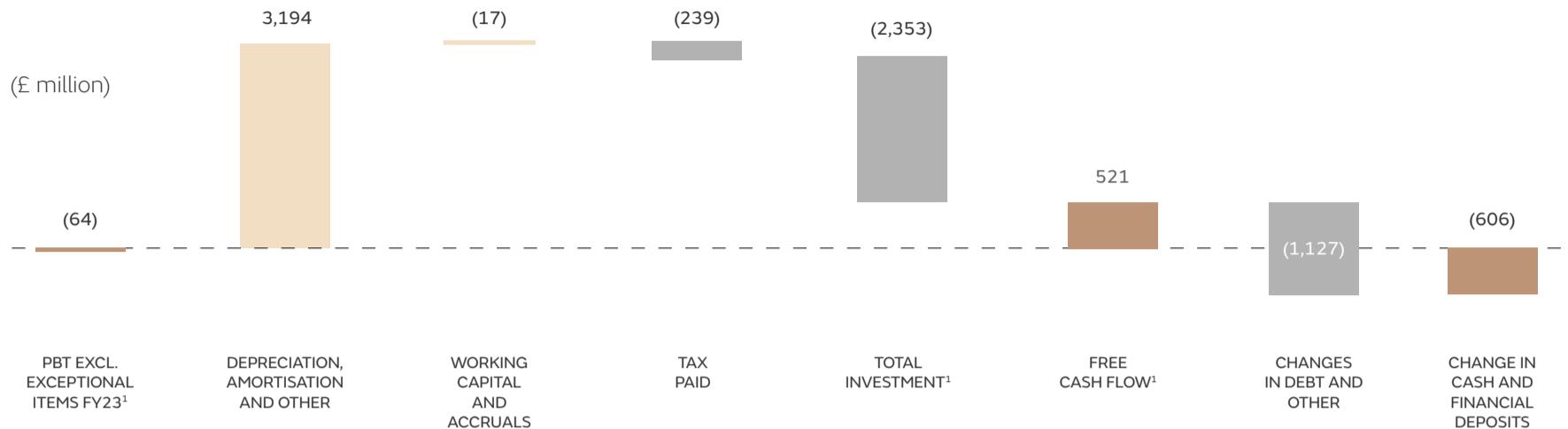
Of the £6.8 billion of debt, £0.6 billion is denominated in Pounds Sterling, £2.2 billion in Euros, £2.5 billion in US Dollars and £0.6 billion in Chinese Renminbi with the remaining £0.1 billion included as leases in other currencies. The maturity profile of debt is well balanced, with 24 per cent maturing within the next financial year (including the CNY 5 billion loan renewed in January 2023 for 3 years but subject to annual review), 62 per cent between one and five years and 14 per cent with a maturity date beyond five years. During FY2022/23, we repaid out of cash a \$200m syndicated loan installment in October 2022, \$500m bond in February 2023, £400 million bond in February 2023, and £250 million of the loans guaranteed by UKEF which amortise throughout the year. In December 2022 we renewed the Revolving Credit Facility for £1.5 billion, extending the facility until April 2026. There were no new debt issues during the year.

<sup>1</sup> Please see note 3 of the financial statements on page 89 for alternative performance measures.

<sup>2</sup> Please see note 27 on page 116 for further disclosure on our loans and borrowings.

## CONSOLIDATED CASH FLOW

Free cash flow was £0.5 billion positive in FY2022/23, after total investment spending of £2.4 billion<sup>1</sup>, a significant increase of £1.8 billion compared to the £(1.2) billion negative free cash flow in the prior year.



### FREE CASH FLOW

Free cash flow was £0.5 billion positive in FY2022/23 after the £2.4 billion of total investment spending, £17 million of working capital outflows, £239 million paid in taxes and £496 million of finance expenses and fees.

£ 0.5 bn

FY2022/23: £ 0.5 bn  
FY2021/22: £(1.2) bn  
FY2020/21: £ 185 m

### TOTAL PRODUCT AND OTHER INVESTMENT

Investment spending in FY2022/23 was £2.4 billion (10.3% of revenue), compared with the £2.0 billion (11.1% of revenue) in the prior fiscal year. Of the £2.4 billion investment spending, £966 million was expensed through the income statement and the remaining £1.4 billion was capitalised. Total engineering and product spending accounted for £1.7 billion (72.0 per cent) of investment spending, while tangible and other intangible assets accounted for the remaining £0.7 billion (28.0 per cent).

£ 2.4 bn

FY2022/23: £ 2.4 bn  
FY2021/22: £ 2 bn  
FY2020/21: £ 2.3 bn

### WORKING CAPITAL

Working capital outflows (including non-cash accruals) were £(17) million during the year, reflecting a £(490) million increase in inventory, £(270) million increase in receivables, offset by £763 million increase in payables.

£ (17) m

FY2022/23: £ (17) m  
FY2021/22: £ 1.3 bn  
FY2020/21: £ (24) m

### CHANGE IN TOTAL CASH AND CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

Cash and cash equivalents, deposits and investments totalled £3.8 billion<sup>1</sup> at 31 March 2023, £606 million lower than the £4.4 billion<sup>1</sup> at the end of the previous year. The decrease is explained by the repayment of £1.2 billion (GBP equivalent value) of maturing debt during the year comprising of \$200m syndicated loan in October 2022, \$500m bond in February 2023, £400 million bond in February 2023, and £250 million of the loans guaranteed by UKEF which amortise throughout the year. In January 2023 we renewed the CNY 5 billion loan. JLR did not issue any new debt during the year.

£ 3.8 bn

FY2022/23: £ 3.8 bn  
FY2021/22: £ 4.4 bn  
FY2020/21: £ 4.8 bn

<sup>1</sup> Please see note 3 of the financial statements on page 89 for alternative performance measures.



# SUSTAINABILITY

## STRATEGIC REPORT

---

# INTRODUCTION TO SUSTAINABILITY

Sustainability is at the heart of our Purpose, enabled through our *Reimagine* strategy and our Creators' Code.

We are going through a transformation to enable us to deliver sustainability-rich, modern luxury vehicles.

This will deliver value to our clients and our shareholders, growth and value creation for our business, and will help create positive impact for the planet and for its people.

Sustainability is integral to how we operate as a business and to our long-term success. Our strategy is guided by the Tata Group's [Project Aalingana](#) which sets a clear framework for driving momentum on sustainability. Our

sustainability strategy is underpinned by our [Environmental and Social Policy](#) which includes a core set of principles as well as commitments we have made around society, environment, clients, products and suppliers.

Sustainability is a collective effort from our employees and stakeholders across our value chain, enabled by our Creators' Code.

Our sustainability strategy encompasses three focus areas: Planet Regenerate, Engage for Good, and Responsible Business.

## PLANET REGENERATE

Transforming our business  
across the full value chain

Carbon net zero by 2039

Circular economy

Biodiversity

## ENGAGE FOR GOOD

Acting as a global citizen for  
sustainable development in the  
communities and environments  
in which we operate

Reduced inequalities

Education, livelihoods and  
skills

Supporting the vulnerable

Climate change, circularity and  
biodiversity

## RESPONSIBLE BUSINESS

Doing business responsibly and  
with integrity

Proactive ESG risk  
management

Transparent reporting

Clear standards and policies

## PLANET REGENERATE

Planet Regenerate is driving our company transformation with the aim to become carbon net zero, by 2039.

We aim to achieve our emissions targets by decarbonising our manufacturing and operations, our supply chain, and directly from our vehicles in use. In March 2022, we committed to ambitious CO<sub>2</sub>e reduction targets by 2030, an intermediate milestone on our carbon net zero journey.

We aim to reduce emissions across our own operations by 46 per cent (our scope 1 and 2 emissions) and by 54 per cent per vehicle across our value chain (our material scope 3 emissions).

Electrification is central to our goals. All our vehicles will be available in pure-electric form by the end of the decade, starting with the pure-electric Range Rover in 2024, and the renaissance of Jaguar as pure-electric modern luxury brand from 2025.

To enable decarbonisation of our entire value chain, we are mobilising our suppliers to move in the same direction. We want to lead by example within the automotive industry, delivering a positive impact to the planet. To enable this, we also want to adopt circular economy principles in design, materials, new services and end-of-life of our vehicles.

Planet Regenerate also focuses on biodiversity loss and ecosystem collapse, one of the largest global risks in the next decade. In line with Tata Group's Project Aalingana strategy and approach, we are creating a nature and biodiversity strategy for JLR, and assessing our impact and dependences on nature.

## ENGAGE FOR GOOD

Engage for Good focuses on acting as a global corporate citizen to take care of the communities and environments in which we operate and make a positive, lasting impact for the world. This includes our advocacy partnerships, projects and employee volunteering.

We use our unique assets - our vehicles, our technologies, and our people - for good. We encourage and enable our employees to contribute to local community development through volunteering and we supply vehicles and share technology to support conservation and humanitarian projects across the globe.

We are focusing on four impact areas: Reducing Inequalities; Education, Livelihoods and Skills; Supporting the Vulnerable; and Climate Change, Circularity and Biodiversity. We will leverage enablers such as partnerships, employee skills and expertise to create sustainability and business value.

## RESPONSIBLE BUSINESS

This area includes key initiatives to protect our brand reputation, by minimising the risks embedded in our business, beyond legal compliance. Our core values and business principles for Health and Safety, Diversity and Inclusion, Human Capital Development, Data Privacy and Information Security, Responsible Supply Chain, Compliance and Ethics and Transparency of Reporting represent how we will drive real and positive change.



# SUSTAINABILITY GOVERNANCE

In order to run our business in an effective and responsible way and to achieve our targets and goals, it is crucial we have the right sustainability governance structures in place.

Sustainability lies at the heart of our *Reimagine* strategy and forms one of the enterprise chapters of our *Refocus 2.0* value creation programme. To deliver our sustainability strategy, outlined in the previous section, we are building appropriate mechanisms in the business.

Sustainability at JLR involves all of our employees. Many teams throughout the business are involved in setting and delivering our sustainability objectives, coordinated by our Sustainability Office. The governance mechanisms outlined below are used to deliver our ambitions.

## The JLRL Board and the Company's Board of Directors

Board oversight on sustainability matters is delivered through the *Refocus 2.0* governance process, with quarterly chapter reviews, supplemented by regular meetings outside of the *Refocus 2.0* process to provide guidance to areas of our strategy as they develop.

Once approved by our JLRL Board our strategic sustainability goals and objectives then receive oversight from the Company's Board of Directors.

For more insight into our board structure see pages 53-54.

## The Tata Group Sustainability Council (TGSC) and Sustainability Working Council – India (SWCI)

Sustainability at a Tata Group level is managed by the [Tata Sustainability Group \(TSG\)](#). JLR Strategy & Sustainability Executive Director François Dossa sits on the TGSC together with executive members from other Tata companies.

Alongside the Sustainability Council is the Sustainability Working Council - India. JLR is represented by Rossella Cardone, Sustainability Director and Head of the Sustainability Office. This working council is primarily for sharing performance and best practice learnings between the different Tata companies.

## Risk, Compliance and Health and Safety Committees

Sustainability is incorporated into our Enterprise Risk Management (ERM) process and reported into our Risk Committee and Compliance Committee - a subset of our Audit committee.

We have identified a set of core ESG and sustainability risks which are managed quarterly through the *Refocus 2.0* governance process.

For more insight to our committees see page 55.



# INTRODUCTION TO PLANET REGENERATE

Through Planet Regenerate we will drive our company transformation towards carbon net zero by 2039. We aim to achieve our emissions targets by decarbonising our manufacturing, our operations, our supply chain and vehicles in use.

## CARBON NET ZERO

In February 2021, as part of our *Reimagine* strategy, we committed to a goal of carbon net zero across our supply chain, products and operations, by 2039.

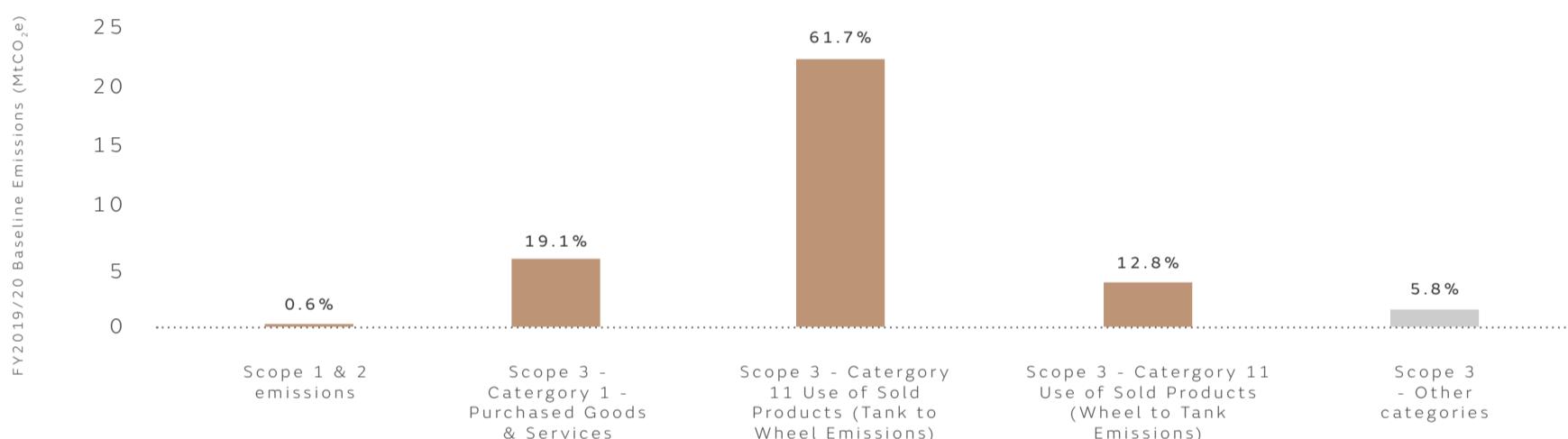
To provide a pathway towards this long-term commitment, we published [science-based targets](#) in March 2022, for ambitious CO<sub>2</sub>e reduction by 2030, of 46 per cent across our own operations (our scope 1 and 2 emissions), 60 per cent, per vehicle km, across the use of our vehicles and 54 per cent, per vehicle, across our value chain (inclusive of our supply chain and use of our vehicles).

These science-based targets were set based on our FY2019/20 baseline using a life cycle approach that has been utilised by the Company for over

a decade, focusing action on the life cycle stages with the largest burden.

This approach showed that:

- Nearly 62 per cent were tailpipe emissions ('Tank to Wheel emissions') generated over the lifetime of the vehicles retailed that year.
- Another 13 per cent of emissions were due to the production of fuel ('Well to Tank emission') over that lifetime including petrol, diesel and electricity for our electrified vehicles.
- Over 19 per cent of emissions were due to our supply chain through the production of materials and components.
- Less than 6 per cent of emissions were due to other scope 3 categories including logistics, business travel and commuting, our retail network and end-of-life treatment.



Our science-based targets baseline assessments showed that our total annual emissions across scope 1, 2 and 3 were over 35MtCO<sub>2</sub>e for FY2019/20. This scale of CO<sub>2</sub>e emissions is comparable with many countries annually reported emissions and shows the scale of influence that our company can have in mitigating the effects of climate change.

Over 94 per cent of these emissions are now covered by our science-based targets, significantly exceeding the minimum threshold set by the Science Based Targets initiative (SBTi) of 67 per cent. The calculation and reporting of these targeted emissions is in alignment with our SBTi Reporting Methodology Statement (available at our [corporate website](#)). By including the emissions generated by our supply chain within this commitment, we also ensure that we avoid any shift in burden from product use to our supply chain in future as we electrify our vehicles.

Our SBTi commitment and carbon net zero target are also aligned to Tata Group's [Project Aalingana](#) which reflects a number of Group-wide targets in relation to carbon net zero.

## OUR STRATEGY TO DELIVER

We have built a robust strategy to deliver against our targets which has been integrated into our *Refocus 2.0* programme. Delivery against targets

for scope 1, 2 and 3 emissions has also been linked to the enterprise strategic bonus FY2022/23 plan.

### Scope 1 and 2 emissions

We will drive energy consumption reduction across our sites and increase the use of onsite and offsite renewable electricity. This includes degasification; with the use of gas currently 74 per cent of our market-based scope 1 and 2 emissions.

### Scope 3 Use of Sold Products

By 2030, in addition to 100 per cent of Jaguar sales, we anticipate that at least 60 per cent of Range Rover, Defender and Discovery models sold will not have tailpipe emissions.

This expansion in vehicles without tailpipe emissions, combined with reductions in the CO<sub>2</sub>e intensity of grid electricity used in our products provides a pathway to a 60 per cent reduction in 'use of sold products' emissions, by 2030.

### Scope 3 Purchased Goods and Services

We have established targets for future vehicle programmes, primarily focused on reducing the impact of key materials within our supply chain, such as steel, aluminium and battery cells.

## PERFORMANCE AGAINST TARGETS

Our absolute scope 1 and 2 emissions for FY2022/23 were 152ktCO<sub>2</sub>e. This was a 24.6 per cent reduction compared to the SBTi baseline and 20.0 per cent ahead of our target for FY2022/23.

This result was due to a reduction in energy consumption through planned projects combined with a significant reduction in expected production volume, due to globally restricted semiconductor supply. As this supply eases and our production increases, this value is likely to increase in FY2023/24 whilst still within target for our SBTi commitment.

Our scope 3 ‘use of sold products’ emissions for FY2022/23 were 255gCO<sub>2</sub>e per vehicle km. This was a reduction of 2.0 per cent compared to FY2021/22 (261gCO<sub>2</sub>e/vehicle km), and a marginal reduction of 0.3 per cent compared to the SBTi baseline (256gCO<sub>2</sub>e/vehicle km).

Our scope 3 ‘combined use of sold products and purchased goods and services’ emissions for FY2022/23 were 64.0tCO<sub>2</sub>e/vehicle. This was a 1.6 per cent reduction compared to FY2021/22 (65.1tCO<sub>2</sub>e/vehicle), and a reduction of 0.5 per cent compared to the SBTi baseline (64.3tCO<sub>2</sub>e/vehicle).

The last two years have been substantially affected by the Covid-19 pandemic and the supply chain shortages that followed. This has resulted in a production and retail mix of vehicles that has only driven a marginal decrease compared to the SBTi baseline.

This decrease was influenced by the launch of the new Range Rover and Range Rover Sport through reductions in their use phase emissions (as described in initiatives). The result is not a substantial change from our decarbonisation pathway, which predicted limited reductions until the launch of more zero-tailpipe-emission vehicles in the coming years.

## KEY INITIATIVES

### Scope 1 and 2

The vehicle pre-production workshop at Gaydon piloted a radiant heating solution providing an 80 per cent reduction in energy consumption (11tCO<sub>2</sub>e) which has potential to be rolled out to other applicable manufacturing areas.

Technology improvements in the sealing of vehicle underbodies has led to the decommissioning of curing ovens at Castle Bromwich saving 128 tCO<sub>2</sub>e.

The optimisation of operations at Castle Bromwich included the consolidation of air handling units, saving 534 tCO<sub>2</sub>e whilst maintaining comfort levels.

Technology and efficiency improvements in the electric heating systems at our Engine Manufacturing Centre in Wolverhampton have led to the replacement of two large gas boilers with electric equivalents saving 4 tCO<sub>2</sub>e.

### Scope 3 Use of Sold Products

Vehicle efficiency improvements reduced our use of sold products’ impact by 3.4 per cent (1.9tCO<sub>2</sub>e/vehicle) during FY2022/23.

The biggest contribution was the introduction of the new Range Rover and Range Rover Sport, which improved CO<sub>2</sub>e by 14.7 per cent (9.2tCO<sub>2</sub>e/vehicle) over previous models. This was due to the replacement of the AJ133 V8 engine with the new NC10 V8 engine and efficiency improvements with the new MLA platform.

### Scope 3 Purchased Goods and Services

In September 2022, we invited our global supplier network to commit to sustainability targets approved by the SBTi. All tier 1 suppliers were asked to set a decarbonisation pathway, report transparently and demonstrate progress towards their targets, disclosing their carbon reporting and collaborating with their own supply chain to deliver the same reductions. [This requirement](#) was shared with more than 5,000 companies around the globe.

## KEY PRIORITIES FOR FY2023/24

### Digitalisation

The piloting of digital solutions across scope 1, 2 and 3 to automate reporting and provide increased analytical and forecasting capabilities.

### Awareness

Sustainability awareness for JLR employees to secure understanding as the fundamental basis for our sustainability business transformation.

### Decision-making

Continue to embed scope 1, 2 and 3 emissions into everyday decision-making.

# CIRCULAR ECONOMY AND RESOURCE EFFICIENCY

The circular economy is an essential part of our pathway to net zero, creating value into a resource-constrained world and maintaining resilience in our supply chain. We have clearly established Tata Group targets and a strategy in active development to meet these targets.

The [Tata Group's Project Aalingana](#) has established three circular economy targets for the group:

1. More than double the content of renewable or recycled resources in products, over 2020 baseline, by 2025.
2. Replenish freshwater (India operations only) with zero waste to landfill by 2030.
3. Replenish more freshwater than consumed by 2040.

Reducing resource consumption and waste, and increasing recycled content in our materials will reduce the carbon intensity of key raw materials such as steel, aluminium and battery cell materials. Reducing our consumption of virgin materials will also reduce our supply chain's impact on nature and biodiversity.

Our circular economy strategy and the metrics and targets that will drive this strategy are based around three key areas:

## Circular resources

We aim to maximise our resource efficiency, resilience and regenerative content through increased recycled content, reduced waste to landfill and incineration, and an expansion in our use of renewable energy.

In line with this strategic direction, we are supporting two Innovate UK projects that enable circular supply chains. RECOVAS (Recycling of EV Cells from Obsolete Vehicles At Scale) offers the potential for a new circular supply chain for electric vehicle batteries in the UK. SCREAM (Securing Critical Rare Earth Magnets) is a project to produce recycled NdFeB magnets from scrap to be used in clean technologies such as wind turbine generators in electric vehicles.

## Circular products

We will increase the longevity of our components and products, through the implementation of circular economy principles in design and engineering, to increase repairability and recyclability.

We will also target new business models from remanufacturing and secondary products, such as engines, powertrains and 'second life' batteries.

For example, in 2021, we partnered with Pramac to develop a portable zero-emission energy storage unit powered by [second-life Jaguar I-PACE batteries](#). The mobile Off Grid Battery Energy Storage System (ESS) supplies zero-emission power where access to the mains supply is limited or unavailable, with a capacity of up to 125kWh.

Reusing vehicle batteries will create new circular economy business models for JLR in energy storage and beyond. Second-life battery supply for such applications could exceed 200 gigawatt-hours per year by 2030, creating a global value over US\$30 billion, and we are expanding such battery end-of-life circular economy initiatives.

We will also generate value through circular business models, such as our 'transport as a service' offering, [Pivotal](#).

## Circular enablers

We will increase our engagement on circularity with our employees and value chain partners.

To provide validation of our future progress as well as support the development of partnerships, education and communication of our activities, we have partnered with the Ellen MacArthur Foundation. During the coming year we plan to establish a baseline across our circular economy activities.



## JLR JOINS THE ELLEN MACARTHUR FOUNDATION AS A NETWORK PARTNER

We're proud to join the Ellen MacArthur Foundation as a Network Partner, an organisation dedicated to accelerating the transition to a circular economy based on three principles: eliminate waste and pollution, circulate products and materials, and regenerate nature.

Collaborating with industry specialists and growing our ecosystem allows us to learn and progress, as we transition to a circular, sustainability-rich, electric-first business. This will ultimately play an important role in achieving carbon net zero across our supply chain, products and operations by 2039, as set in our *Reimagine* strategy.

In addition, we have joined the World Economic Forum Circular Car Initiative, a network platform to share insights, best practices and challenges in the area of circularity (always in line with anti-trust requirements), as we believe that knowledge sharing and collaboration are critical to accelerate sustainability in our industry.



## JLR JOINS THE WORLD ECONOMIC FORUM CIRCULAR CARS INITIATIVE

Alongside electrification, we will tackle emissions embedded in vehicle materials and accelerate the transformation to circular business models.

Growing our ecosystem and working collaboratively with like-minded organisations is at the heart of our *Reimagine* strategy and critical to the rapid transformation of our own business and the wider automotive and mobility industry, as we work towards carbon net zero and circularity.

## NATURE AND BIODIVERSITY

Biodiversity loss and ecosystem collapse is one of the biggest threats facing humanity in the next decade. We are developing a specific nature and biodiversity policy, as part of our overarching commitment to the environment and society.

### Developing our policy

As part of the Planet Regenerate focus area, we are creating a nature and biodiversity strategy, using developing frameworks such as Taskforce for Nature-related Financial Disclosures (TNFD) and the Science Based Targets Network (SBTN). In line with Tata Group's [Project Aalingana](#) strategy and approach, we are creating a nature and biodiversity strategy, and assessing our impact and dependences on nature.

### Biodiversity at our facilities

We are in the early stages of standardising our approach to biodiversity management across our direct operations. However, our global facilities are already addressing biodiversity as part of ongoing site management, and this approach is looking to be replicated elsewhere.

In the UK, Gaydon and Fen End Proving Grounds continue to maintain and enhance habitats under their site ecology management plans. In June 2022, our Engine Manufacturing Centre in Wolverhampton invited Staffordshire Wildlife Trust to visit the site, to offer recommendations around specific management actions to improve the diversity of wild pollinator species, as well as advice for tree planting for a memorial garden.

Our vehicle manufacturing sites in Brazil and Slovakia have ongoing initiatives centered around habitat restoration and species monitoring. In Brazil, this is in partnership with the State Environmental Institute (INEA) and researchers of the Middle Paraíba Wildlife Refuge (REVISMEP) to contribute to the goals within the Wildlife Refuge to protect plant and animal communities. In Slovakia, there is ongoing cooperation with the University of Constantine the Philosopher, to monitor the natural restoration of habitats as well as the inundation and revitalisation of wildlife communities.

### Ongoing management and evaluation

As part of our Environmental Management System (EMS), we have an internal procedure to conduct Environmental Impact Assessments (EIAs) for evaluating projects, such as changes to existing facilities or new operations, and for evaluating funding requests prior to project approval. This includes impacts to protected species and habitats.

Ecological appraisals are undertaken to understand potential risks to protected habitats and species from development. Where there has been significant site development and construction, biodiversity management plans are in place to restore habitats and monitor protected species.

## INTRODUCTION TO ENGAGE FOR GOOD

As a global citizen, we recognise the importance of addressing the environmental and societal threats we face.

Meeting the significant social and environmental challenges of our generation is extremely important to JLR. As part of our desire to be more purpose-led, and reflected in our *Reimagine* strategy, we want to inspire, enable and collaborate with our stakeholders - including employees, partners and clients - to scale the positive environmental and social impact we can have.

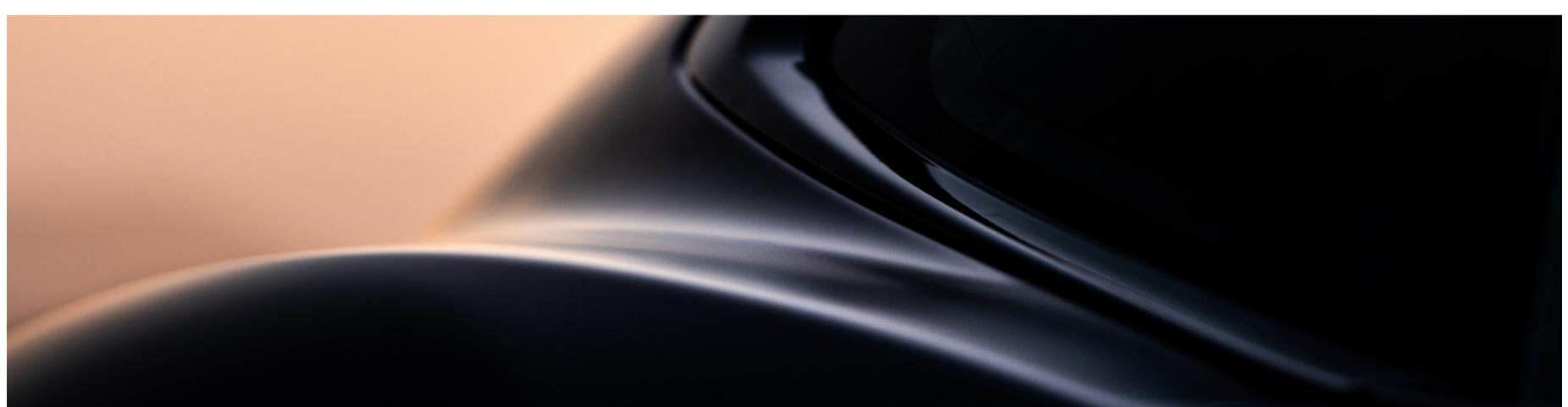
### Corporate citizenship

We are acting to take care of the communities and environments in which we operate and make a positive, lasting impact for the world. This is the soul within our Purpose. Through FY2023/24, we will be scaling up our global corporate citizenship activity within our impact areas.

### Key projects

We currently support our citizenship activity through partnerships with NGOs, employee volunteering, vehicle supply and project funding. We also supply vehicles and share technology to support conservation and humanitarian projects across the globe.

Through our volunteering programme, we encourage and enable our UK employees to contribute to local community development. Our policy enables UK employees in the Company to volunteer for up to 16 working hours per year.



# PARTNERSHIPS

## British Red Cross and International Federation of the Red Cross

Our long-standing partnership with the British Red Cross and the International Federation of the Red Cross (IFRC) was first established in 1954. Our current focus is on supporting emergency crisis response teams assisting those affected by floods and other weather-related events such as heavy rain, wind and snow, as well as people affected by house fires and power cuts. Alongside the supply of vehicles, our funding enables the training of volunteers, and provides essential items such as torches and warm clothing.

Our support spans the globe, strengthening risk reduction and developing emergency response mechanisms, helping reduce disaster and humanitarian risks for the most vulnerable areas. We have supported Community Resilience Teams (CRT) in New South Wales, Australia, to identify people of influence in small communities to map resources and strengths, and connect them with one another to ensure the community is prepared for disruption.

In Italy, we have supported the creation of integrated urban disaster preparedness and response plans, mapping urban services' capacity for health, food supply, water and sanitation, energy and other critical services, helping communities transform information into emergency response plans. In Nepal, we have supported communities to increase the resilience of their people, services and institutions.

## Disaster Relief Alliance

We are an honorary partner of the Disaster Relief Alliance (DRA), whose contributions help with global disaster preparedness, as well as responding quickly to emergencies across the globe.

Recently, the British Red Cross released £30,000 from DRA to support the humanitarian relief response to the Türkiye (Turkey) and Syria earthquakes.

JLR donated an additional £20,000 to the British Red Cross Ukraine Crisis



Two men are shown and one is dressed in a Red Crescent Movement jacket. They reach into a dark space below the rubble to look for survivors. © Syrian Arab Red Crescent

Appeal, to support people fleeing conflict in their homeland and seeking refuge in a safe place. We mobilised 23 vehicles from the UK and Europe to support the IFRC taking vulnerable people from the Ukraine border to safety in Moldova. Six of these vehicles remain on loan in the field.

## Toré Institute, Brazil

We developed an agroforestry educational programme in partnership with the Toré Institute, in a public school local to our Itatiaia manufacturing plant, to teach 550 children aged 7-14 years old about sustainability. The educational project teaches reforestation and composting, and gives children the opportunity to plant and grow their own food.

## China Soong Ching Ling Foundation, China

The 'Journey for Vision Programme' started a new journey in Qinghai Province. The programme carried out vision screening for nearly 30,000 children, providing 300 children with free surgical treatment.

The programme also provided professional ophthalmology training for 100 local doctors and donated 1,000 eye care kits and £144,578 worth of ophthalmic medical equipment, for the long-term benefit of the community.

Since its launch in 2014, the 'Journey for Vision Programme' has covered seven Chinese provinces, investing nearly £3.3 million in helping more than 260,000 young people.

## Give Her A Crown, South Africa

This female empowerment platform uses the power of storytelling and the arts to make a difference in the fight against gender inequality and to promote female empowerment in South Africa. The focus is on the power of storytelling and the arts to connect, inspire and empower. To date, we have supported six female artists with a bursary, as well as female-owned production companies, female students, female journalists, and influencers.



Children planting trees as part of Agroforestry programme in Itatiaia, Brazil.

# INTRODUCTION TO RESPONSIBLE BUSINESS

Responsible Business is the third focus area of our sustainability strategy and covers how we do business ethically and with integrity. Integrity is one of our core values as a business, requiring each person working for JLR or on its behalf, to act ethically and to do the right thing.

Responsible Business goes beyond meeting the minimum legal requirements. It is about:

- ensuring we are tracking and staying ahead of upcoming legislation and regulation;
- understanding the risks related to our business and putting measures in place to mitigate and adapt to those risks. See the risk section on pages 45-49 for more details;

- having clear policies and standards for key topic areas to guide behaviour; and
- sharing our progress and performance in an open and transparent way.

Responsible Business covers a number of topic areas, including:

- Health, Safety, Wellbeing and Working Conditions
- Diversity and Inclusion
- Human Capital Development
- Data Privacy and Information Security
- Responsible Supply Chain
- Compliance and Ethics including Human Rights

## HEALTH, SAFETY, WELLBEING AND WORKING CONDITIONS

### Health and Safety

The Occupational Health and Safety (OHS) Management System is a framework of practical plans and procedures which describe how the

business should operate in order to reduce the risk of harm to people. The OHS is based around three pillars: Safe Place; Safe Systems and Safe People, underpinned by ten principles.



The strategy for safety is based around the ‘ambition of Zero Harm.’ This is measured by year-on-year continuous improvement via our Zero Harm Metric. The Zero Harm Metric is derived from First Aid and Lost Time Incidents, where an injury has occurred, regardless of fault or severity. The trend over the last two years is positive overall but has started to show more fluctuation in the data as the numbers become progressively smaller.

Lost time incidents continue to show an improving trend year-on-year. This demonstrates continued commitment by our sites to understanding root cause and verifying preventative action, as well as engaging employees in positive choices, including reporting of issues.

The ongoing drive to Zero Harm is supported by the development of Zero Harm plans, produced within each function and manufacturing site. Each plan delivers activities that drive visible improvements in relevant areas.

We consolidated our work with the external auditor in a round of certification visits to monitor ongoing adherence to the ISO 45001 this year. Site audits covered document and management system reviews. UK sites received recommendation for ongoing certification which sends a strong message regarding the importance of safety and wellbeing to our employees, partners and clients.

Key actions for FY2023/24 include maturing the Zero Harm metric to include wider aspects of potential harm, such as matters of health and wellbeing and a focus on the severity of an incident within the metric, to more accurately describe the level of harm that an incident incurred. This will allow for increased focus on actions that prevent more severe harm.

This external audit activity is supported by a schedule of internal audits which cover a range of subjects and activities. Over the coming year the internal audit schedule will be evaluated to ensure that the audits are quality events driving positive actions to reduce harm.

#### **Wellbeing and working conditions**

During FY2022/23 we delivered Covid-19 and influenza vaccinations to colleagues on sites across the business.

We also opened our new Centres for Wellbeing, which are our one-stop-shop for group and individual wellbeing interventions for employees. The programmes have been designed with clinical outcomes that have been very positive and support the personal satisfaction of participants. We now have programmes focusing on rehabilitation, nutrition, mental health, fitness, and long-Covid across our UK sites and are expanding internationally.



# DIVERSITY AND INCLUSION

We are committed to fostering a more diverse, inclusive and unified culture that is representative of our employees, our clients, and the society in which we live.

Not only do we believe it is critical that JLR reflects the diversity of the world, we also believe we can truly thrive when we create a culture where employees feel included, where everyone can be their authentic selves, and where fresh ideas, challenges, and opinions are heard.

We are taking action to make tangible impact, measured against three internal targets:

Target 1: Globally, 30 per cent of all senior leaders to be female, by 2026.  
**FY2022/23 performance is 16 per cent, achieving this year's target**

Target 2: In the UK, 15 per cent of all senior leaders to be from a Black, Asian or Mixed Ethnicity background, by 2026.

**FY2022/23 performance is 6 per cent, achieving this year's target**

Target 3: Globally, for our Inclusion Index to reach over 80, by 2026.  
**FY2022/23 performance is 74, exceeding this year's target** (This asks employees to rate the statement in our annual employee engagement survey "I would recommend JLR as an inclusive employer".)

Our first ever external [diversity and inclusion brochure](#) outlines our five-year strategy and the targets that we have committed to.

## Our global approach

Beyond the UK, our global markets are actively supporting in their local approach to diversity and inclusion. To create meaningful progress toward diversity and inclusion, we are working with our regional and country leaders to establish an understanding of local cultures, legislations and current inclusivity status.

## Our global policy

Our global diversity and inclusion policy highlights our zero-tolerance approach to bullying, harassment, and other negative behaviours,

regardless of an employee's characteristics.

## Training and development

We have developed three e-learning modules for our UK business with future plans to create the same for all regions, to ensure that all our colleagues have a good understanding of diversity and inclusion, and how inclusivity can affect those around us. These modules have reached a minimum completion rate of 92 per cent.

We have also established a face-to-face diversity and inclusion training programme, for colleagues across our UK manufacturing sites.

In July 2022, we announced the appointment of two diversity and inclusion Board co-sponsors, Barbara Bergmeier and François Dossa, ensuring diversity and inclusion is represented at the highest levels of our business. They are supported by 14 global employee resource groups, ensuring that employees have spaces where they are able to share their lived experiences, and also to learn from one another's experiences. These have been instrumental in showcasing the power of allyship within our organisation.

## External partnerships

Since 2018, we have held an official partnership with Stonewall. This relationship and the insight provided informs our policies and specific guidance and support, such as our 'transitioning at work' guidance for employees and managers. We have been steadily increasing our position in the Stonewall Index.

We have been a member of Business In The Community since 2019, providing support as a race partner. We were the first automotive company to sign the Race At Work Charter in 2019, outlining a list of commitments to improve equity in race. We signed the updated Charter in 2022, to re-state our commitment to driving action in this area.



Most recently, in 2022, we joined in partnership with the Business Disability Forum, and in FY2023/24, we will have a specific focus on disability and neurodiversity, to help ensure that we are providing employees with everything they need to work at their best and feel confident and comfortable in doing so.

#### Pay Gap Report - gender and ethnicity

In FY2022/23, we produced our [first ethnicity pay gap report](#), alongside the annual gender pay gap report in the UK. It shows our commitment to being more transparent both internally and externally, and to ensuring we use data to drive our actions and decision-making.



## HUMAN CAPITAL DEVELOPMENT

Through our *Reimagine* strategy, we are at the forefront of the rapidly changing automotive industry, with a focus on electrification, digital services and data. As technologies evolve, so do the skills and capabilities of our workforce. How we respond to this changing skills landscape is a key focus for our people strategy.

### Talent attraction

Software is essential for us to deliver next-generation automated driving systems, digital services, and experiences for clients. ADAS (Advanced Driver Assistance Systems) and autonomous driving skills have been identified as critical to this ambition, but are a sought-after skill set in the market. To attract these skills, and compete with other industries, we have expanded our global operational footprint in Germany, Italy and Spain, in addition to existing hubs in Manchester, Ireland, Hungary, Portland, India and China, to access a wider skills pool and harness the best talent for our business.

### Upskilling for the future

We are also focused on [evolving the skills of our workforce](#) through upskilling programmes that build critical capabilities internally. To enable the transition from internal combustion engines to battery electric vehicles, we have upskilled our engineers on electrification through the co-creation of bespoke courses, in partnership with a local university. Focus has also been placed on upskilling employees in 'product owner' and 'scrum master' roles, to enable agile ways of working in programme delivery.

### Early careers

To expand our talent pool and establish a pipeline of skills to transition to an electrified future, there is continued investment in [early careers programmes](#) which is made up of apprenticeships, undergraduate positions and graduate positions. Through hiring drives, we expect to see over 1,000 people join JLR in 2023 globally, a 55 per cent increase on the previous year and a new record intake for the Company. We were third in Targetjobs' most popular graduate recruiter in Engineering, Design and Manufacturing award 2023 and named a Top 100 Apprenticeships Employer in 2022.

# DATA PRIVACY AND INFORMATION SECURITY

## Data Privacy

The JLR Code of Conduct (the Code) is based on the Tata Code of Conduct and is applicable to all personnel working for and on behalf of JLR globally (JLR Personnel), including direct employees and agency and contract staff. The Code articulates the standards of behaviour expected of JLR Personnel and makes clear that at all times they should act in accordance with the Code, and applicable laws and regulations, including those related to Data Privacy compliance.

The requirements of the Code are further supported by a corporate policy on Privacy and Personal Data Protection. All direct employees are required to sign up to the Code on joining the business and to annually declare compliance against the same.

We have deployed a comprehensive Privacy Compliance Programme, including a Privacy by Design and Default process requiring all key processes handling personal information to undergo a privacy risk assessment designed to meet our corporate and legal commitments for the protection of private and personal data, and to meet our modern luxury promise to our clients and employees.

We have deployed a Personal Data Privacy eLearning that is mandatory for all direct employees, with completion of this training monitored. This is supported by a comprehensive framework of functional and role-based data privacy compliance training.

Incidents of non-compliance are reported through confidential reporting and case management channels and are subject to regular KPI monitoring and to our continuous improvement and non-recurrence model.

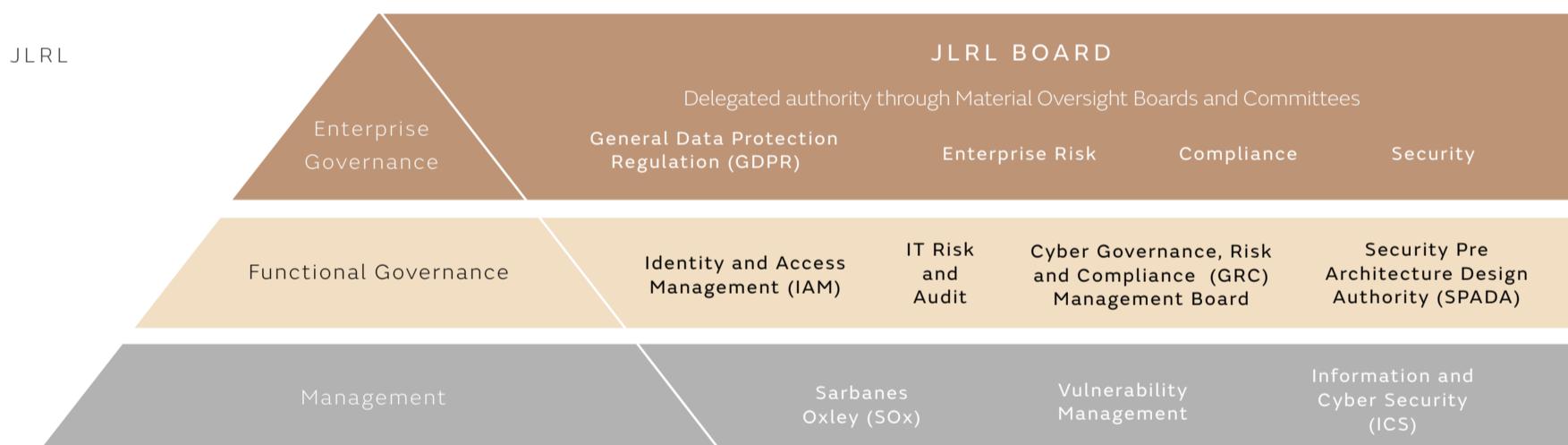
The status of our Data Privacy Compliance programme is overseen by the Privacy and GDPR Compliance Steering Committee and is reported on a regular basis both to the JLRL Board and to the Audit Committee and Compliance Committee of the Company.

## Information Security

Information Security is governed within our overall governance framework. The governance model used is based on the three lines of defence with regular reporting to the Company's Board of Directors, the JLRL Board and other enterprise supervisory committees.

Tata / The Company

**Supervisory Board – The Company**  
*Audit, Risk, Compliance, etc*



## STRATEGIC MANAGEMENT OF INFORMATION SECURITY

### ▼ Security Strategy

Business Strategy and Alignment

### ▼ Security Programme

Cyber security begins with the business strategy and what this means for our security priorities.  
Security is managed strategically based on a three year cycle with annual recalibration.

### ▼ Risk Roadmap

The Information Security Compliance Framework is tailored to meet our requirements through regulatory, statutory and enterprise compliance requirements. Policy requirements are communicated throughout the group with baseline information security and compliance requirements.

We manage security strategically through a multi-year programme to protect the confidentiality, integrity and availability of information assets to an acceptable level of risk. This is validated internally and externally through audits and independent assessments of our strategy, operating

model and delivery plan for continuous improvement on maturity of security disciplines. We have recently achieved UNECE R155 Compliance certification from Vehicle Conduct Authority.

A dedicated Information Security Education and Culture team delivers holistic and targeted training through multiple channels. Our Infosec has a strategic programme to nurture better cyber literacy, transform attitude, drive natural ownership and instil in making protection of our clients, our people, our business and our brands second nature in how we do business.

# RESPONSIBLE SUPPLY CHAIN

As part of our *Reimagine* strategy, we aim to achieve carbon net zero emissions across our value chain including our suppliers, by 2039, with a CO<sub>2</sub>e reduction of 54 per cent, per vehicle, by 2030. At the same time, we enforce a strict code of conduct on all our direct suppliers, in areas including human rights and working conditions, material sourcing, and ethical behaviours.

## Advancing digitalisation for a more sustainable supply chain

In the past 12 months, we have enhanced the sustainability data received from our direct, indirect, aftermarket and branded goods suppliers. This data is analysed and incorporated into our supplier sourcing strategy. We have also established a pilot process to identify high risk suppliers in relation to sustainability, to develop with them performance improvement plans. The pilot completed in January 2023, with the ultimate target to incorporate sustainability performance reviews with our tier 1 suppliers through the Supplier Relationship Management process.

As part of *Refocus* (see page 10), our Industrial Operations Division has employed world-class digital risk sensing tools and analytics in its risk operating model, to provide internal and external stakeholders with timely, relevant and actionable insights, and so enable our transition to systemic resilience and proactive risk management.

In collaboration with our supplier partners, we are also committed to the use of the latest digital technologies to map and utilise multi-tier traceability data, as the foundation of a sustainable, ethical and resilient value chain. We will have onboarded the first supplier partner at the start of FY2023/24 and defined a due diligence assessment process that proactively identifies potential risks based on the data received, so that we can work with impacted suppliers to resolve.

## Enhancing our sustainability insights

Driven by our ambitious 2039 carbon net zero goal and 2030 CO<sub>2</sub>e reduction target, we have developed new capabilities to measure our upstream purchased goods and services emissions, positioning real supplier data at the core of our value chain decarbonisation strategy.

By replacing CO<sub>2</sub>e estimates with real-world data, we have generated insights into emissions hotspots, allowing us to better tailor our product development and sourcing, to minimise the environmental footprint of our vehicles. From 2023, we aim to directly measure supplier emissions for 95 per cent of the footprint of our new vehicles.

We also continue in our strategic partnership with the [Drive Sustainability \(DS\)](#) initiative, facilitated by CSR Europe, collaborating with other vehicle manufacturers on sustainability topics, within anti-trust parameters. Through this forum, partners are able to develop consistent, agreed tools, methodologies and approaches that industry tier 1 suppliers can utilise, and cascade through their own supply chain.

In a separate initiative, we are exploring digital capabilities to enhance supplier transparency to our procurement teams in real time, in the area of sustainability.

## Minimising supplier environmental impacts

With over 5,000 suppliers and partners, we believe it is essential to develop the supply of low carbon materials and processes within our existing network.

On an annual basis, we select a number of our direct, indirect procurement and aftermarket suppliers, to complete one or more CDP questionnaires to assess their environmental impacts.

From the responses received, we are able to determine those suppliers with the highest CO<sub>2</sub>e footprints, to engage with them to understand their CO<sub>2</sub>e reduction roadmaps.

In 2022, we almost doubled the number of suppliers we invited to participate in this programme, and achieved a 76 per cent averaged response rate.

Since September 2022, we have required our global supplier network to commit to sustainability targets approved by the Science Based Targets initiative (SBTi). All tier 1 suppliers were asked to set a decarbonisation pathway, report transparently and demonstrate progress towards their targets, disclosing their carbon reporting and collaborating with their own supply chain to deliver the same reductions.

We continue to host emissions roadmap workshops with high impact suppliers, building a clear picture of reduction activities against scope 1, 2 and 3 emissions, and identifying opportunities for collaboration activities to reduce emissions.

## Rigorous supplier assessments

In our supplier sourcing, we undertake a number of formal assessments. At sourcing stage, we require all production suppliers invited to tender to complete the Sustainability Assessment Questionnaire (SAQ). This is an industry-wide assessment developed through the DS initiative, which provides a high-level score of the supplier's sustainability management, relating to: company management; human rights and working conditions; health and safety; business ethics; environment; responsible supply chain management; and responsible sourcing of raw materials.

Once business is awarded, the supplier is onboarded to the SupplierAssurance platform, where the responses to the SAQ are validated. Where gaps are identified, the supplier is provided with recommendations to improve. All active suppliers are required to update their SAQ on at least an annual basis.

For incumbent suppliers, we also have an annual compliance assessment programme on human rights and working conditions, conflict minerals and environmental impact, and an annual supplier social audit programme, based on SA8000 standards.

Suppliers selected are required to support the audits and to also engage in any remediation activity identified. Suppliers are monitored until all remediation actions are completed satisfactorily, with appropriate evidence.

## Our use of conflict minerals

"Conflict minerals" refers to columbite-tantalite (coltan), cassiterite, wolframite, gold, and the derivatives tantalum, tin, and tungsten (3TGs). We further recognise that the procurement of minerals including cobalt may be subject to the same concerns as 3TGs.

We support industry-wide efforts to identify, reduce, and hopefully eliminate the use of conflict minerals originating from the DRC and adjoining countries. To further this goal, we use the Conflict Minerals Reporting Template (CMRT) developed by the Responsible Minerals

Initiative (RMI), to gather and exchange supply chain information.

We are committed to complying with any applicable requirements and have implemented a due diligence process that aligns to the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance), to meet our obligations under the legislation.

Our suppliers are expected to establish their own responsible minerals policies, due diligence frameworks, and management systems that align with RMI and OECD guidance.

Supplier programmes should be designed to prevent conflict minerals from being included in the products sold to JLR. Should we determine that a supplier has failed to develop and implement reasonable steps to comply with this policy, we reserve the right to take appropriate actions with the supplier under a breach of our global terms and conditions.

#### **Our Supplier Code of Conduct**

Our supplier sustainability web guide outlines our requirements for

suppliers to meet, across business ethics, environment, human rights and working conditions, health and safety and responsible supply chain management.

Additional requirements relate to sustainability data provision, quality certifications such as ISO 14001, export controls and sanctions, SBTi, carbon offsetting, and social audits, which is solely captured in the web guide.

The web guide also outlines our key corporate policies, such as our Code of Conduct, Anti-Bribery and Corruption, Gifts and Hospitality, and Human Rights. All these policies are detailed on [our corporate website](#).

Later in 2023, we plan to deploy a Supplier Code of Conduct that will complement the web guide and will be available via our corporate website.

#### **Corrective actions**

Any corrective actions placed on suppliers are tracked and oblige the supplier to provide for review all necessary evidence of their completion. Through FY2022/23, 114 corrective actions were captured and monitored to completion.



# COMPLIANCE AND ETHICS

JLR is committed to conducting business fairly and honestly. We expect the highest level of ethical behaviour when interacting with clients, retailers, suppliers, government agencies, communities and each other.

## Code of Conduct

Directors and employees and others working for and on behalf of JLR are required to comply with the JLR Code of Conduct, which is intended to guide them in putting the Group's ethical principles into practice. All direct employees are required to sign up to the Code of Conduct on joining the business.

The Code of Conduct is supported by a suite of corporate policies that give additional guidance on specific compliance and ethics topics. The Code of Conduct and a selection of our corporate policies can be found at our corporate website ([jaguarlandrover.com](http://jaguarlandrover.com)).

## Annual Compliance Declaration

In January each year, our Group Compliance team runs an Annual Compliance Declaration process, whereby all personnel with corporate IT access are required to confirm that they are aware of the requirements of the Code of Conduct and certain key corporate policies. For January 2023 (and for each of the previous seven years), 100 per cent of the target population has completed these declarations.

## Anti-Bribery and Corruption

The Code of Conduct and a number of supporting policies and procedures articulate clearly that we do not tolerate bribery or corruption in any form. All activities globally are covered by our bribery and corruption risk assessments and these assessments have informed our anti-bribery and corruption programme, policies, procedures and controls.

## Human Rights and Anti-Slavery

The Code of Conduct and Corporate Policy on Human Rights set out our commitment to respecting Human Rights and complying with all laws, rules and regulations governing human rights in the territories in which we operate. Further information with regard to our programme to address

Human Rights in our own operations and our supply chain can be found in our annual Slavery and Human Trafficking Statement, which is available at our corporate website.

## Oversight of Compliance and Ethics

The Compliance and Ethics landscape covers matters including but not limited to: anti-bribery and corruption; anti-money laundering; data privacy; export controls and sanctions; competition law and emissions regulation. There are a number of dedicated teams focused on specific areas of compliance, including Group Compliance and Product Compliance. The compliance programmes run by these teams are overseen by the Company's Compliance Committee, which meets on a quarterly basis.

## Speaking Up / Whistleblowing Policy

Employees, contract staff, third parties with whom the Group has a business relationship (such as retailers, suppliers and agents), and any member of the public are encouraged to raise ethical and compliance concerns to the Group Compliance team.

The Group's confidential reporting (whistleblowing) policy encourages employees and others to report, in confidence and anonymously if preferred, concerns about suspected impropriety or wrongdoing in any matters affecting business. Our policy is very clear that we do not tolerate any form of retaliation against anyone reporting legitimate concerns.

Any matters reported through the above routes are thoroughly investigated and the progress and results of investigations are subject to oversight by the JLR Unusual Events Committee. The Unusual Events Committee in turn provides quarterly updates on matters reported to the Company's Audit Committee.

## CERTIFICATIONS

### EMS policy, implementation and certification

Environmental Management is an integral part of our corporate strategy. We were one of the first automotive companies to receive certification, in 1998. ISO 14001 is the principal management system standard which specifies the requirements for the formulation and maintenance of an Environmental Management System. This helps the business to control environmental impacts, manage legal compliance and drive continual environmental improvements. The international standard also places emphasis on organisational leadership including how environmental factors are integrated into strategic planning. Environmental performance is a key supplier performance metric - ISO 14001 certification is a requirement for all manufacturing tier 1 suppliers.

### IATF16949:2016 / ISO9001 certification

JLR's vehicle and propulsion system manufacturing plants and direct support locations are certified to IATF16949:2016 / ISO9001 including Solihull, Halewood, Castle Bromwich, BAC, EMC, Oxford Road, Fen End, Gaydon, Whitley (UK), Nitra (Slovakia), Gratz (Austria), Itatiaia (Brazil), Pune (India) and CJLR (China). We are one of only two European-based vehicle manufacturers to certify its own plants to IATF16949 as well as expecting the certification of its supply base. Annual certification audits are performed by an independent third party on behalf of ISO/IATF, with a main re-certification audit every three years.

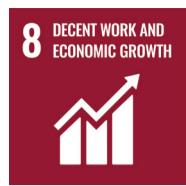
## THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The United Nations Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for all. Developed in 2015, the 17 SDGs support global change and sustainable growth, addressing the challenges we face such as poverty, inequality and climate change.

We recognise the importance of all 17 SDGs. Given the nature of our business, we have focused on the three SDGs where we believe we have the greatest impact.

## SUSTAINABLE DEVELOPMENT GOALS





## DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Our core values and business principles for Diversity and Inclusion, Health and Safety, Human Rights, and Responsible Supply Chain represent how we will drive real and positive change. In addition to our zero-harm safety journey, we are committed to fostering a more diverse, inclusive and unified culture that is representative of our colleagues, our clients and the society in which we live. We also enforce a strict code of conduct on all our direct suppliers, in areas including human rights and working conditions, material sourcing, and ethical behaviours.

For more details see:

- [Diversity and inclusion](#)
- [Health and safety](#)
- [Human rights](#)
- [Responsible supply chain](#)
- [Compliance and ethics](#)



## RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns.

As part of our *Reimagine* strategy, our circular ambition is to develop strategy and targets to address circular economy material topics (i.e. resources including water, waste, etc.). Our ambition will be supported by maximising resource efficiency, resilience and regenerative content, increasing the longevity of components and products, and generating value through circular business models.

For more details see:

- [Circular economy and resource efficiency](#)



## CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

Through Planet Regenerate we will drive our company transformation towards carbon net zero by 2039. We aim to achieve our carbon emissions targets by decarbonising our manufacturing, our operations, our supply chain and our products. We have built a robust strategy to deliver against our targets and the delivery of this strategy has been integrated into our *Refocus 2.0* programme.

For more details see:

- [Introduction to Planet Regenerate](#)
- [Refocus 2.0 programme](#)

# PERFORMANCE DATA TABLES FY2022/23: CLIMATE CHANGE

## COMMITMENTS AND KPIs

Commitment	KPI measurement <sup>1</sup>	Baseline year FY2019/20	FY2022/23
46% reduction by 2030	% Reduction in absolute market-based scope 1 and 2 GHG emissions.	201,029 tCO <sub>2</sub> e	151,643 (-24.6%) tCO <sub>2</sub> e
60% reduction by 2030	% reduction in scope 3 GHG emissions from use of sold products per vehicle-kilometre.	255.95 gCO <sub>2</sub> e	255.28 (-0.3%) gCO <sub>2</sub> e
54% reduction by 2030	% reduction in scope 3 GHG emissions from purchased goods and services and use of sold products per vehicle sold.	64.31 tCO <sub>2</sub> e	64.00 (-0.5%) tCO <sub>2</sub> e

## GHG EMISSIONS

Metric tonnes CO <sub>2</sub> e (absolute) by emissions source <sup>1</sup>	Baseline year FY2019/20	FY2022/23
CO <sub>2</sub> e emitted (scope 1)	160,416	133,542
CO <sub>2</sub> e emitted (scope 2) market-based (location-based)	40,613 (165,526)	18,101 (107,014)
CO <sub>2</sub> e emitted (scope 3)	32,713,013	22,697,894
<b>Scope 3 emissions by category (As per GHG protocol)</b>		
i) Purchased goods and services	6,675,250	4,590,052
xi) Use of sold products	26,037,763	18,107,842
Metric tonnes CO <sub>2</sub> e (per vehicle) by emissions source <sup>1</sup>	Baseline year FY2019/20	FY2022/23
CO <sub>2</sub> e emitted (scope 3)	64.31	64.00
<b>Scope 3 emissions by category (As per GHG protocol)</b>		
i) Purchased goods and services	13.12	12.94
xi) Use of sold products	51.19	51.06

<sup>1</sup> Calculation scope and assumptions provided in SBTi Reporting Methodology Statement available on [our corporate website](#)

We engaged Grant Thornton UK LLP to provide independent limited assurance over the GHG emissions data in the table above using the assurance standards ISAE 3000 (Revised) and ISAE 3410. Grant Thornton has issued an unqualified opinion over the selected data and the full assurance report can be found on [our corporate website](#)

## WASTE

Waste generated <sup>2,3</sup>	FY2020/21	FY2021/22	FY2022/23
Total metric tonnes of waste generated	27,635	30,008	32,915

## WATER

Water consumption <sup>3</sup>	FY2020/21	FY2021/22	FY2022/23
Total cubic metres of water consumption	1,336,479	1,658,929	1,261,504

<sup>2</sup> Data excludes metal and construction waste.

<sup>3</sup> Sites in scope: Solihull, Halewood, Castle Bromwich, UK EMC, Gaydon, Whitley, Nitra, Brazil, China JV (50% due to financial control).

## UK STREAMLINED ENERGY AND CARBON REPORTING (SECR)

PARAMETER	FY2020/21	FY2021/22	FY2022/23
Energy consumption used to calculate emissions: kWh	1,032,109,520	1,017,618,240	1,055,904,317
Emissions from combustion of gas tCO <sub>2</sub> e (scope 1)	105,102	99,872	105,577
Emissions from combustion of fuel, tCO <sub>2</sub> e, including transport (scope 1)	8,770	8,531	9,637
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel tCO <sub>2</sub> e (scope 3)	369	632	1,051
Emissions from purchased electricity tCO <sub>2</sub> e (scope 2, location-based)	96,782	91,264	82,430
Total gross tCO <sub>2</sub> e based on above	211,023	200,299	198,695
Intensity ratio: tCO <sub>2</sub> e/£m	10.69	10.93	8.71

Data compiled in accordance with the Greenhouse Gas Protocol for Corporate Accounting and Reporting. UK Government conversion factors are used for calculating SECR CO<sub>2</sub>e, and for electricity the location-based approach uses UK average grid intensity conversion factors (DESNZ/BEIS 2023). JLR continues to purchase 100% renewable-backed electricity for all core UK operations.

# GOVERNANCE

STRATEGIC REPORT

---

# OUR APPROACH TO RISK

We endeavour to manage and monitor risk factors that could impact our plan for long-term sustainable growth.

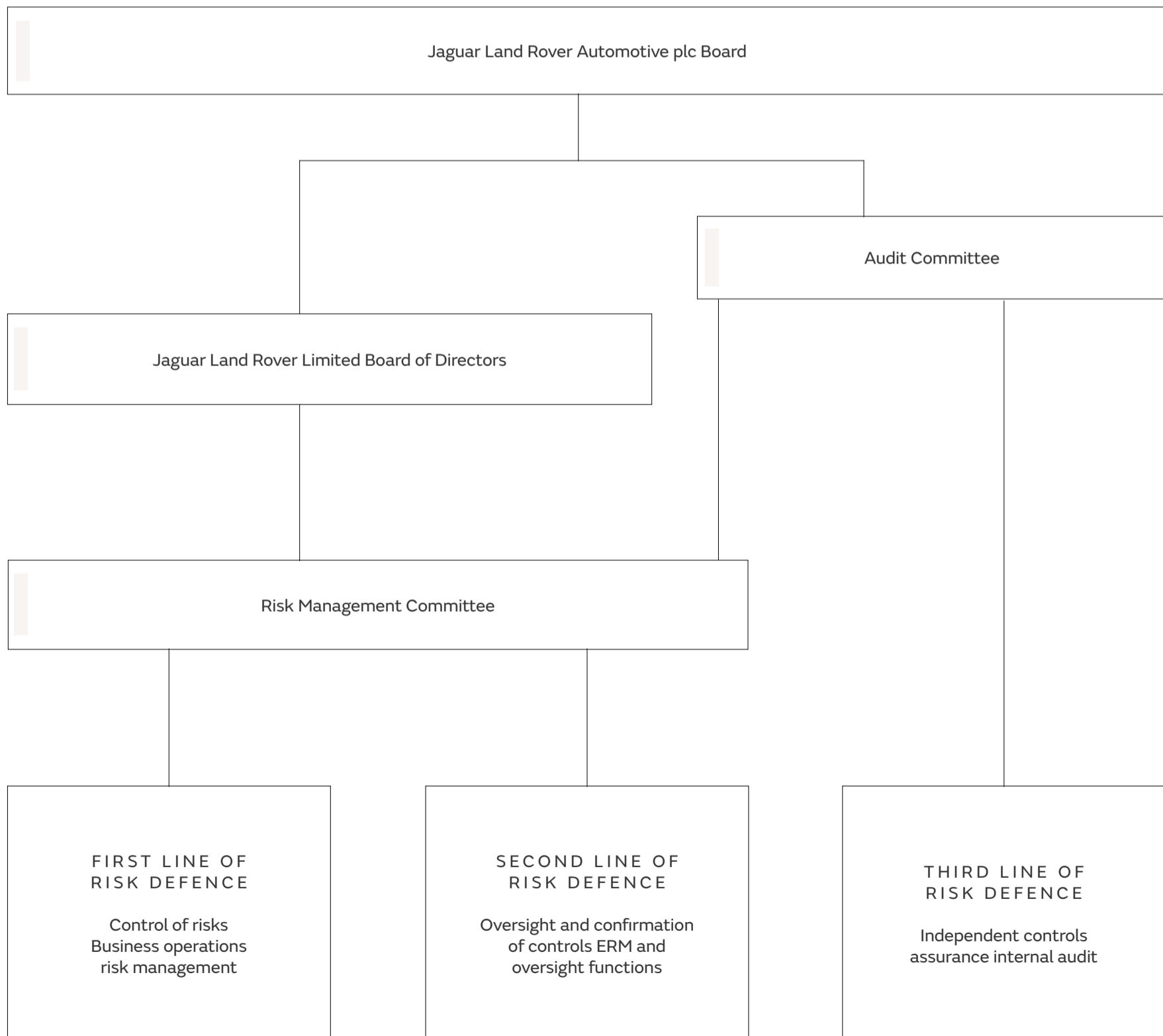
## DEFINING RISK

Risks are uncertain events that could materially impact organisational objectives; both adversely and favourably. We recognise that risk is inherent in all business activities and must be balanced when assessing returns. Successful management of risk is therefore key to accomplishing our strategic objectives. JLR utilises an enterprise risk management (ERM) framework to identify, assess, manage and continually monitor and report on key risks that could affect our business.

## RESPONSIBILITY FOR RISK

The Company's Board of Directors is ultimately responsible for the management of risks facing our organisation. However, the wider organisation is responsible for the proactive day-to-day management and control of those risks. The JLRL Board of Directors review key risks to monitor the progress of remediation actions, whilst the Risk Management Committee provides oversight of current and emerging risks at a detailed level that are reviewed against acceptable levels of exposure. 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 provide sufficient protection to the organisation.

## OUR ENTERPRISE RISK MANAGEMENT RESPONSIBILITY FRAMEWORK



# PRINCIPAL RISKS

## CHANGES TO OUR PRINCIPAL RISKS DURING FISCAL YEAR 2022/23

Two new risks have been introduced into our principal risks:

- Rapid Technology Change
- Litigation/ Regulatory

Mitigating actions are in place to address our competitiveness with regard to the technology within our existing and future product portfolio and services.

One risk has been removed from our principal risks:

- Electrification Transformation

Plans and mitigating actions put in place have proved effective in reducing our overall exposure in this area to within acceptable levels.

FINANCIAL	CONSEQUENCES	MANAGEMENT OF RISK
<b>Competitive business efficiency</b> ▼	If our business is unable to compete effectively on cost we may experience lower than expected returns on our future investments which may make us unable to deliver on our financial objectives in the future. This may limit our ability to reduce net debt in the future as planned which could reduce our ability to raise new debt and invest further in new products in the future.	Our <i>Refocus</i> transformation programme supports the delivery of our <i>Reimagine</i> objectives. This operational transformation programme includes focus on ensuring timely new product delivery to market, and management of the cost base of the business while also ensuring that we maximise profitability on our sales. We maintain strong liquidity in the business to ensure that we can navigate any funding challenges which may arise in the future.
STRATEGIC	CONSEQUENCES	MANAGEMENT OF RISK
<b>Global economic and geopolitical environment</b> ▲	Our international presence and global sales profile means that our business could be significantly impacted by the global external environment. Our global supply chain could also be negatively affected by disruption caused by external factors in the future. As a result, our business could be adversely affected through lower sales in each region.	We continue to closely monitor and risk assess global developments, implementing mitigation plans as necessary and we continue to maintain a balanced sales profile across our key sales regions. Our diverse global client base gives us the flexibility to react to regional changes in demand by adjusting our sales mix into other markets. While we may adjust product features or content should we face supply challenges informed through our enhanced supply chain risk management framework.
<b>Brand positioning</b> ◀▶	Demand for our products can be impacted by our potential inability to successfully position, maintain and articulate the strength of our brands, in addition to our failure to develop new products and technologies that meet client preferences.	Under the <i>Reimagine</i> strategy both of our brands continue our modern luxury vision to support our brand position in the market, with Jaguar relaunching as an all-electric brand from 2025 targeting a more premium segment of the market. As part of the <i>Reimagine</i> strategy we are increasing our collaboration and partnerships both within the Tata Group and with external organisations in a number of areas to ensure we can meet our client expectations.
<b>Rapid technology change</b> N	Any delay in the launch of technologically intensive products, or if the technology in our products becomes relatively obsolete, could impact sales as clients move to purchase products from our competitors.	Modern luxury is furthered by our passion to innovate. We prioritise the development of autonomous, connected, electrified and shared technologies, which is inherently sustainable.  We deliver modernist design philosophy and authentically build desirability and emotional engagement for our brands. It means we create inspirational, exclusive and exceptional experiences for our clients.

▲ Increasing

▼ Decreasing

◀▶ Stable

N New

LEGAL AND COMPLIANCE	CONSEQUENCES	MANAGEMENT OF RISK	
<b>Environmental regulations and compliance</b> ▲	<p>We are subject to a rapidly evolving regulatory landscape with associated laws, regulations and policies that all impact our facilities and vehicles. The transition away from traditional fossil fuels to renewable energy sources - and the increasing pace of that transition - creates particular compliance challenges, in particular tailpipe emissions for automotive companies and wider compliance requirements for carbon emissions produced during manufacturing and other operations.</p>	<p>We incur additional compliance costs to avoid facing significant civil and regulatory penalties, and our competitors may gain an advantage by adopting new emissions-reducing and fuel-efficient technologies before we do. Furthermore, we may incur significant reputational damage, which could materially impact our brands and sales, if we fail to maintain environmental compliance. Regulatory and governmental policy changes may introduce additional operational costs in the form of carbon pricing and taxation.</p>	
<b>Litigation / Regulatory</b> N	<p>The litigation process is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Various legal proceedings, claims and governmental investigations are pending against the Company on a wide range of topics, including vehicle safety, defective components, systems or general design defects, emissions and fuel economy, competition, alleged violations of law, labour, dealer, supplier and other contractual relationships, intellectual property rights, product warranties and environmental matters.</p>	<p>Failure to comply with laws and regulations could expose JLR to civil and/or criminal actions leading to damages, product recalls or other regulatory measures, fines and/or criminal sanctions with negative impact on our corporate reputation.</p>	<p>JLR is committed to complying with the laws and regulations of the countries in which we operate. Our specialist teams in areas such as Engineering, Quality, Legal and Compliance are responsible for monitoring legal and regulatory developments, setting detailed standards and ensuring awareness of and compliance with those standards. See Note 2 for Accounting information and policies for a discussion of accounting policy for litigation. Beyond amounts provided with respect to all aforementioned matters the Company does not consider there to be any probable loss arising and no matters which require further disclosure as a contingent liability<sup>1</sup>.</p>

<sup>1</sup> Competition/Regulatory

In March 2022, the European Commission and UK Competition and Markets Authority (CMA) conducted inspections at the premises of, and sent out formal requests for information to, several companies and associations active in the automotive sector. The investigations concern possible infringements in relation to the collection, treatment and recovery of end-of-life cars and vans which are considered waste (ELVs). We understand the scope of the investigations will involve determining whether manufacturers and importers of cars and vans coordinated (i) the compensation of ELV collection, treatment, and recovery companies, and (ii) the use of data relating to the recyclability or recoverability of ELVs in advertising materials, and whether such conduct amounts to an infringement of relevant competition laws. No Group company was the subject of inspections but since that time JLR has received requests for information and is cooperating with the European Commission and CMA. The inspections and requests for information are preliminary investigatory steps and do not prejudge the outcome of the investigations. If an infringement is established, there are a range of possible remedies, including a fine and/or the prohibition of certain business practices. Given that the investigations are at an early stage, it is difficult to predict the outcome or what remedies, if any, may be required.



OPERATIONAL	CONSEQUENCES	MANAGEMENT OF RISK
<b>Supply chain disruptions</b> ▼ <p>JLR's ability to supply components to our manufacturing operations at the required time is of paramount importance in achieving production schedules and meeting consumer demand. The Covid-19 pandemic and constraints in the automotive semiconductor market continue to have an impact on our global supply chain. Further uncertainty has been created by the Russian invasion of Ukraine. This war has triggered an energy crisis in Europe due to Russia's restriction of gas supply resulting in severe cost implications to our supply base and the potential for power outages. An increase in the frequency of extreme weather events (e.g. storms, floods, heatwaves) could also result in significant direct and indirect impacts to suppliers and disruption to logistics that increase production costs and lead times. An increasing demand for electric vehicles is also leading to price pressures and availability of raw materials within the supply base.</p>	<p>Supply chain disruptions, if not managed, could have an adverse effect on production volume, revenue and profitability, client satisfaction and reputation within the regions in which we operate. In addition to the disruption caused by the pandemic, continued supply constraints of semiconductors has impacted many industries including automotive. The Russian invasion of Ukraine has had a significant impact on the global economy. Higher inflation caused by the scarcity and rising cost of raw materials, commodities, energy and transport is impacting the production.</p>	<p>Over the last 12 months the creation of the Industrial Operations division (encompassing Procurement, Manufacturing and Supply Chain) has helped develop an effective risk management framework. Teams and suppliers are actively engaged across our value chain to identify and mitigate potential disruptions. Our Secure23 and Secure24 programmes are ensuring we confirm the semiconductor allocation and supply we need for future vehicle production. The successful <i>Refocus</i> transformation programme has now been extended, with an increased focus on long term supply chain resilience and transformation to achieve this.</p>
<b>Information Security</b> ◀▶ <p>Information-centric digital transformation is at the heart of JLR's Reimagine vision and strategy. Embracing new ways of working with focus on product development velocity and efficiency in industrial operations, is intrinsic to accelerate returns in service to value creation for our clients, colleagues, business and brands.</p> <p>As our industry becomes more information-enabled and powered by technology, information security becomes crucial for the benefit of our clients and JLR's profitable sustainability.</p>	<p>As data and digitisation continue to advance within JLR and our products and services, protecting our information assets and maintaining secure information services are critical enterprise enablers for the benefit of our clients and JLR's resilience. Information security aims to manage business risks that could harm the organisation's strategic objectives. The business risk impacts can be categorised into 4 main areas at a macro level:</p> <ul style="list-style-type: none"> <li>▪ Strategic Risk - Loss/theft of IP leading to long-term value loss</li> <li>▪ Operational Risk - A severe ransomware could result in business disruption and loss of revenue</li> <li>▪ Financial Risk - Breach of compliance could lead to major fines and operational sanctions being imposed</li> <li>▪ Reputational Risk - Negative media publicity resulting in loss of clients and long-term customer trust impact</li> </ul>	<p>Information security is an enabling function within JLR. Through a cohesive programme of initiatives, we mitigate significant business risks while positively influencing business and brand value, growth, stability, and overall success.</p> <p>Our programme is committed to our Creators' Code - Customer Love, Integrity, Impact, Unity and Growth – achieved through driving business risk reduction with optimised execution and delivering secure, safe, trustworthy interconnected experiences for our clients.</p>
<b>Client Service delivery</b> ◀▶ <p>To deliver a modern luxury client experience and optimise our sales and service channels, every client must receive a seamless and consistent hassle-free experience provided on their terms. We must know who our clients are, anticipate their needs and respect their privacy on their terms. Clients must be delighted at every step. Our retailer partners reflect our brand strategy and vision, and must effectively communicate our values, with trained and capable representatives, to continue successfully to attract and retain clients, driving high client satisfaction at every touch point.</p>	<p>Inconsistent client experience impacts our ability to attract and retain clients, and impacts overall customer satisfaction. Failure to deliver an exceptional experience through our online and physical retailer channels will lead to a weakening in our competitive positioning, potentially impacting our business and financial performance as a result.</p>	<p>Market demand is monitored daily to optimise vehicle and parts and accessory deliveries for our retailers and clients. Online channels are being enhanced and simplified to optimise the client online experience. retailer systems and tools are being enhanced, supporting retailer sales, service and technician representatives to deliver a seamless and consistent hassle-free client experience. Furthermore, other digital solutions continue to evolve (e.g., FOTA - Features Over The Air services now in development) to help strengthen the relationship with our retailers and support delivery of a modern luxury experience to our clients.</p>

## OPERATIONAL

## CONSEQUENCES

## MANAGEMENT OF RISK

### Manufacturing operations ◀▶

Manufacturing operations are at the heart of JLR's value chain, and any losses to scheduled production will have a detrimental effect on both financial performance, client delivery and satisfaction. Semi-Conductor constraints have increased our production continuity risk exposure and we continue to closely monitor the supply base and supply chain efficacy. There are ongoing threats to our cyber security and significant energy costs and supply shortages have continued to increase year-on-year. In addition, recognition of the potential for increased frequency of extreme climate events such as flooding could result in damage to JLR's assets and disruption of operations.

Any disruptions to our manufacturing operations and losses in vehicle production result in delays to both retailer and client delivery, and potential delays or loss of revenue in key regions including China, through loss of sales.

Manufacturing works closely with the Purchasing and Supply Chain functions to monitor and manage suppliers that pose part supply risks. We have embedded new data analytics tools and processes to identify and manage suppliers in high risk regions and apply safety stock where feasible. Multiple response measures were implemented to ensure our sites were Covid-19 safe working environments – phased de-escalation approach was adopted across our sites and the situation is now being closely monitored. A joint approach was established with manufacturing operations, employee relations and JLR human resources with our Lead Logistics Provider to improve supplier / trade union relationship to minimise risk of industrial action. There is an ongoing programme of Server Estates protection and proposals for replacement of Legacy IT Systems and Equipment to reduce threats to our Cyber Security. Delivery of energy consumption and carbon reduction glidepath implementation is in progress in line with SBTi 2030 and Net Zero 2039 commitments.

### Human capital ◀▶

Our business requires an engaged workforce with core capabilities in new and emerging skill areas and a collaborative, innovative and inclusive culture for our transformation to be successful. The safety, wellbeing and engagement of our employees is paramount and needs to be maintained in the face of a challenging external environment and through the transformation of our organisation.

If we fail to attract, retain, engage and develop a diverse workforce with critical skills and capabilities our ability to deliver innovative products and services will be constrained and we will be prevented from deploying the agility and speed of delivery that is essential within the dynamic automotive industry.

A key aspect of the Refocus transformation programme is to develop an agile, capable organisation and culture through changes to ways of working and the embedding of our business purpose and supporting behaviours. Leveraging our digital capability and solutions through Digital enables a more efficient, focused and productive workforce. Our diversity and inclusion strategy will make the most of the uniting power of our differences and the unique qualities that each of our workforce brings.



# INTRODUCTION TO GOVERNANCE

## STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENT

For the year ended 31 March 2023, under the Companies (Miscellaneous Reporting) Regulations 2018, the Group has continued to apply the Wates Corporate Governance Principles for Large Private Companies ('Wates Principles') (published by the Financial Reporting Council ('FRC') in December 2019 and are available on the FRC website). The following section summarises how the Group has applied the principles over the past year.

The Group remains committed to ensuring effective governance is in place to deliver its core values, as this is the foundation on which it manages and controls its business and provides the platform for sustainable profitability.

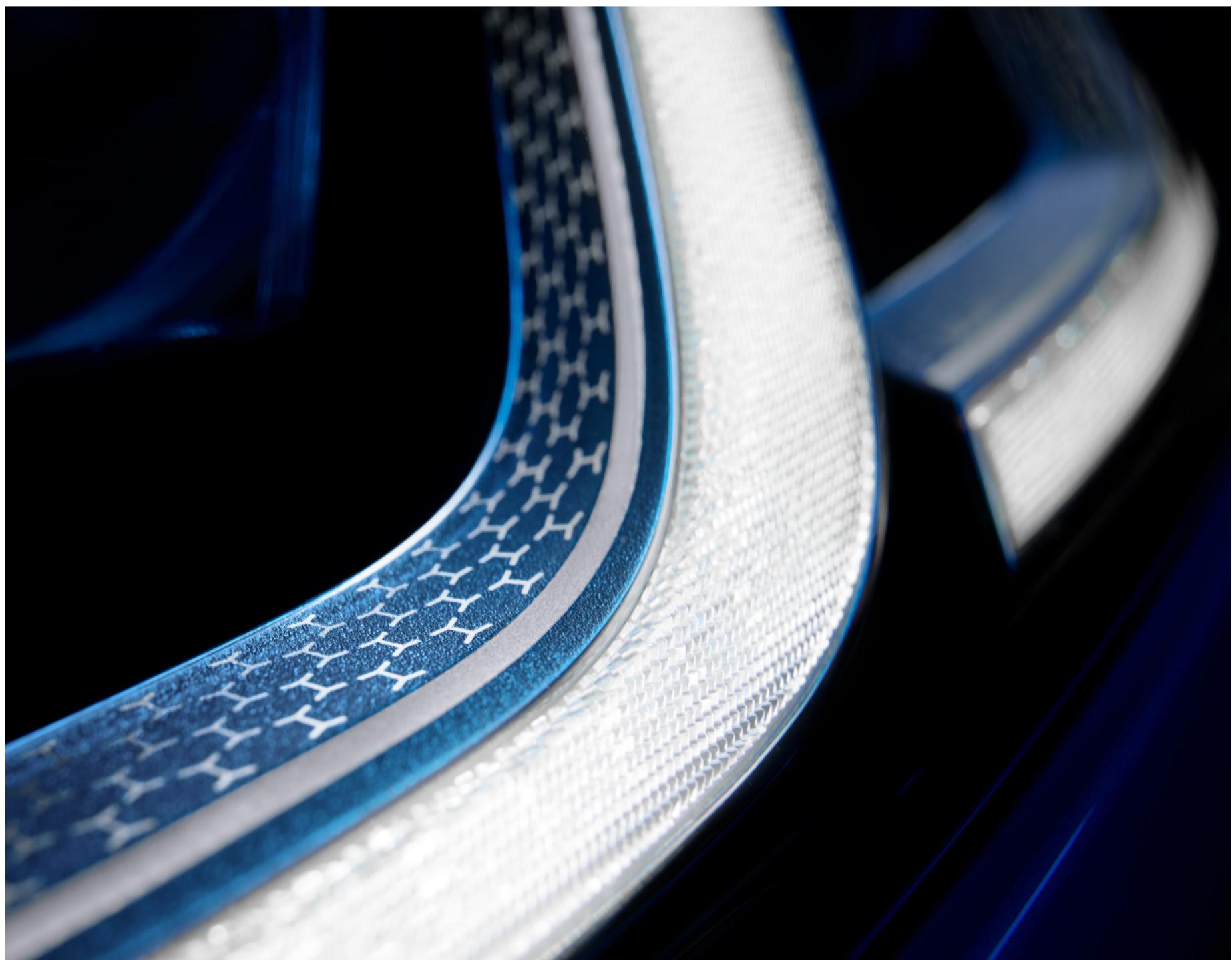
## SECTION 172 COMPANIES ACT 2006

The Wates Principles provides a framework for the Group to not only demonstrate how the Company's Board of Directors makes decisions for the long term success of the Company and its stakeholders (see

Principle 6 - Stakeholders, on page 61), but also having regard to how the Company's Board of Directors ensures the Group complies with the requirements of Section 172 (1)(a) to (f) of the Companies Act 2006. Our reporting against the Wates Principles has been included below.

During 2023 the Group has built its ESG transformation strategy to ensure the complexity of achieving net zero targets is achievable whilst managing its associated risks. See pages 23-43.

As the Group continues to grow, adapt and embrace the changes to support long term strategy and support of *Reimagine* and *Refocus*, these programmes have evolved with the next stage of our transformation being *Refocus 2.0*. *Refocus 2.0* is our enterprise-wide approach to deliver business excellence through value creation, aiding simplification of our operating framework and governance. See page 10. The JLRL Board Members have welcomed Barbara Bergmeier as Executive Director of Industrial Operations to transform our global purchasing, supply chain and manufacturing functions and Thomas Müller as our new Executive Director of Product Engineering.



<b>a) The likely consequences of any decision in the long term</b>	<p>The Company's Board of Directors annually approves the Business Plan and monitors its implementation throughout the year.</p> <p>They are the most senior executive forum within JLR, responsible for directing the development of the strategy and providing the ultimate point of decision for topics that will drive the business to a sustainable future. They are empowered to make decisions on the product portfolio, services and the allocation and development of resources. Their decisions can additionally ensure that steps are taken to implement appropriate financial stewardship, effective risk management and the continued performance of the Group.</p> <p>External factors are also considered such as economic, political and ongoing challenges within the market as a part of the five-year plan to ensure both financial and operating strategy is set at sustaining and achieving the long term success of the Group.</p> <p>To further enhance and support the long term strategy, the Group entered into a number of debt funding arrangements during the financial year.</p>
<b>b) The interests of the Company's employees</b>	<p>See page 21</p> <p>At JLR, we are passionate about our people. They are at the heart of our business. We are committed to fostering a diverse, inclusive culture that is representative of the society in which we live; a culture in which every one of our employees can bring their authentic self to work and reach their full potential.</p> <p>As part of the Business Plan we aim to:</p> <ul style="list-style-type: none"> <li>•shape a culture of unity, belonging, inclusion and respect;</li> <li>•implement progressive policies, benefits and support; and</li> <li>•engage our employees to accelerate our progress.</li> </ul> <p>The Company's Board of Directors understand the importance of the Group's employees to the long-term success of the business. The Group regularly communicates to its employees through presentations, internal group-wide emails and newsletters.</p> <p>A pulse survey undertaken annually allows employees to formally provide feedback to further support the long term plans of the Group in addition to informal feedback sessions held during the year with various Executive Directors.</p> <p>Learning and development continues to be an important area of support to employees through both training days and e-learning modules. Internal networks to support wellbeing have been established to provide and create communities to discuss and share support on mental health, general wellbeing and advice on the coronavirus outbreak.</p> <p>We proudly support the growing number of active diversity and inclusion employee-led networks both in the UK and Overseas. These include Pride, REACH, Armed Forces, Gender Equality, Shine, Disability and a number of religious groups.</p>
<b>c) The need to foster the company's business relationships with suppliers, clients and others</b>	<p>See pages 34-36</p> <p>The Company's Board of Directors understand the importance of the Group's supply chain in delivering the long-term plans of the Group. The Group's principal risks (see page 46) and uncertainties set out risks that can impact the long-term success of the Group and how these risks interact with our stakeholders. Our suppliers of production and non-production goods and services play an integral role in our business and help us to operate globally. For example, we have engaged in strategic discussions with key component suppliers and chip producers to secure long-term supply agreements for future product programmes, to increase our resilience. The Group has key objectives and principles which are set out clearly in the Global Supplier Management policy. Ensuring this policy is followed to achieve consistent and best practice in our relationships with our suppliers, in addition to ensuring ethical behaviour, sustainability and health and safety is considered critical to the success of our business relationships.</p> <p>The Company's Board of Directors actively seek information on the interaction with stakeholders and employees to ensure that they have sufficient information to reach appropriate conclusions about the risks faced by the Group. An example of such interaction includes the Company's Board of Directors monitoring the Group's engagement with their clients through the use of various Customer Experience Insight tools which helps collate feedback from time of vehicle purchase onwards. This process is run internally and enables both the Group and retailers globally to help improve client engagement. Other regular client feedback mechanisms exist through a variety of syndicated surveys to provide and offer external and independent feedback.</p>
<b>d) The impact of the company's operations on the community and environment</b>	<p>Information on the Group's initiatives and commitment to ESG and approach to sustainability can be found on pages 23-33.</p> <p>The Company's Board of Directors set strategies and as part of their corporate decision making have regard to ensuring dialogue and safeguarding is in place with investors, stakeholders and employees, thereby effecting a positive social and environmental impact. This is demonstrated through the Group's financial and non-financial reporting. Please also see page 30 for further information.</p> <p>The key governance issues around conflicts of interest, oversight, accountability, transparency and ethics violations are considered to be a critical and core aspect to the Group's ESG approach.</p> <p>See pages 39-43 for further details.</p>
<b>e) The desirability of the company maintaining a reputation for high standards of business conduct</b>	<p>At JLR we are passionate about our people. We are committed to fostering a more diverse, inclusive and unified culture that is representative of our clients and the society in which we live; a culture where every one of our employees can bring their authentic self to work and feel empowered to reach their full potential.</p> <p>Directors and employees are required to comply with the Jaguar Land Rover Code of Conduct, which is intended to help them put the Group's ethical principles into practice to demonstrate responsible business. The Code of Conduct clarifies the basic principles and standards they are required to follow and the behaviour expected of them.</p> <p>Policies can be found on the Group's website.</p>
<b>f) The need to act fairly as between members of the company</b>	<p>The Group is ultimately owned by Tata Motors Limited ("TML") and collectively are committed to continuing to build future growth through new models through a roadmap that provides a clear direction for the business and our two brands.</p> <p>There is close collaboration and knowledge-sharing with Tata Group companies to enhance sustainability and reduce emissions as well as sharing best practice in next-generation technology, data and software development leadership</p>

## WATES PRINCIPLE 1 – PURPOSE AND LEADERSHIP

The Company's Board of Directors rigorously challenges strategy, performance, responsibility and accountability so that every decision made is of the highest quality.

The Company's Board of Directors actively ensures through committee meetings and careful consideration of all economic, geopolitical and environmental factors that the appropriate strategy and decisions are made.

The Company's Board of Directors has continued to build on the *Reimagine* and *Refocus* transformation programme delivering new strategic partnerships and savings to strengthen the Group's strategic vision. *Refocus 2.0* seeks to build on the strong foundations of these existing programmes to deliver business excellence, see page 10.

The Company's Board of Directors continues to proactively consider the impact to the Group as a response to a variety of factors. New electric model development is on track, with work to transform our UK plants for next generation of pure-electric vehicles underway. *Refocus 1.0* transformation programme has delivered £1.1 billion of savings this financial year. Reimagined pure-electric Jaguar models, launching in 2025, will be built in Solihull alongside pure-electric Range Rovers, heralding an exciting new era of electric car production in the UK. All factors are considered and discussed carefully whilst considering demand and impact on business plan.

This Corporate Governance Report includes further information about the Company's Board of Directors, areas of focus, and the structure and role of its committees.

Details of individual directors' attendance of FY23 Company's Board of Directors meetings are shown in the following table:

NAME OF DIRECTOR	Maximum no. of Board Meetings director could attend	No. of Board Meetings director attended	Percentage of JLRA plc Board Meetings attended
<b>Chief Executive Officer and Executive Director</b>			
Thierry Bollore**	6	6	100
Adrian Mardell*	3	3	100
<b>Non-Executive Director</b>			
Natarajan Chandrasekaran (Chairman)	8	8	100
Pathamadai Balaji	8	8	100
Nasser Mukhtar Munjee***	1	1	100
Charles Nichols	8	7	87.5
Al-Noor Ramji	8	7	87.5
Andrew Robb***	1	1	100
Hanne Sorensen	8	7	87.5
Prof. Sir Ralf Speth (Vice Chairman)	8	7	87.5

\*appointed CEO 16 November 2022

\*\* resigned 31 December 2022

\*\*\* resigned 30 June 2022

## WATES PRINCIPLE 2 - BOARD COMPOSITION

We continuously evaluate the balance of skills, experience, knowledge and independence of the Group's directors. The Company's Board of Directors comprises a separate Chairman and Chief Executive Officer to ensure that the balance of responsibilities, accountabilities and decision making across the Group are effectively maintained. The size and composition of the Company's Board of Directors is considered to be appropriate with all members contributing to a wide variety of experience.

The Company's Board of Directors continues to work on creating a more diverse board of directors and recognises this as a challenge in the automotive sector. There are strategies in place which encourage diversity throughout the workplace with opportunities for employees to progress to senior levels.

Barbara Bergmeier as Executive Director of Industrial Operations joined JLRL Board to transform our global purchasing, supply chain and manufacturing functions and Thomas Müller as our new Executive Director of Product Engineering.

# LEADERSHIP

## JAGUAR LAND ROVER AUTOMOTIVE PLC BOARD



**NATARAJAN CHANDRASEKARAN**  
NON-EXECUTIVE  
DIRECTOR  
AND CHAIRMAN

Appointed February 2017



**PATHAMADAI BALACHANDRAN BALAJI**  
NON-EXECUTIVE  
DIRECTOR

Appointed December 2017



**ADRIAN MARDELL**  
INTERIM CHIEF  
EXECUTIVE OFFICER

Appointed November 2022



**CHARLES NICHOLS**  
NON-EXECUTIVE  
DIRECTOR

Appointed January 2022



**AL-NOOR RAMJI**  
NON-EXECUTIVE  
DIRECTOR

Appointed January 2022



**HANNE SORENSEN**  
NON-EXECUTIVE  
DIRECTOR

Appointed August 2018



**PROF SIR RALF D SPETH**  
**KBE FREng FRS**  
NON-EXECUTIVE VICE  
CHAIRMAN

Appointed February 2010



**THIERRY BOLLORÉ**  
CHIEF EXECUTIVE OFFICER

Appointed September 2020  
Director resigned December 2022



**NASSER MUKHTAR MUNJEE**  
NON-EXECUTIVE  
DIRECTOR

Appointed February 2012  
Director resigned June 2022



**ANDREW M. ROBB**  
NON-EXECUTIVE  
DIRECTOR

Appointed April 2009  
Director resigned June 2022

JAGUAR LAND ROVER LIMITED BOARD OF DIRECTORS



**ADRIAN MARDELL**  
INTERIM CHIEF  
EXECUTIVE OFFICER



**BARBARA BERGMEIER**  
EXECUTIVE DIRECTOR,  
INDUSTRIAL OPERATIONS



**NIGEL BLENKINSOP**  
EXECUTIVE DIRECTOR,  
COMPANY QUALITY &  
CUSTOMER SATISFACTION



**NICK COLLINS**  
EXECUTIVE DIRECTOR,  
VEHICLE PROGRAMMES



**FRANÇOIS DOSSA**  
EXECUTIVE DIRECTOR,  
STRATEGY &  
SUSTAINABILITY



**LENNARD HOORNICK**  
CHIEF COMMERCIAL  
OFFICER



**HANNO KIRNER**  
EXECUTIVE DIRECTOR,  
JLR & TATA GROUP  
BATTERY PROGRAMMES



**PROFESSOR GERRY  
MCGOVERN OBE**  
CHIEF CREATIVE OFFICER



**RICHARD MOLYNEUX**  
ACTING CHIEF  
FINANCIAL OFFICER



**THOMAS MÜLLER**  
EXECUTIVE DIRECTOR,  
PRODUCT ENGINEERING



**QING PAN**  
PRESIDENT & CEO,  
JLR CHINA



**HANNE SORENSEN**  
NON-EXECUTIVE  
DIRECTOR



**DAVE WILLIAMS**  
EXECUTIVE DIRECTOR,  
HUMAN RESOURCES

## WATES PRINCIPLE 3 – DIRECTOR RESPONSIBILITIES

Effective risk management is central to achieving the Group's strategic objectives and is a core responsibility of the Company's Board of Directors and its committees. In this section, you will find information about the responsibilities and focus of the various committees within the Group. Good governance is achieved through effective committees tackling core areas of focus on a regular basis. See pages 58-59 for further information.

In this section, you will find information about the induction and development of directors across the Group, as well as the key considerations when measuring the effectiveness of the Company's Board of Directors and its committees.

### JAGUAR LAND ROVER AUTOMOTIVE PLC BOARD OF DIRECTORS

The Company's Board of Directors provides supervision and guidance to the Group's management, particularly with respect to corporate governance, business strategies and growth plans. It also considers the identification of risks and their mitigation strategies, entry into new businesses, product launches, demand fulfilment and capital expenditure requirements, as well as the review of business plans and targets.

For more information see pages 58-59

#### AUDIT COMMITTEE

Reviews the integrity of the financial statements, relationship with the external auditors and effectiveness of internal financial controls.

For more information see page 58-59

#### NOMINATIONS & REMUNERATION COMMITTEE

Determines the overall remuneration policy and strategy to ensure transparency and alignment with the Group's short and long-term strategic goals.

For more information see page 60

#### TECHNOLOGY COMMITTEE

The Committee was formed in September 2022. The scope of the Committee is to have oversight and provide clarity in respect of the technology strategy of the JLR group of companies.

#### COMPLIANCE COMMITTEE

Provides oversight of JLR's management to review and assess its various compliance risks. Oversees and assesses appropriateness of the adequacy, effectiveness and maturity of the many compliance programmes.

### JAGUAR LAND ROVER LIMITED BOARD OF DIRECTORS

The work of the JLRL Board executes the strategy and ensures the governance principles agreed with the Company's Board of Directors, with JLRL Board operating under the direction and authority of the Chief Executive Officer to support in the execution of the Group's strategy, including evaluating the Group's performance against budget and forecast.

The JLRL Board is also responsible for overseeing the implementation of appropriate risk assessment processes and controls to identify, manage and mitigate the principal risks to the Group, and in doing so, provide support to the boards of directors of other Group companies.

#### DISCLOSURE COMMITTEE

Supports the Company's Board of Directors and Audit Committee in reviewing and approving the final form of quarterly and annual statements relating to the performance of the Group.

For more information see page 59

#### OTHER EXAMPLES OF MANAGEMENT COMMITTEES:

- Risk Management Committee
- Product Committee
- Health and Safety Committee
- Security Committee
- Unusual Events Committee
- Financial Risk and Assurance Committee
- Financial Risk Committee

TOPIC / ACTIVITY	ACTIONS	PROGRESS
STRATEGY		
<b>Review of the business and operating model</b>	<p>Analysed the automotive industry trends and retail outlook and assessed the potential impact on the Group</p> <p>Reviewed the Group's performance against its competitors</p>	<p>Strategic partnership with Wolfspeed was established, securing supply for silicon carbide semiconductor technology for inverters</p> <p>New electric model development is on track, with work to transform our UK plants for next generation of pure-electric models underway</p> <p>Final F-TYPE edition launched during FY23, marking 75 years of iconic Jaguar sports cars, before Jaguar becomes a pure-electric modern luxury brand from 2025</p>
<b>Monitoring opportunities for acquisitions and new revenue streams</b>	<p>Supported continued investment to promote sustainable business growth over the long term</p> <p>Used cash to implement ongoing programmes to support business growth</p> <p>Reviewed and approved, where appropriate, the business cases for internally developed future business</p>	<p><i>Reimagine</i> transformation continues with strong demand with the three most profitable models, the New Range Rover, New Range Rover Sport and Defender accounting for over 76 per cent of the order book at 31 March 2023.</p> <p><i>Reimagine</i> pure-electric Jaguar models, launching in 2025, will be built in Solihull alongside pure-electric Range Rovers</p> <p>This has further been bolstered by <i>Refocus</i> which further drives quality, financial growth, sustainability and digitalisation</p>
<b>Discussion of the Group's capital structure and financial strategy</b>	<p>Considered and approved the Group's debt funding arrangements</p> <p>Ongoing commitment to reducing net debt, targeting net cash from FY25</p> <p>Reviewed a number of opportunities in the fiscal year</p>	<p><i>Refocus</i> 1.0 transformation programme has delivered £1.1 billion of savings this financial year</p> <p>Undrawn £1.5 billion unsecured revolving credit facility extended to April 2026 and extension to £0.6 billion equivalent China bank loan maturing June 2023 signed</p> <p>Repayment of £400 million and €500 million bonds was made during the final quarter of FY23. \$200 million of syndicated loan was repaid in October 2022 and £250 million of amortising UKEF loans were repaid during the financial year,</p>

## RISK MANAGEMENT AND INTERNAL CONTROL

<b>Review the Group's principal risks and the effectiveness of internal control systems and risk management</b>	<p>Clearly articulated the Group's approach to risk and internal control</p> <p>Reviewed and updated approach to identify and management principal risks and potential weaknesses and deficiencies in the design or operation of the Group's internal controls</p> <p>Continuing assessment of significant and emerging risks and impact on the Group's internal control framework</p>	<p>Agreed Group-level risks and a robust set of mitigating activities, which are regularly monitored and considered movements in key risks resulting from changes to likelihood or business impact</p> <p>Continued reporting to ensure deficiencies and weaknesses are highlighted and addressed efficiently</p>
---	--	---

## LEADERSHIP AND PEOPLE

<b>Review composition of the Company's Board of Directors and its committees</b>	Discussed and evaluated the composition of the Company's Board of Directors and its committees, including succession planning	The Company's Board of Directors and Senior Director's Forum is in place and continually evaluated.
<b>Review the development of people and talent in the Group, including succession planning for senior roles</b>	Ongoing commitment to maintain a balance of appropriate skills and experience in the workforce across the Group	Strategies have been implemented to encourage diversity throughout the workplace with opportunities for employees to progress to senior levels. Further information relating to some of these initiatives are set out on pages 34 and 35. These actions have enabled us to strengthen succession planning and the skillset of the workforce across the Group.
<b>Discuss the results of the employee engagement survey and devise strategic actions arising from it</b>	<p>Conducted a thorough review of Pulse surveys to identify areas for improvement</p> <p>Encouraged employees across the Group to propose actions to address any identified areas of improvement.</p>	<p>Continued focus on engagement and development of employees through offering a wide range of training courses</p> <p>Implementing and taking action based on feedback received from employees has resulted in better support for health and wellbeing through the development of a wellbeing website. In addition the introduction of a "Your JLR" app to improve communications and feedback has driven a more inclusive environment.</p>

TOPIC / ACTIVITY	ACTIONS	PROGRESS
<b>STRATEGY</b>		
<b>GOVERNANCE, STAKEHOLDERS AND SHAREHOLDERS</b>		
<b>Review the Group's purpose, goal, vision and values</b>	Considered sustainability, including the Group's impact on the community and the environment  Monitored and addressed regular Health and Safety updates	Reviewed developments in corporate governance and considered key legal and regulatory updates  Review of the five year business plan and monitoring of corporate scorecards which are continuously assessed to ensure the Group's vision and goal to drive strategy and business initiatives is achieved
<b>Encourage strong engagement with investors and stakeholders</b>	Actively supported engagement opportunities  Regularly reviewed and acted upon feedback from key stakeholders	Ongoing discussions at all levels of the business with shareholders  Engagement with other stakeholders based on feedback  There is regular dialogue with our bond investors and relationship banks including an annual capital markets day where investors, banks and other credit providers have the opportunity to meet with JLR senior management.  Further information relating to our existing and future relationships with shareholders, customers, suppliers and our communication and dialogue with our stakeholder groups is set out on page 51 and 62.
<b>FINANCIAL PERFORMANCE</b>		
<b>Assessment of the Group's financial performance</b>	Evaluated the Group's performance against budget and forecast  Reviewed the quarterly and annual results and associated presentations to investors	Reviewed and approved the latest five-year business plan for the Group  Approved the Annual Report

# EFFECTIVENESS

## THE COMPANY'S BOARD OF DIRECTORS

The Company's Board of Directors will continue to consider the core areas described previously, but in particular will focus on:

- Continued development of the Group's product pipeline through *Reimagine, Refocus* and *Refocus 2.0* to provide all nameplates in electric form by end of the decade, thereby seeking to capitalise on segment growth (including advanced driver assistance systems and autonomous cars with a partnership with NVIDIA);
- Shortage of industry-wide semiconductor chips which have during the year constrained sales though strong demand remains for vehicles. A strategic partnership is in place with our Jaguar TCS Racing partner Wolfspeed, to secure supply of Silicon Carbide semiconductors;
- Ongoing aim to achieve zero carbon emissions across supply chains, products and operations by 2039 through Planet Regenerate initiative to ensure future sustainability;
- Consideration of the evolving economic, political and market conditions;
- Developing people and the workforce of tomorrow; and
- Ongoing review and monitoring of external risk factors such as inflation, rising energy costs, ongoing effects of Covid-19 and geopolitical instability; considering their impact on the future of the Group in light of upcoming changes in both the political and economic environment.

## HOW WE DIVIDE UP OUR RESPONSIBILITIES

### Chairman of the Company's Board of Directors

Responsible for leading the Company's Board of Directors, its effectiveness and governance. Also sets the agenda to take full account of the issues and concerns of the directors and ensures effective links between external stakeholders, the Company's Board of Directors and management.

### Non-executive directors

Constructively challenge the Chief Executive Officer and monitor the delivery of the Group's strategy within the risk and controls environment set by the Company's Board of Directors.

### Chief Executive Officer

Responsible for the day-to-day leadership, management and control of the Group, recommending the Group strategy to the Company's Board of Directors, and implementing the Group's strategy and decisions of the Company's Board of Directors.

## INDUCTION, DEVELOPMENT AND SUPPORT

All new directors receive a full, formal and tailored induction upon joining the Company's Board of Directors. The Company's Board of Directors calendar is also planned to enable directors to visit the increasing number of Jaguar Land Rover geographic locations. Directors are briefed on a wide range of topics throughout the year.

These topics range from those with particular relevance to the business of the Group, such as global automotive demand, to more general matters such as developments in corporate governance. We recognise that our directors have a range of experience, and so we encourage them to attend external seminars and briefings that will assist them individually.

## EVALUATION

The Company's Board of Directors continuously assesses its effectiveness in the following areas:

- The flow and quality of information to and from the Company's Board of Directors to ensure effective communication;
- Decision-making process and culture;
- The outcome and impact of decisions made by the Company's Board of Directors; and
- The Company's Board of Directors and committees also provide direct feedback to management committees during the year.

## COMMITTEES SUPPORTING ACCOUNTABILITY

### AUDIT COMMITTEE

#### Composition of the Audit Committee

Charles Nichols, Chairman  
P. B. Balaji  
Hanne Sørensen  
Andrew Robb (resigned 30 June 2022)  
Nasser Munjee (resigned 30 June 2022)

#### Role of the Audit Committee

- Monitors the integrity of the financial statements, including the review of significant financial reporting issues and judgements alongside the findings of the external auditor.
- Oversees the relationship with the external auditor, external audit process, nature and scope of the external audit and the appointment, effectiveness, independence and fees of the external auditor.
- Monitors and reviews the effectiveness of Corporate Audit, ensuring coordination with the activities of the external auditor.
- Reviews the effectiveness of the Group's systems for internal financial control, financial reporting and risk management.

### MAIN ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

#### Financial reporting

During the year, the Audit Committee met with the external auditor and management as part of the FY2022/23 annual and quarterly reporting approval process a total of five times. The Audit Committee reviewed the draft financial statements and considered a number of supporting papers. This included reviewing information presented by management on significant accounting judgements to ensure all issues raised were properly dealt with; reviewing presentation and disclosure of material to ensure adequacy, clarity and completeness; reviewing the documentation prepared to support the going concern statement given on page 69; and reviewing external audit reports. The key matters considered in the year were: Impairment of property plant and equipment, intangible, and right-of-use non-current assets, impairment of long life assets, going concern, capitalisation of product engineering costs and valuation of defined benefit plan obligations.

## Internal controls

The Audit Committee reviewed the effectiveness of financial reporting, internal control over financial reporting and risk management procedures within the Group, with particular regard given to compliance with the provisions of section 404 of the Sarbanes-Oxley Act and other relevant regulations. The reviews also considered any potential material weaknesses or significant deficiencies in the design or operation of the Group's internal control over financial reporting, which are reasonably likely to adversely affect the Group's ability to record, process and report financial data, including that of systems controls. The Audit Committee received reports from the external auditor, Business Assurance and Corporate Audit with respect to these matters.

## External Audit

The Audit Committee reviewed the significant audit issues affecting the Group with the external auditor and how they have been addressed in the financial statements. The Audit Committee also evaluated the external auditor by reviewing the firm's independence, its internal quality control procedures and any material issues raised by the most recent quality control or peer review of audit firms. This included the findings of any enquiry or investigation carried out by government or professional bodies with respect to one or more independent audits performed by the external auditor within the last five years.

KPMG, the external auditors, have completed their fifth year in post. Section 139(2) of the Indian Companies Act, 2013, mandates that all listed companies rotate their auditors once the auditor has served as an auditor for a period of 10 or more consecutive years. Under these regulations, the Group will be required to retender the audit by no later than 2027 and the Committee will keep the external auditor tender under review and act in accordance with any changes in regulations and best practice relating to the tenure of the external auditor.

To help safeguard KPMG's objectivity, independence and effectiveness, the Group has a non-audit services policy which sets out the circumstances and financial limits within which the external auditor may be permitted to provide certain non-audit services. This policy sets a presumption

that KPMG should only be engaged for non-audit services where there is an obvious and compelling reason to do so (for example, their skills and experience or ability to provide the services) and provided such work does not impair their independence or objectivity and has no impact on the audited financial statements. It prohibits KPMG from providing certain services, including legal, valuation, actuarial and internal audit. The Audit Committee approves all non-audit services before they are performed. Non-audit fees paid to KPMG in the year totalled £0.5 million (2022: £1.1 million), representing 7 per cent of the total fees paid for audit and audit related assurance services.

## Corporate Audit

During the year, the Audit Committee reviewed the adequacy of the Corporate Audit function, the Corporate Audit charter, staffing and seniority of the official heading the function, reporting structure, budget, coverage and the frequency of corporate audits, the structure of Corporate Audit and approval of the audit plan.

## DISCLOSURE COMMITTEE

### Composition of the Disclosure Committee:

Chief Financial Officer and his direct reports.

### Matters considered during the year

- Reviewed and updated the terms of reference of the Disclosure Committee;
- Reviewed the audit and control findings from the external auditor;
- Reviewed areas of key management judgement and significant transactions, including their presentation and disclosure in both the quarterly and annual financial statements;
- Reviewed new disclosures in both the quarterly and annual financial statements for appropriateness; and
- Considered the impact of new accounting standards on the Group.



# ACCOUNTABILITY

## WATES PRINCIPLE 4 - OPPORTUNITY AND RISK

In addition to the matters referred to throughout this report on risk management, please also refer to page 46 to 49 which include a list of all emerging and principal risks including mitigations relevant to the Group.

See pages 46-49 for assessment and categorisation of principal risks and actions to mitigate.

## WATES PRINCIPLE 5 - REMUNERATION

In accordance with Wates Principle 5, the Nominations and Remuneration Committee Company's Board of Directors ensures that appropriate senior management is recruited to deliver on the Group's objectives. The Nominations and Remuneration Committee has clearly defined Terms of Reference and is responsible for remuneration strategy, recruitment and long term incentive plans for senior executives.

### NOMINATIONS AND REMUNERATION COMMITTEE

#### Composition of the Nominations and Remuneration Committee:

Andrew Robb, Chairman (until 30/06/2022)

Hanne Sorensen, Chairman (from 1/07/2022)

Natarajan Chandrasekaran

In addition to the Committee members, the Chief Executive Officer is invited to attend meetings, except where there is a conflict of interest. The Nominations and Remuneration Committee is supported by the Executive Director, Human Resources and the HR Director, Global Reward & Mobility.

#### Role of the Nominations and Remuneration Committee

The Nominations and Remuneration Committee is responsible for the structure, appointments, removals, succession, performance and compensation of the Company's Board of Directors and the JLRL Board.

The Committee's involvement in all aspects of nominations and remuneration ensures that all decisions in terms of Board appointments are made in a fair, equal and balanced way.

During 2022/23 Andrew Robb retired as Non-Executive Director and Chairman of the Nominations and Remuneration Committee after 13 years of service. Andrew was succeeded by Hanne Sorensen with effect from 1 July 2022. Hanne had been a member of the Committee since June 2020.

This financial year the Committee further strengthened the JLRL Board, with the appointments of Thomas Mueller, Executive Director, Product Engineering and Barbara Bergmeier, Executive Director, Industrial Operations. Thierry Bolloré's resignation as JLR's Chief Executive Officer saw the appointment of Adrian Mardell as Interim Chief Executive Officer and Richard Molyneux as Acting Chief Financial Officer in late 2022.

#### Remuneration policy

The remuneration policy is designed to attract, retain and motivate executives of the highest quality, encouraging them to deliver exceptional business performance aligned to JLR's strategy and the objective of delivering long-term sustainable growth. Its structure and individual remuneration elements align with the design of the Company's remuneration policy for the wider organisation. Any decisions the Nominations and Remuneration Committee makes in relation to executive remuneration will be made with clear understanding of the developments to pay and conditions for the wider workforce.

Executive remuneration consists of:

#### Fixed elements:

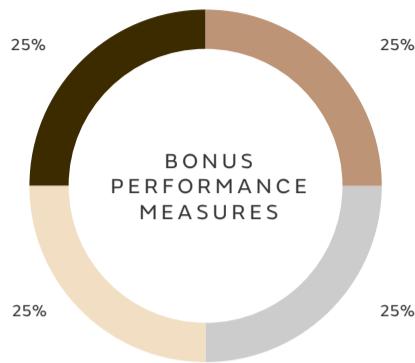
- Salary. Designed to recruit and retain individuals with the necessary knowledge, skills and experience to deliver the Group's strategic objectives. Salary is reviewed annually and benchmarked against comparable roles in appropriate comparator groups.
- Retirement benefits. The Group has a number of defined benefit pension schemes that are closed to new employees as well as an active defined contribution scheme. All of the current Executives have elected to receive a cash allowance in lieu of retirement benefits. The cash allowance is at the same level as the equivalent defined contribution provision.
- Other benefits. Executives are eligible to participate in the Group's management car programme, medical arrangements, and life insurance and disability plans.

#### Performance-related elements:

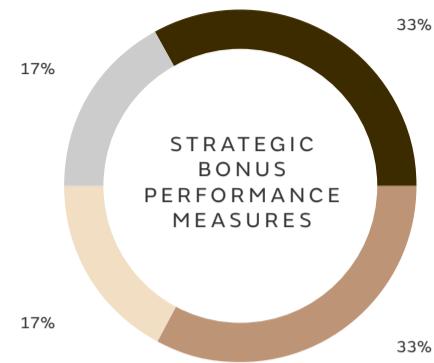
- The Global Bonus Plan is an annual bonus plan which focusses on the Company's key operational priorities. It rewards achievement of short-term financial and operational objectives. The metrics for the 2022/23 Financial Year remained unchanged. Each of the metrics has an equal weighting.
- The Strategic Bonus Plan, open to JLR's senior worldwide leadership, is an annual bonus plan which rewards the progress and transformation necessary to achieve the Company's strategic targets. The metrics are set annually against a longer-term glidepath which ensures that they can be adjusted to evolving priorities and external conditions whilst also providing good governance and accountability for long-term improvements. The plan metrics for Financial Year 2022/23 continue to focus on Financial Health, Brand Health and Sustainability and reward the collaborative effort and steps senior leadership make towards implementing the *Reimagine* strategy and delivering results.

JLR's public commitment to CO<sub>2</sub>e reduction targets by 2030, approved by the Science Based Targets Initiative (SBTI), is reflected in the 2022/23 Strategic Bonus plan. This year's bonus plan rewards for performance against scope 1+2 and scope 3 SBTi targets. The inclusion of these targets underlines the importance sustainability has in the Company's future strategy.

There is linkage between JLR business strategy and the performance related elements of remuneration.



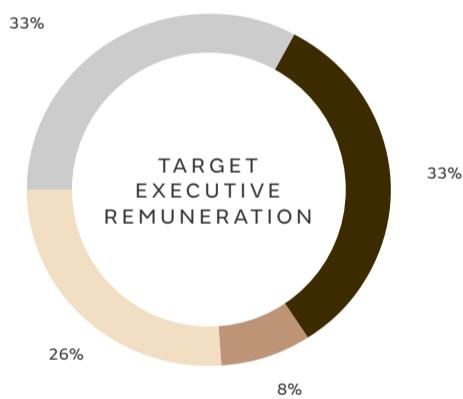
- Client satisfaction
- EBIT margin
- Cash flow
- Retail volume



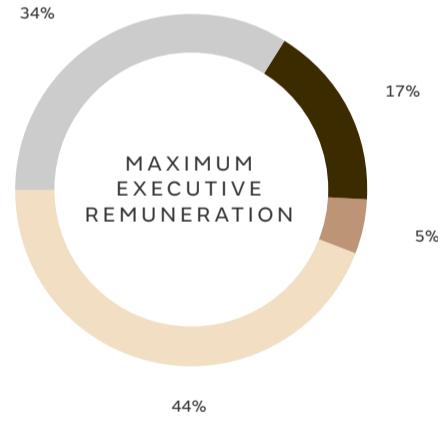
- Financial Health (Net Debt)
- Brand Health (First Preference)
- Digitalisation (Financial contribution of Digital Initiatives)
- Sustainability (Tailpipe emissions)

The overall objective is to deliver executive pay in line with a market median range for target performance, with enhanced reward opportunity

to reflect exceptional business performance. Overall remuneration is balanced, with the majority linked to business performance.



- Base salary
- Benefits
- Annual bonus
- Strategic bonus



- Base salary
- Benefits
- Annual bonus
- Strategic bonus

#### WATES PRINCIPLE 6 – STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

The Company's Board of Directors continues to promote accountability and transparency with all stakeholders and shareholders and effectively

communicates the Group's strategic direction. Brand and reputation including existing and future relationships with shareholders, clients, suppliers, employment interaction and communication with clients and suppliers are set out on page 51. Maintaining strong relationships with shareholder and bond investors is crucial to achieving the Group's aims.

# INVESTOR RELATIONS ENGAGEMENT

## SOLE SHAREHOLDER

Jaguar Land Rover Automotive plc (and its subsidiaries) is a wholly owned subsidiary of TML (held through TML Holdings Pte. Ltd. (Singapore)). Although we operate on a stand-alone, arm's length basis, we maintain an open and collaborative strategic relationship with TML and plan to increase our collaboration in numerous areas going forward.

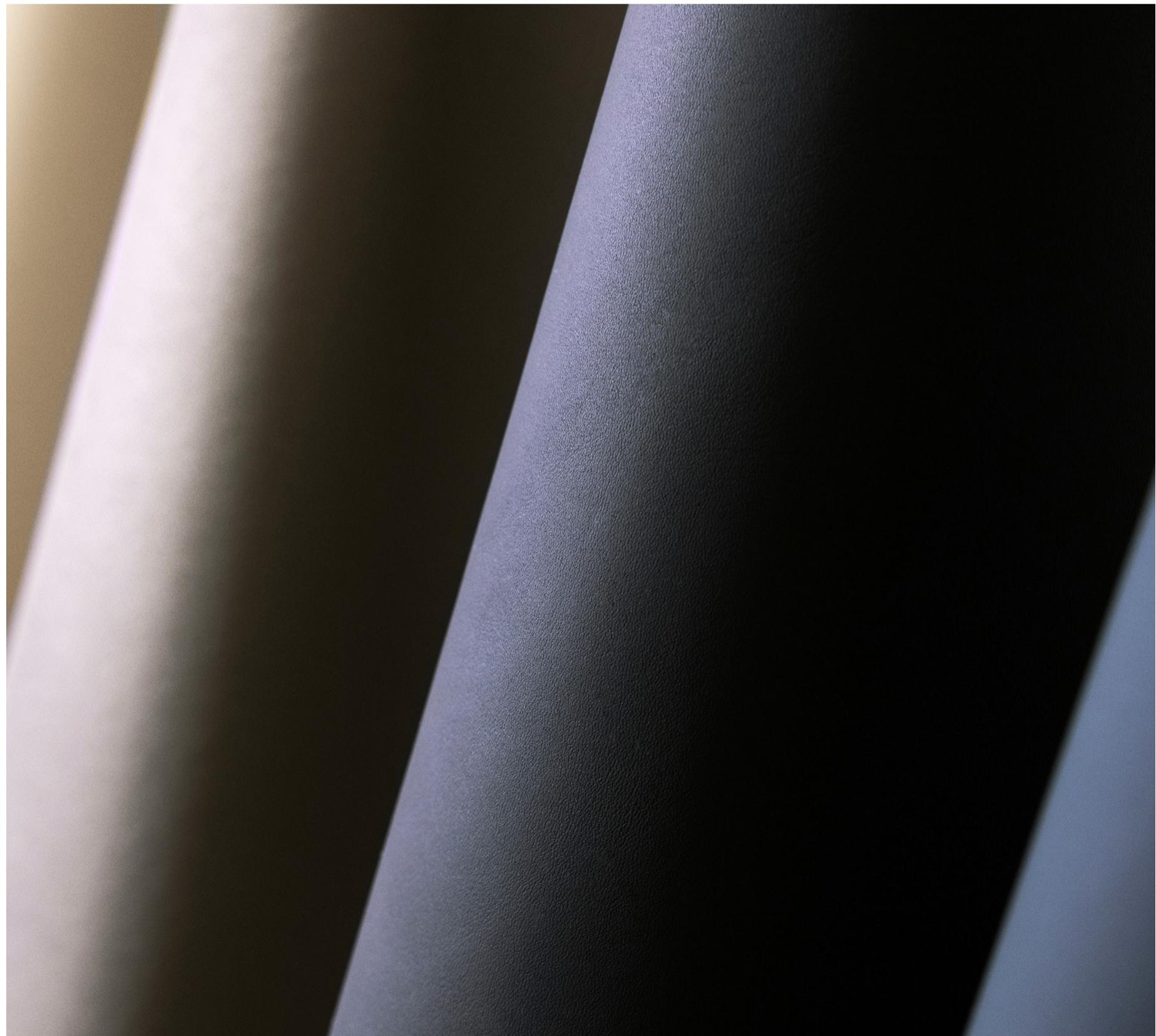
## BOND INVESTORS, LOAN AND OTHER CREDIT PROVIDERS

As at 31 March 2023, we had approximately £4.1 billion of listed unsecured bonds outstanding (31 March 2022: £4.7 billion) and £1.9 billion of loans (31 March 2022: £2.3 billion). The Company also had £0.7 billion of leases at 31 March 2023 (£0.6 billion at 31 March 2022). We maintain

regular dialogue with our bond investors and relationship banks (some of whom provide support for loans and other credit facilities) through the quarterly publication of operational and financial results on the Group's website ([www.jaguarlandrover.com](http://www.jaguarlandrover.com)) supported by live broadcasts. The investor relations team also attends various credit conferences held throughout the year and our annual capital markets day where investors, banks and other credit providers have the opportunity to meet with JLR senior management in person to discuss the Company's strategy and aspirations.

## CREDIT RATING AGENCIES

As at 31 March 2023, Jaguar Land Rover Automotive plc had a credit rating of B+ (stable outlook) from S&P (which was revised to BB- from April 2023) and B1 (stable outlook) from Moody's.



# JLR'S APPROACH TO TAX

## INTRODUCTION

We are committed to complying with the tax laws and regulations in the countries in which we operate and have a policy of zero tolerance towards non-compliance. We embrace our Creators Code in all that we do to curate and enhance our modern luxury client experience and brand reputation as a responsible taxpayer. Jaguar Land Rover is a global business and as such our operations are large and complex. As a result, we operate through multiple companies, with activities, employees and assets located in numerous countries around the world. This, in turn, naturally drives an inherent level of complexity in our tax affairs. The global business is however united in adopting the following key tax principles which are aligned with our business behaviours.

## JAGUAR LAND ROVER'S KEY TAX PRINCIPLES

The following core principles have been formally adopted by the Company's Board of Directors in relation to our approach to tax matters and the conduct of our tax affairs.

1. Compliance - We act with integrity, both within the letter and spirit of all tax legislation and relevant international standards. We have a zero tolerance to tax evasion, including the evasion of tax by third parties associated with our business. We ensure that the right amount of tax is paid at the right time in the right country. As a commercially driven organisation, we consider the tax consequences of our decisions, but we do not engage in transactions without commercial substance with the sole purpose of avoiding tax. In making business decisions we seek to maximise value to our stakeholders. Tax decisions are driven by core values of integrity, unity and responsibility and planning is driven by commercial rationale.
2. International tax – We embrace business unity to ensure that our international tax affairs are aligned and kept current with the substance of our business operations in keeping with international tax guidance. We do not engage in any form of artificial tax structuring and we do not operate in or use any offshore tax havens. All Jaguar Land Rover subsidiaries are located in countries where the business has significant physical and economic operations. We claim reliefs, credits, incentives and exemptions that are legislated in the countries in which we operate and have a genuine presence.
3. Relationships with governments and tax authorities and industry associations where we operate - We seek to maintain trusting, transparent and constructive relationships with tax authorities, including HMRC in the UK, and to engage in future tax policy and legislation to create shared value.
4. People – We invest in our people, their continued learning and growth to deliver on these commitments. Regular updates are provided on recent tax related developments through training and focused sessions.

## OUR APPROACH TO TAX RISK

We maintain a limited appetite for tax risk and continuously strive to limit tax risks in line with the principles outlined above.

A risk assessment model is applied to assess any significant transaction to ensure that these principles are adhered to.

Our business is global and we operate in numerous countries, each of

which has its own tax legislation. Tax law is often complex and subject to change and interpretation. Recent international tax developments further add to this complexity. Therefore, a degree of tax uncertainty is inevitable. We partner with the business to provide appropriate and current tax advice on the implications of business decisions.

Where local legislation permits, we may seek advance agreement from the relevant tax authority, including advance pricing agreements to ensure that we do not pay tax on the same profits twice. In the event of any audit activity or scrutiny, we seek to engage with the relevant tax authorities to provide all relevant information in a transparent and timely manner to resolve any matters efficiently and effectively.

## MANAGING OUR TAX RISK AND OUR GOVERNANCE FRAMEWORK

Our tax strategy is approved by the JLRA plc Board annually and tax risks are reported quarterly to the Financial Risk and Assurance Committee. Appropriate accounting and financial oversight is exercised through the Audit Committee with the Chief Financial Officer having oversight responsibility on behalf of the Board.

We maintain a robust risk framework to ensure adherence to these principles. We achieve this through internal reviews, refreshing our policies periodically and seeking external advice wherever required in case of interpretational issue or uncertainty. Our key tax principles are embedded in roles and responsibilities outlined in our tax charter which is issued annually across the global business.

Responsibility for the day-to-day management of JLR's tax affairs rests with our central Tax function, comprising an appropriate blend of tax professionals led by the JLR Tax Director. In addition to the central Tax function, the business also has dedicated tax professionals embedded within the finance teams of key non-UK subsidiaries. All have the necessary qualifications, training, skills and experience required to effectively undertake their roles and ensure that our compliance standards are met. The Tax function also advises the Company's Board of Directors in relation to setting Group tax strategy and policy.

Where appropriate, we look to implement technology-based solutions to track compliance, streamline processes, drive efficiency and manage risk including reviews and escalation where necessary.

The Company regards this document and its publication as complying with its duty under Para 19(2), Sch 19, FA16.

## APPROVAL OF STRATEGIC REPORT

The Strategic Report on pages 3 to 62 was approved by the Jaguar Land Rover Automotive plc Board and authorised for issue on 1st June and signed on its behalf by:



**ADRIAN MARDELL**  
INTERIM CHIEF EXECUTIVE OFFICER  
*Jaguar Land Rover Automotive plc*  
1st June 2023



# DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2023. Jaguar Land Rover Automotive plc is a public limited company incorporated under the laws of England and Wales. The business address of the directors and senior management of the Group is Banbury Road, Gaydon, CV35 0RR, England, United Kingdom.

## Future developments

Future developments impacting the Group are disclosed in the Strategic report from page 7.

## Dividends

The Directors proposed no dividend for the year ended 31 March 2023. (For the year ended 31 March 2022 and 2021: £Nil).

## Directors

Directors currently serving on the Company's Board of Directors are set out on page 53.

## Directors' indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its directors during the year; these remain in force at the date of this report.

## Material interests in shares

Jaguar Land Rover Automotive plc is a wholly owned subsidiary of Tata Motors Limited, held through TML Holdings Pte. Ltd. (Singapore).

## Share capital

See note 31 to the consolidated financial statements on page 120 for further details.

## Corporate Governance Statement

The Corporate Governance Statement is set out from page 44 and is incorporated by reference into this report.

## Branches

The Group has 10 branches that exist and operate outside of the UK, based in China and the United Arab Emirates.

## Research and development

The Group is committed to an ongoing programme of expenditure on research and development activities as disclosed in note 11 to the consolidated financial statements on page 98.

## Financial instruments

The disclosures required in relation to the use of financial instruments by the Group, together with details of the Group's and Company's treasury policy and management, are set out in note 37 to the consolidated financial statements on pages 131 to 145 and in note 54 on pages 158 to 161 of the parent company financial statements.

## Employee information

The average number of employees within the Group is disclosed in note 7 to the consolidated financial statements on page 96. Apart from determining that an individual has the ability to carry out a particular role, the Group does not discriminate in any way. It endeavours to retain employees if they become disabled, making reasonable adjustments to their role and, if necessary, looking for redeployment opportunities within the Group. The Group also ensures that training, career development and promotion opportunities are available to all employees irrespective of gender, race, age or disability.

## Employee involvement

Details of how the Group involves its employees are contained in the Strategic report on pages 3 to 62, which are incorporated by reference into this report.

## Political involvement and contributions

The Group respects an employee's right to use their own time and resources to participate as individual citizens in political and governmental activities of their choice. The Group itself operates under legal limitations on its ability to engage in political activities and, even where there are no legal restrictions, the Group does not typically make contributions to political candidates or political parties, or permit campaigning on its property by political candidates (including those who work for the Group) or persons working on their behalf. There have not been any political donations in any of the periods covered by these financial statements.

## Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic report. The financial position of the Group, including details of the Group's liquidity, available financing facilities and the maturity of facilities is described on page 116.

In addition, note 37 to the consolidated financial statements includes the Group's objectives, policies and processes for managing its exposures to interest rate risk, foreign currency risk, credit risk and liquidity risk; and gives details of the Group's financial instruments and hedging activities.

The Group has assessed the projected cash flows of the Group for the twelve-month period from the date of authorisation of the financial statements (the 'going concern assessment period') and has carried out a reverse stress test against this base case to determine the performance level that would result in a breach of covenants.

The base case takes into account the Group's expectations of improved semiconductor supply, optimisation of production to prioritise the highest margin products along with the expectations relating to prevailing economic conditions, including the impact of inflationary pressures on material costs and environmental, social and governance ("ESG") commitments. The reverse stress test scenario models the impact of a sustained reduction of wholesale volumes over a twelve-month period.

Within the going concern assessment period there is a £1 billion minimum quarter-end liquidity covenant attached to the Group's UKEF loans for the entire period and to the RCF, which was renewed on 16 December 2022 with a maturity date of April 2026. Details of the scenarios and

assumptions used in the assessment as at 31 March 2023 are set out in note 2 to the consolidated financial statements on page 84.

The Group forecasts sufficient funds to meet its liabilities as they fall due throughout the going concern assessment period, without breaching any relevant covenants nor the need for any mitigating actions, new funding, or drawing on its RCF facility and considers the stress test scenario so remote as to not be plausible. Consequently, the directors consider that adequate resources exist for the Group and parent company to continue operating for the going concern assessment period. Accordingly, the directors continue to adopt the going concern basis in preparing these consolidated and parent company financial statements.

#### Events after the balance sheet date

There have been no material subsequent events between the balance sheet date and the date of signing this report.

#### Code of Conduct

Directors and employees are required to comply with the Jaguar Land Rover Code of Conduct, which is intended to help them put the Group's ethical principles into practice. The Code of Conduct clarifies the basic principles and standards they are required to follow and the behaviour expected of them. The Code of Conduct can be found at [www.jaguarlandrover.com](http://www.jaguarlandrover.com).

Employees, contract staff, third parties with whom the Group has a business relationship (such as retailers, suppliers and agents), and any member of the public may raise ethical and compliance concerns to the Group's global helpline or via [group.compliance@jaguarlandrover.com](mailto:group.compliance@jaguarlandrover.com).

#### Slavery and human trafficking statement

Pursuant to section 54 of the Modern Slavery Act 2015, the Group has published a slavery and human trafficking statement for the year ended 31 March 2023. The statement sets out the steps that the Group has taken to address the risk of slavery and human trafficking occurring within its own operations and its supply chains. This statement can be found on the corporate website at [www.jaguarlandrover.com](http://www.jaguarlandrover.com).

#### Whistleblowing policy

The Group's whistleblowing policy encourages employees to report, in confidence and anonymously if preferred, concerns about suspected impropriety or wrongdoing in any matters affecting the business. An independent hotline exists to facilitate this process. Any matters reported are thoroughly investigated and escalated to the Unusual Events Committee.

#### Diversity policy

Diversity management continues to form a core part of the Group's business strategy. We rely on the diversity of our employees to form the foundation of a strong and dynamic company. See page 34 for further details.

#### Greenhouse gas emissions

The Group is committed to reducing greenhouse gas emissions and continues to invest heavily in this activity. See pages 23 to 33 for further details.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the parent Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware, and each director has taken all the steps that they ought to have taken as director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

## Auditor

A resolution to reappoint KPMG LLP as auditor of the Group is to be proposed at the 2023 Tata Motors Limited Annual General Meeting.

## Acknowledgement

The directors wish to convey their appreciation to all employees for their continued commitment, effort and contribution in supporting the delivery of the Group's performance. The directors would also like to extend their thanks to all other key stakeholders for their continued support of the Group and their confidence in its management.

The Annual Report contains a number of links that signpost to complimentary information. This complimentary information does not form part of the Annual Report.

The Annual Report on pages 1 to 167, consisting of the Strategic Report, the Directors Report, and the Financial Statements, was approved by the Jaguar Land Rover Automotive plc Board and authorised for issue on 1st June 2023 and signed on its behalf by:



**ADRIAN MARDELL**

INTERIM CHIEF EXECUTIVE OFFICER

*Jaguar Land Rover Automotive plc*

1st June 2023



**INDEPENDENT AUDITOR'S  
REPORT**

---

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JAGUAR LAND ROVER AUTOMOTIVE PLC

## 1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Jaguar Land Rover Automotive plc ("the Company") for the year ended 31 March 2023 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Expense, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, the parent Company Balance Sheet, the parent Company Statement of Changes in Equity, the parent Company Cash Flow Statement, and the related notes, including the parent Company and Group accounting policies.

### In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. .

## OVERVIEW

<b>Materiality:</b>	£90m (2022: £80m)
Group financial statements as a whole	0.4% of Group Revenue (2022: 0.4% of Group Revenue)
<b>Coverage</b>	83% of Group Revenue (2022: 80% of Group Revenue)
<b>Key audit matters</b>	vs 2022
<b>Recurring risks</b>	Impairment of property plant and equipment, intangible, and right-of use non-current assets
	Going concern
	Capitalisation of product engineering costs
	Valuation of defined benefit plan obligations
<b>Parent Company key audit matter</b>	Recoverability of parent Company investment in subsidiaries and intra-group debtors

## 2. KEY AUDIT MATTERS: INCLUDING OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which

had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2022):

The risk	Our response	
<p><b>Impairment of property plant and equipment, intangible, and right-of-use non-current assets</b></p> <p><i>Carrying value of property plant and equipment, intangible, and right-of-use non-current assets £10,994 million; (31 March 2022: £11,687 million)</i></p> <p><i>Refer to note 20</i></p>	<p><b>Forecast-based assessment</b></p> <p>The Group holds a significant amount of property, plant and equipment, intangible assets and right-of-use assets on its balance sheet and the cash generating unit of which these assets form a part is at risk of being Impaired.</p> <p>In particular, there are execution risks associated with the Group's transition to Battery Electric Vehicles ('BEV') resulting from its previously announced 'Reimagine' strategy. In addition, there are other headwinds facing the Group and the industry, including the continuation of semi-conductor and other supply constraints, production constraints, cost inflationary pressures, COVID-related lockdowns and the conflict in Ukraine. Collectively these risks relate to the key assumptions of volumes and variable profit. It is also important to consider the effect of this economic uncertainty on the discount rate.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the calculation of the value in use of property, plant and equipment, intangible assets, and right-of-use assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included:</p> <ul style="list-style-type: none"> <li>▪ <b>Historical accuracy:</b> Evaluated historical forecasting accuracy of discounted cash flow forecasts, including key assumptions, by comparing them to the actual results.</li> <li>▪ <b>Key assumptions</b> include volumes, variable profit , execution risk adjustments and discount rate.</li> <li>▪ <b>Historical comparison:</b> Assessed the appropriateness of the Group's key assumptions used in the discounted cash flow forecasts by comparing those, where appropriate, to historical trends.</li> <li>▪ <b>Our industry expertise:</b> Assessed the appropriateness of the Group's estimated value in use amount by comparing the implied trading multiples to market multiples of comparative companies with the assistance of our valuation specialists.</li> <li>▪ <b>Assessed and critically challenged</b> the appropriateness of the Group's assumptions used in the cash flow projections by comparing a key assumption of sales volumes to externally derived data.</li> <li>▪ <b>Compared</b> the Group's discount rate and long-term growth rate to external benchmark data and comparative companies and re-performed the discount rate calculation using the capital asset pricing model with the assistance of our valuation specialists.</li> <li>▪ <b>Sensitivity analysis:</b> Performed a sensitivity analysis on key assumptions, to independently estimate a range for comparison, taking account of the Group's Reimagine strategy and risks facing the industry.</li> <li>▪ <b>Comparing valuations:</b> Assessed the Group's reconciliation between the estimated market capitalisation of the Group, by reference to the overall market capitalisation of the Tata Motors Limited Group and compared to the estimated recoverable amount of the cash generating unit.</li> <li>▪ <b>Update to period end:</b> Assessed whether there had been a significant effect on management's VIU measurement after the date of the impairment test (31 January 2023) but before the end of the reporting period.</li> <li>▪ <b>Impairment reversal:</b> Assessed whether the Group's estimated value in use was indicative of an impairment reversal.</li> <li>▪ <b>Assessing transparency:</b> Assessed whether the Group's disclosures about the sensitivity relating to key assumptions on the valuation of property, plant and equipment, intangible assets, and right-of-use non-current assets are adequate.</li> </ul>

Going Concern	The risk	Our response
<p>Refer to note 2</p> <p>The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company.</p> <p>That judgement is based on an evaluation of the inherent risks to the Group's and the parent Company's business model, in particular risks associated with semi-conductor shortages, and how those risks might affect the Group and parent Company's financial resources or ability to continue operations over the going concern period of assessment (a period of at least a year from the date of approval of the financial statements).</p> <p>The risks most likely to adversely affect the Group and parent Company's available financial resources and compliance with covenant thresholds over this period are:</p> <ul style="list-style-type: none"> <li>▪ The impact of semiconductor shortages on the Group's supply chain and production capacity risks</li> <li>▪ The diminishing impacts of the COVID-19 pandemic and the impact of inflationary pressures on material costs.</li> </ul> <p>The risk for our audit was whether or not those risks were such that they amount to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to be disclosed.</p>	<p><b>Disclosure quality:</b></p> <p>The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company.</p> <p>That judgement is based on an evaluation of the inherent risks to the Group's and the parent Company's business model, in particular risks associated with semi-conductor shortages, and how those risks might affect the Group and parent Company's financial resources or ability to continue operations over the going concern period of assessment (a period of at least a year from the date of approval of the financial statements).</p> <p>The risks most likely to adversely affect the Group and parent Company's available financial resources and compliance with covenant thresholds over this period are:</p> <ul style="list-style-type: none"> <li>▪ The impact of semiconductor shortages on the Group's supply chain and production capacity risks</li> <li>▪ The diminishing impacts of the COVID-19 pandemic and the impact of inflationary pressures on material costs.</li> </ul> <p>The risk for our audit was whether or not those risks were such that they amount to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to be disclosed.</p>	<p>We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity or covenant issue, taking into account the Group's current and projected cash and facilities (a reverse stress test). Our procedures also included:</p> <ul style="list-style-type: none"> <li>▪ <b>Assessment of management's process:</b> Inspected management's process to produce forecasts, including the assessment of internal and external factors used to determine the risks to the business, and the process management used to complete the reverse stress test.</li> <li>▪ <b>Funding assessment:</b> Agreed current Group and parent Company financing facilities available by obtaining relevant facility agreements. Inspected existing and new loan agreements in order to determine covenants attached and recalculated the forecast covenant calculations based on the terms of the Group's borrowing facilities..</li> <li>▪ <b>Key dependency assessment:</b> Evaluated and critically challenged management on whether the key assumptions underpinning the forecast cash flows, which the Directors have used to support the Directors' going concern basis of preparation and to assess whether the Group can meet its financial commitments as they fall due, were realistic, achievable and consistent with the external environment and other matters identified in the audit. The key assumptions include sales volumes, including the variable profit optimisation strategy, together with material cost inflation in variable profit.</li> <li>▪ <b>Historical comparisons:</b> Evaluated the historical cash flow forecasting accuracy of the Group by comparing historical cash flows to actual results reported, as well as assessing the accuracy of key assumptions previously applied.</li> <li>▪ <b>Benchmarking assumptions:</b> Assessed the appropriateness of the Group's key assumptions used in the cash flow forecasts by benchmarking them to externally derived data, with particular focus on forecast sales volumes.</li> <li>▪ <b>Sensitivity analysis:</b> Considered sensitivities over the key assumptions underlying the Group's cash flow forecasts and their impact on the covenant test and the level of available financial resources.</li> <li>▪ <b>Our sector experience:</b> We used our industry specialists to critically challenge the key assumptions made by the Directors in their forecast cash flows.</li> <li>▪ <b>Assessing transparency:</b> Considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.</li> </ul>

	The risk	Our response
<p><b>Capitalisation of product engineering costs</b> £671 million; (2022: £457 million) Refer to note 20</p>	<p><b>Accounting treatment</b></p> <p>The Group has historically capitalised a high proportion of product development cost and there is a key judgement in determining whether the nature of the product engineering costs satisfy the criteria for capitalisation to 'Intangible Assets, Product Development In Progress' and when this capitalisation should commence.</p> <p>The judgement of when capitalisation should commence requires the satisfaction of a number of IAS 38 capitalisation criteria and a key judgement in assessing whether development projects will generate probable future economic benefit. There are more projects meeting the capitalisation gateway in the current year as the Group's product development spend is increasingly incurred in relation to its transition to Battery Electric Vehicles (BEV) resulting from its previously announced "Reimagine" strategy. This has elevated this risk in relation to the timing of capitalisation judgement.</p> <p>It is also noted that there is a risk of fraud around the allocation of directly attributable expenditure to the correct project codes to ensure appropriate costs are being capitalised.</p> <p>The financial statements (note 19) disclose that had the value of central overheads not been identified by the Directors as being eligible for capitalisation it would have reduced the amount capitalised by £77 million (2022: £52 million).</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>▪ <b>Control operation:</b> Tested controls including in relation to the Directors' assessment as to whether product engineering costs are eligible for capitalisation.</li> <li>▪ <b>Personnel interviews:</b> Corroborated judgements made by the Directors around the timing of commencement of capitalisation of product engineering costs through discussions with project level staff.</li> <li>▪ <b>Our sector experience:</b> Critically assessed the Directors' judgements regarding product engineering costs identified by the Directors as being eligible for capitalisation against both the accounting standards and our experience of practical application of these standards in other companies.</li> <li>▪ <b>Consider alternatives:</b> Critically assessed internal consistency between assumptions used in the Group's assessment of economic viability on key development projects and assumptions used in cash flow forecasts in calculation of Group's value in use assessed through our response to the significant risk of 'Impairment of property plant and equipment, intangible, and right-of-use noncurrent assets.'</li> <li>▪ <b>Tests of details:</b> For a sample of product engineering costs identified by the Directors as being eligible for capitalisation, agreed that their nature was consistent with the description of the account to which those costs were recorded, and the timing of recognition was appropriate. In addition, we inspected any reallocations from accounts ineligible for capitalisation to accounts that are eligible as capitalised project engineering costs, which we would consider to meet the criteria of a high risk journal, and obtained evidence to confirm appropriateness.</li> <li>▪ <b>Assessing transparency:</b> Assessed the adequacy of the Group's disclosures in respect of the key judgements made relating to the nature of the costs capitalised and the point at which capitalisation commences.</li> </ul>

	<b>The risk</b>	<b>Our response</b>
<b>Valuation of defined benefit plan obligations</b>  £5,089 million (2022: £7,522 million)  Refer to note 34	<p><b>Subjective valuation</b></p> <p>Small changes in the key assumptions and estimates, being the discount rate, RPI, CPI and mortality/life expectancy, used to value the Group's pension obligation (before deducting scheme assets) would have a significant effect on the amount of the Groups' net defined benefit plan obligation asset. The risk is that these assumptions are inappropriate resulting in an inappropriate valuation of plan obligations.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that valuation of the pension obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 34) disclose the sensitivity estimated by the Group.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>▪ <b>Control Operation:</b> Tested controls over the assumptions applied in the valuation and inspected the Group's annual validation of the assumptions used by its actuarial expert.</li> <li>▪ <b>Benchmarking assumptions:</b> Challenged, with the support of our own actuarial specialists, the key assumptions applied to the valuation of the liabilities, being the discount rate, inflation rate and mortality/ life expectancy against externally derived data.</li> <li>▪ <b>Assessing actuaries' credentials:</b> Evaluating the competency, capability and objectivity of the Group's external experts who assisted in determining the actuarial assumptions used to determine the defined benefit obligation.</li> <li>▪ <b>Assessing transparency:</b> Considered the adequacy of the Group's disclosures in respect of the sensitivity of the Groups' net defined benefit plan asset to these assumptions.</li> </ul>

	<b>The risk</b>	<b>Our response</b>
<b>Recoverability of parent Company investment in subsidiaries and intra-group debtors</b>  Investment in subsidiaries £1,655 million; (2022: £1,655 million)  Intra-group debtors £6,044 million; (2022: £7,015 million)	<p><b>Low risk, high value</b></p> <p>The carrying amount of the parent Company's investment in its subsidiary, which acts as an intermediate holding company for the rest of the parent Company's subsidiaries, represents 21% (2022: 19%) of the parent Company's assets. The carrying amount of the intra-group debtors balance comprises the remaining 79% (2022: 81%).</p> <p>Their recoverability is not at a high risk of significant misstatement or subject to significant judgement.</p> <p>However, due to their materiality and in the context of the parent Company financial statements this is considered to be one of the areas that had the greatest effect on our overall parent Company audit.</p>	<p>We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included:</p> <ul style="list-style-type: none"> <li>▪ <b>Tests of detail:</b> Compared the combined carrying amount of the parent Company's investment and intra-group receivables with the Group's value in use assessed through our response to the significant risk of 'Impairment of property plant and equipment, intangible, and right-of-use noncurrent assets' to identify whether its value in use, was in excess of its carrying amount.</li> <li>▪ <b>Assessing subsidiary audits:</b> Assessed the work performed as part of the group audit over the subsidiaries' profits and net assets.</li> <li>▪ <b>Comparing valuations:</b> Compared the carrying amount of the investment in the subsidiary to the Group's estimated market capitalisation of its ultimate parent, adjusted to exclude the liabilities of the parent Company and net assets of companies outside the Group, being an approximation of the recoverable amount of the investment.</li> </ul>

### **3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT**

Materiality for the Group financial statements as a whole was set at £90 million (2022: £80 million), determined with reference to a benchmark of Group revenue of £22,809 million (2022: £ 18,320 million) of which it represents 0.4% (2022: 0.4%).

We consider Group revenue to be the most appropriate benchmark, as it provides a more stable measure year on year than Group profit or loss before tax.

Materiality for the parent Company financial statements as a whole was set at £60 million (2022: £64 million), determined with reference to a benchmark of the parent Company total assets of £7,708 million (2022: £8,678 million), of which it represents 0.78% (2022: 0.75%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2022: 65%) of materiality for the financial statements as a whole, which equates to £59 million (2022: £52 million) for the group and £39 million (2022: £42 million) for the parent company. We applied this percentage in our determination of performance materiality based on the level of identified control deficiencies during the prior period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £4.5 million (2022: £4.0 million) in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 38 (2022: 38) reporting components, we subjected 4 (2022: 4) to full scope audits for group purposes and 4 (2022: 4) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 17% (2022: 20%) of total Group revenue, 8% (2022: 15%) of the total profits and losses that made up Group loss before tax, 9% (2022: 15%) of the total profits and losses that made up Group loss before exceptional items and tax and 9% (2022: 16%) of total Group assets are represented by 30 (2022: 30) reporting components, none of which individually represented more than 3% (2022: 2%) of any of total Group revenue, total profits and losses that made up Group loss before tax, total profits and losses that made up Group loss before exceptional items and tax or total Group assets. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

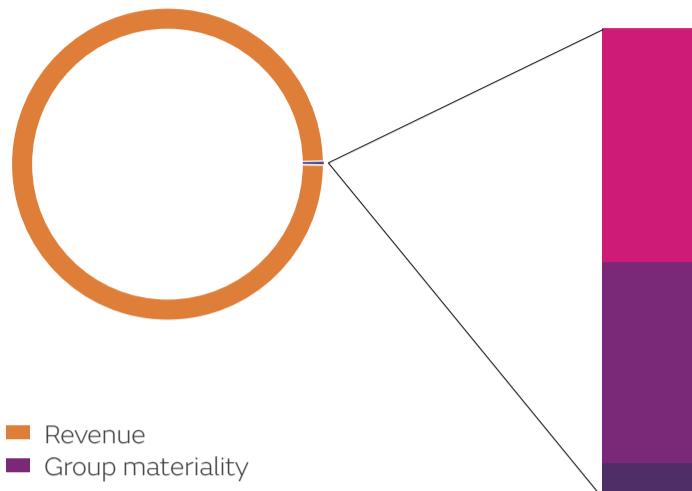
The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £6.5 million to £78 million (2022: £6 million to £71 million), having regard to the mix of size and risk profile of the Group across the components.

The work on 5 of the 8 (2022: 5 of the 8) components was performed by component auditors and the rest, including the audit of the parent Company, was performed by the Group team.

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

The Group team visited 5 (2022: 1) overseas component locations to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

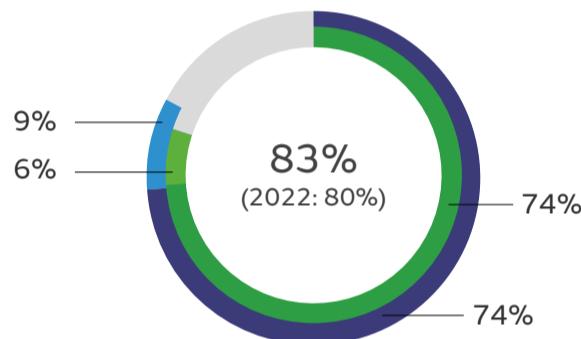
**Group Revenue**  
£22,809m (2022: £18,320m)



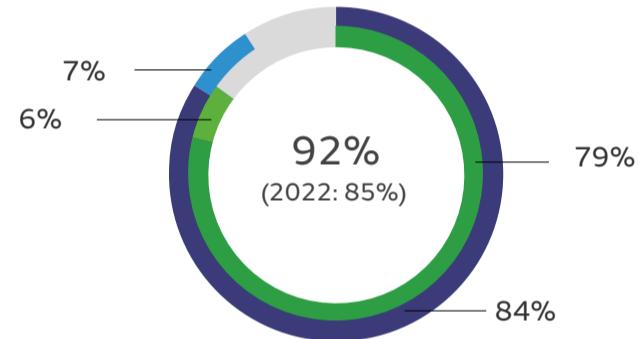
**Group Materiality**  
£90m (2022: £80m)

<b>£90m</b>	Whole financial statements materiality (2022: £80m)
<b>£59m</b>	Whole financial statements performance materiality (2022: £52m)
<b>£78m</b>	Range of materiality at 8 (2022: 8) components (£6.5m-£78m) (2022: £6m to £71m)
<b>£4.5m</b>	Misstatements reported to the audit committee (2022: £4m)

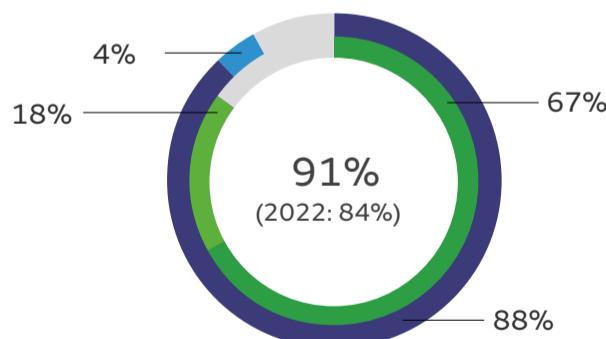
**Group Revenue**



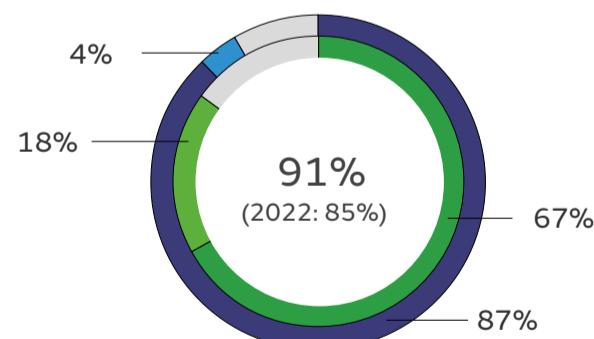
**Group total assets**



**Total profits and losses that made up Group loss before tax**



**Total profits and losses that made up Group loss before exceptional items and tax**



- Full scope for group audit purposes 2023
- Specified risk-focused audit procedures 2023
- Full scope for group audit purposes 2022

- Specified risk-focused audit procedures 2022
- Residual components

#### **4. GOING CONCERN**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

#### **5. FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT**

##### ***Identifying and responding to risks of material misstatement due to fraud***

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the audit committee, internal audit and certain senior managers as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management and Directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular: the risk that Group and component management may be in a position to make inappropriate accounting entries; the risk of bias in accounting estimates and judgements; and the risk that new vehicle revenue is overstated through recording revenues in the incorrect period.

We also identified fraud risks related to inappropriate capitalisation of development costs and inappropriate impairment assumptions in relation to the value in use estimate, in response to possible pressures to meet profit targets.

Our response in respect of the identified fraud risk related to inappropriate capitalisation of development costs is set out in the procedures described in the key audit matter disclosure in section 2 of this report.

Our response in respect of the identified fraud risk related to inappropriate impairment assumptions is set out in the procedures described in the key audit matter disclosure in section 2 of this report including specifically our critical challenge of management's estimates with reference to external data.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test for all relevant full scope components based on risk criteria tailored for the risks at each component and comparing the identified entries to supporting documentation. Examples of the criteria applied include those posted by senior finance management, those posted and approved by the same user, those posted to unusual accounts, and those in relation to inappropriate capitalisation as discussed in the key audit matter disclosure in section 2 of this report.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Assessing when revenue was recognised, particularly focusing on revenue recognised in the days before the year end date, and whether it was recognised in the correct year.

Work on the fraud risks was performed by a combination of component auditors and the group audit team.

## **Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of noncompliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: product compliance, environmental, health and safety, data protection laws, bribery and corruption, employment law, and export controls, recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## **Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect noncompliance with all laws and regulations.

## **6. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

### **Strategic report and directors' report**

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **7. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects

## 8. RESPECTIVE RESPONSIBILITIES

### **Directors' responsibilities**

As explained more fully in their statement set out on page 66, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## 9. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Haydn-Jones (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

1st June 2023

**FINANCIAL  
STATEMENTS**

---

# FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

<b>Year ended 31 March (£ millions)</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Revenue	5	22,809	18,320	19,731
Material and other cost of sales*	4, 6	(14,008)	(11,239)	(12,335)
Employee costs*	4, 7	(2,524)	(2,265)	(2,141)
Other expenses*	4, 10	(4,777)	(3,701)	(3,589)
Exceptional items	4	161	(43)	(1,523)
Other income	9	284	200	195
Engineering costs capitalised	11	727	455	727
Depreciation and amortisation	14	(2,042)	(1,944)	(1,976)
Foreign exchange (loss)/gain and fair value adjustments	12	(108)	140	331
Finance income	13	67	9	11
Finance expense (net)	13	(507)	(369)	(251)
Share of profit/(loss) of equity accounted investments	16	15	(18)	(41)
<b>Profit/(loss) before tax</b>		<b>97</b>	<b>(455)</b>	<b>(861)</b>
Income tax expense	15	(157)	(367)	(239)
<b>Loss for the year</b>		<b>(60)</b>	<b>(822)</b>	<b>(1,100)</b>
<b>Attributable to:</b>				
Owners of the Company		(60)	(818)	(1,101)
Non-controlling interests		-	(4)	1

\*'Material and other cost of sales', 'Employee costs' and 'Other expenses' exclude the exceptional items explained in note 4.

The notes on pages 84 to 150 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

<b>Year ended 31 March (£ millions)</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Loss for the year</b>		<b>(60)</b>	<b>(822)</b>	<b>(1,100)</b>
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Remeasurement of net defined benefit obligation	34	(14)	707	(751)
Income tax related to items that will not be reclassified	15	4	(92)	143
		(10)	615	(608)
<b>Items that may be reclassified subsequently to profit or loss:</b>				
(Loss)/gain on cash flow hedges (net)		(135)	(896)	546
Currency translation differences		13	24	(41)
Income tax related to items that may be reclassified	15	(108)	205	(103)
		(230)	(667)	402
<b>Other comprehensive expense net of tax</b>		<b>(240)</b>	<b>(52)</b>	<b>(206)</b>
<b>Total comprehensive expense attributable to shareholder</b>		<b>(300)</b>	<b>(874)</b>	<b>(1,306)</b>
<b>Attributable to:</b>				
Owners of the Company		(300)	(870)	(1,307)
Non-controlling interests		-	(4)	1

The notes on pages 84 to 150 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

<b>As at 31 March (£ millions)</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Non-current assets</b>				
Investments in equity accounted investees	16	329	321	316
Other non-current investments	17	43	30	22
Other financial assets	18	149	185	341
Property, plant and equipment	19	5,759	6,253	6,461
Intangible assets	20	4,600	4,866	5,387
Right-of-use assets	38	635	568	543
Pension asset	34	659	434	-
Other non-current assets	21	75	35	32
Deferred tax assets	15	357	336	397
<b>Total non-current assets</b>		<b>12,606</b>	<b>13,028</b>	<b>13,499</b>
<b>Current assets</b>				
Cash and cash equivalents	22	3,687	4,223	3,778
Short-term deposits and other investments		105	175	1,004
Trade receivables		1,013	722	863
Other financial assets	18	375	394	477
Inventories	24	3,238	2,781	3,022
Other current assets	21	607	493	448
Current tax assets		16	20	80
Assets classified as held for sale	25	62	4	-
<b>Total current assets</b>		<b>9,103</b>	<b>8,812</b>	<b>9,672</b>
<b>Total assets</b>		<b>21,709</b>	<b>21,840</b>	<b>23,171</b>
<b>Current liabilities</b>				
Accounts payable	26	5,891	5,144	6,308
Short-term borrowings	27	1,478	1,779	1,206
Other financial liabilities	28	923	870	746
Provisions	29	1,089	989	1,161
Other current liabilities	30	528	674	638
Current tax liabilities		110	116	100
<b>Total current liabilities</b>		<b>10,019</b>	<b>9,572</b>	<b>10,159</b>
<b>Non-current liabilities</b>				
Long-term borrowings	27	4,600	5,248	4,972
Other financial liabilities	28	1,123	871	625
Provisions	29	1,091	1,112	1,188
Retirement benefit obligation	34	22	25	387
Other non-current liabilities	30	487	404	461
Deferred tax liabilities	15	128	105	116
<b>Total non-current liabilities</b>		<b>7,451</b>	<b>7,765</b>	<b>7,749</b>
<b>Total liabilities</b>		<b>17,470</b>	<b>17,337</b>	<b>17,908</b>
<b>Equity attributable to shareholders</b>				
Ordinary shares	31	1,501	1,501	1,501
Capital redemption reserve	31	167	167	167
Other reserves	32	2,571	2,835	3,586
<b>Equity attributable to shareholders</b>		<b>4,239</b>	<b>4,503</b>	<b>5,254</b>
Non-controlling interests		-	-	9
<b>Total equity</b>		<b>4,239</b>	<b>4,503</b>	<b>5,263</b>
<b>Total liabilities and equity</b>		<b>21,709</b>	<b>21,840</b>	<b>23,171</b>

The notes on pages 84 to 150 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the Company's Board of Directors and authorised for issue on 1st June 2023.

They were signed on its behalf by:

**ADRIAN MARDELL**

INTERIM CHIEF EXECUTIVE OFFICER

COMPANY REGISTERED NUMBER: 06477691

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary shares	Capital redemption reserve	Other reserves	Equity attributable to shareholder	Non-controlling interests	Total equity
<b>Balance at 1 April 2022</b>	1,501	167	2,835	4,503	-	4,503
Loss for the year	-	-	(60)	(60)	-	(60)
Other comprehensive expense for the year	-	-	(240)	(240)	-	(240)
<b>Total comprehensive expense</b>	-	-	(300)	(300)	-	(300)
Amounts removed from hedge reserve and recognised in inventory	-	-	45	45	-	45
Income tax related to amounts removed from hedge reserve and recognised in inventory	-	-	(9)	(9)	-	(9)
<b>Balance at 31 March 2023</b>	1,501	167	2,571	4,239	-	4,239
<b>Balance at 1 April 2021</b>	1,501	167	3,586	5,254	9	5,263
Loss for the year	-	-	(818)	(818)	(4)	(822)
Other comprehensive expense for the year	-	-	(52)	(52)	-	(52)
<b>Total comprehensive expense</b>	-	-	(870)	(870)	(4)	(874)
Amounts removed from hedge reserve and recognised in inventory	-	-	147	147	-	147
Income tax related to amounts removed from hedge reserve and recognised in inventory	-	-	(28)	(28)	-	(28)
Disposal of subsidiaries	-	-	-	-	(5)	(5)
<b>Balance at 31 March 2022</b>	1,501	167	2,835	4,503	-	4,503
<b>Balance at 1 April 2020</b>	1,501	167	4,880	6,548	8	6,556
(Loss)/profit for the year	-	-	(1,101)	(1,101)	1	(1,100)
Other comprehensive expense for the year	-	-	(206)	(206)	-	(206)
<b>Total comprehensive (expense)/ income</b>	-	-	(1,307)	(1,307)	1	(1,306)
Amounts removed from hedge reserve and recognised in inventory	-	-	16	16	-	16
Income tax related to amounts removed from hedge reserve and recognised in inventory	-	-	(3)	(3)	-	(3)
<b>Balance at 31 March 2021</b>	1,501	167	3,586	5,254	9	5,263

The notes on pages 84 to 150 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

<b>Year ended 31 March (£ millions)</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>				
Cash generated from operations	40	2,590	572	2,536
Income tax paid		(239)	(138)	(210)
<b>Net cash generated from operating activities</b>		<b>2,351</b>	<b>434</b>	<b>2,326</b>
<b>Cash flows from investing activities</b>				
Investment in equity accounted investments		-	-	(1)
Purchases of other investments	(7)		(4)	(4)
Proceeds from sale of other investments		-	-	22
Investment in other restricted deposits	(42)		(41)	(57)
Redemption of other restricted deposits	43		39	55
Movements in other restricted deposits	1		(2)	(2)
Investment in short-term deposits and other investments	(849)		(1,104)	(3,169)
Redemption of short-term deposits and other investments	933		1,935	3,512
Movements in short-term deposits and other investments	84		831	343
Purchases of property, plant and equipment	(605)		(712)	(1,050)
Purchases of other assets acquired with view to resale	(24)		-	-
Proceeds from sale of property, plant and equipment	7		7	8
Cash outflow relating to intangible asset expenditure	(775)		(481)	(799)
Finance income received	62		8	14
Disposal of subsidiaries (net of cash disposed)	2		(10)	-
<b>Net cash used in investing activities</b>		<b>(1,255)</b>	<b>(363)</b>	<b>(1,469)</b>
<b>Cash flows from financing activities</b>				
Finance expenses and fees paid		(495)	(402)	(313)
Proceeds from issuance of borrowings		1,261	2,095	1,953
Repayment of borrowings	(2,426)		(1,347)	(749)
Payments of lease obligations	(72)		(71)	(79)
<b>Net cash (used in)/generated from financing activities</b>		<b>(1,732)</b>	<b>275</b>	<b>812</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(636)</b>	<b>346</b>	<b>1,669</b>
Cash and cash equivalents at beginning of year	22	4,223	3,778	2,271
Effect of foreign exchange on cash and cash equivalents		100	99	(162)
<b>Cash and cash equivalents at end of year</b>	<b>22</b>	<b>3,687</b>	<b>4,223</b>	<b>3,778</b>

The notes on pages 84 to 150 are an integral part of these consolidated financial statements.

## NOTES (FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS)

### 1 BACKGROUND AND OPERATIONS

Jaguar Land Rover Automotive plc (“the Company”) and its subsidiaries are collectively referred to as “the Group” or “JLR”. The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Abbey Road, Whitley, Coventry, CV3 4LF, England, United Kingdom.

The Company is a subsidiary of Tata Motors Limited, India and acts as an intermediate holding company for the Jaguar Land Rover business. The principal activity during the year was the design, development, manufacture and marketing of high-performance luxury saloons, specialist sports cars and four-wheel-drive off-road vehicles.

These consolidated financial statements have been prepared in Pound Sterling (GBP) and rounded to the nearest million GBP (£ million) unless otherwise stated. Results for the year ended and as at 31 March 2021 have been disclosed solely for the information of the users.

### 2 ACCOUNTING INFORMATION AND POLICIES

#### **Statement of compliance**

These consolidated and parent company financial statements have been prepared in accordance with UK-adopted international accounting standards. The Company has taken advantage of section 408 of the Companies Act 2006 and, therefore, the separate financial statements of the Company do not include the income statement or the statement of comprehensive income of the Company on a stand-alone basis.

#### **Basis of preparation**

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value at the end of each reporting period as explained in the accounting policies in note 37.

#### **Going concern**

The Financial Statements have been prepared on a going concern basis, which the Directors consider to be appropriate for the reasons set out below.

The Directors have assessed the financial position of the Group as at 31 March 2023, and the projected cash flows of the Group for at least the twelve-month period from the date of authorisation of the financial statements (the ‘going concern assessment period’).

The Group had available liquidity of £5.3 billion at 31 March 2023, including £3.8 billion of cash and the Group’s undrawn £1.52 billion revolving credit facility, which was renewed on 16 December 2022 with a maturity date of April 2026. There is a £1.0 billion minimum quarter-end liquidity covenant in the Group’s UKEF loans and RCF facility over the going concern assessment period. There is £1.4 billion of maturing debt in the going concern assessment period, comprising UKEF and CNY loan repayments and EUR bond repayments, and no new funding is assumed. Net debt was reduced by £0.2 billion in the year as the Group continues to take actions to reduce net debt in the future. Further details of the Group’s available financing facilities and the maturity of facilities is described in note 27.

The Group has assessed its projected cash flows over the going concern assessment period. This base case uses the most recent Board-approved forecasts that include the going concern assessment period; taking into account the Group’s expectations of improved semiconductor supply, optimisation of production to prioritise the highest margin products along with the expectations relating to prevailing economic conditions, including the impact of inflationary pressures on material costs and environmental, social and governance (“ESG”) commitments.

The base case assumes a steady improvement in wholesale volumes, with associated increases in EBIT, in the going concern assessment period compared to the previous 12 months as semiconductor supply related production constraints are expected to progressively ease, supported by new partnership agreements with key semiconductor suppliers.

The Group has carried out a reverse stress test against the base case to determine the decline in wholesale volume over a 12-month period that would result in a liquidity level that breaches the £1.0 billion liquidity financial covenant. The reverse stress test assumes continued supply constraints over the 12-month period and optimisation of production to maximise production of higher margin products.

In order to reach a liquidity level that breaches covenants in Q4 of FY24, it would require a sustained decline in wholesale volumes of more than 65% compared to the base case over a 12-month period. The reverse stress test reflects the variable profit impact of the wholesale volume decline, and assumes all other assumptions are held in line with the base case. It does not reflect other potential upside measures that could be taken in such a reduced volume scenario or any new funding.

The Group does not consider this scenario to be plausible given that the stress test volumes are significantly lower than the volumes seen during both the peak of the COVID-19 pandemic and the worst quarter of semiconductor shortages. The Group has a strong order bank as at 31 March 2023 and is confident that it can significantly exceed reverse stress test volumes.

The Group has also considered the impact of severe but plausible downside scenarios, including scenarios that reflect a decrease in variable profit per unit compared with the base case to include additional increases in material costs as a result of inflationary increases and other related production costs. The expected wholesale volumes under all of these scenarios is higher than under the reverse stress test.

The Directors, after making appropriate enquiries and taking into consideration the risks and uncertainties facing the Group, consider that the Group has adequate financial resources to continue in operational existence throughout the going concern assessment period, meeting its liabilities as they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing these consolidated financial statements.

#### **Accounting policies**

Accounting policies are included in the relevant notes to the consolidated financial statements. These are presented as text highlighted in orange boxes on pages 89 to 150. The accounting policies below are applied throughout the financial statements.

#### **Climate change**

In the preparation of these consolidated financial statements, the Group has considered the potential effects of climate change, related regulatory requirements and of the targets set out in the Group's Strategic Report. Where relevant, these are included within assumptions and estimates used to determine the carrying value of assets and liabilities at 31 March 2023. In particular, the Group has considered the impact on the future cash flows used in the impairment assessment of its cash-generating unit (see note 20); and on its provisions for the costs of compliance with emission regulations (see note 29).

Areas not considered to be key areas of judgement or contain estimation uncertainty that may be impacted by climate-related risks in the current financial year are outlined below:

#### **Recoverability of trade receivables**

Climate related matters could impact the Group's customers and subsequently the ability to pay their receivables. There have been no material climate-related matters during the year that have impacted the recoverability of receivables, and the Group continues to monitor recoverability on an ongoing basis and does not deem this to be a material risk or judgement.

#### **Useful lives of assets**

Climate related matters could reduce the useful life of assets for example due to physical or legal risks resulting in accelerated depreciation or amortisation recognised each financial year. From a review of the useful lives, there is deemed to be no material impact from climate-related matters.

#### **Inventory valuation**

The value of inventories could be impacted by climate related matters, resulting in obsolescence or the need to recognise additional provisions. After reviewing inventory valuation as at 31 March 2023, inventory is deemed appropriately valued when taking into consideration climate-related matters.

#### **Basis of consolidation**

##### **Subsidiaries**

The consolidated financial statements include Jaguar Land Rover Automotive plc and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company (a) has power over the investee, (b) is exposed or has rights to variable return from its involvement with the investee and (c) has the ability to affect those returns through its power to direct relevant activities of the investee. Relevant activities are those activities that significantly affect an entity's returns. In assessing control, potential voting rights that currently are exercisable are taken into account, as well as other contractual arrangements that may influence control. Intercompany transactions and balances including unrealised profits are eliminated in full on consolidation.

##### **Joint ventures and associates (equity accounted investments)**

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of the investee unless it can be clearly demonstrated that this is not the case.

The results, assets and liabilities of joint ventures and associates are incorporated in these financial statements using the equity method of accounting as described in note 16.

#### **Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those that are significant to the Group are discussed separately on the next page.

## Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have a significant effect on the amounts recognised in the consolidated financial statements:

- Revenue recognition: The Group uses judgement to determine when control of its goods, primarily vehicles and parts, pass to the customer. This is assessed with reference to indicators of control, including the risks and rewards of ownership and legal title with reference to the underlying terms of the customer contract. Refer to note 5 for further information.
- Assessment of cash-generating units: The Group has determined that there is one cash-generating unit. This is on the basis that there are no smaller groups of assets that can be identified with certainty that generate specific cash inflows that are independent of the inflows generated by other assets or groups of assets. Refer to note 20 for further information.
- Alternative performance measures (APMs) and exceptional items: The Group exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive APMs that provide additional useful information on the underlying trends and in classifying items as exceptional items. Refer to notes 3 and 4 for further information.
- Capitalisation of product engineering costs: The Group applies judgement in determining at what point in a vehicle programme's life cycle the recognition criteria under IAS 38 are satisfied, and in determining the nature of the cost capitalised. Refer to note 20 for further information.
- Deferred tax asset recognition: The extent to which deferred tax assets can be recognised is based on an assessment of the availability of future taxable income against which the deductible temporary differences and tax loss carry-forwards can be utilised. The Group has exercised judgement in determining the jurisdictions in which deferred tax assets have not been fully recognised. This has been done based on forecast profitability and historical results of the companies in which the deferred tax assets arise. Refer to note 15 for further information.

## Estimates and assumptions

The areas where assumptions and estimates are significant to the financial statements are as described below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Significant estimates are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year.

### Significant estimates

**Impairment of intangible and tangible fixed assets:** The Group has intangible assets with indefinite lives and therefore tests annually whether intangible and tangible fixed assets have suffered any impairment. Refer to note 20 for further information on the key assumptions and sensitivities used in the testing of these assets for impairment.

**Retirement benefit obligation:** The present value of the post-employment benefit obligations depends on a number of factors and assumptions, including discount rate, inflation and mortality assumptions. Refer to note 34 for details of these assumptions and sensitivities.

The financial statements also include estimates that may materially affect carrying amounts of assets and liabilities in the longer term. These are:

- Product warranties: refer to note 29 for further information.
- Depreciation (expected useful life): refer to note 19 for further information.

### Cost recognition

Costs and expenses are recognised when incurred and are classified according to their nature.

Expenditures are capitalised, where appropriate, in accordance with the policy for internally generated intangible assets and represent employee costs and other expenses incurred for product development undertaken by the Group.

Material and other cost of sales as reported in the consolidated income statement is presented net of the impact of realised foreign exchange relating to derivatives hedging cost exposures.

### Foreign currency

The Company has a functional currency of GBP. The presentation currency of the consolidated financial statements is GBP.

Transactions in currencies other than the functional currency of the entity are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the consolidated income statement as "Foreign exchange (loss)/gain and fair value adjustments".

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (non-GBP functional currency) are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

#### **Impairment**

##### **Property, plant and equipment and intangible assets**

At each balance sheet date, the Group assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment indicator exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, or earlier if there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of sale and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement.

An asset (or cash-generating unit) impaired in prior years is reviewed at each balance sheet date to determine whether there is any indication of a reversal of impairment losses recognised in prior years.

#### **Litigation**

Various legal proceedings, claims and governmental investigations are pending against the Group on a wide range of topics, including vehicle safety, defective components, systems or general design defects, emissions and fuel economy, competition, alleged violations of law, labour, dealer, supplier and other contractual relationships, intellectual property rights, product warranties and environmental matters. These proceedings seek recoveries including for damage to property, breach of emissions regulations, misrepresentation, breach of collateral warranty and/or statutory guarantee, personal injuries or wrongful death and in some cases include a claim for exemplary or punitive damages. Adverse decisions in one or more of these proceedings could require the Group to pay substantial damages, or undertake service actions, recall campaigns or other costly actions.

Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Moreover, the cases and claims against the Group are often derived from complex legal issues that are subject to differing degrees of uncertainty. A provision is established in connection with pending or threatened litigation if it is probable there would be an outflow of funds and when the amount can be reasonably estimated. Since these provisions represent estimates, the resolution of some of these matters could require the Group to make payments in excess of the amounts accrued or may require the Group to make payments in an amount or range of amounts that could not be reasonably estimated.

The Group monitors the status of pending legal proceedings and consults with experts on legal and tax matters on a regular basis. As such, the provisions for the Group's legal proceedings and litigation may vary as a result of future developments in pending matters.

Further details on principal risks have been disclosed on page 46.

#### **New accounting policy pronouncements**

(a) Standards, revisions and amendments to standards and interpretations not significant to the Jaguar Land Rover Group and applied for the first time in the year ending 31 March 2023

The following amendments and interpretations have been adopted by the Group in the year ending 31 March 2023:

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous contracts – cost of fulfilling a contract;
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use;
- Annual improvements to IFRS standards 2018-2020 cycle; and
- Amendments to IFRS 3 Business Combinations – Reference to the conceptual framework.

The adoption of these amendments and interpretations has not had a significant impact on the consolidated financial statements.

(b) Standards, revisions and amendments to standards and interpretations not yet effective and not yet adopted by the Group

The following pronouncements, issued by the IASB and endorsed by the UK, are not yet effective and have not yet been adopted by the Group. These amendments are effective for annual report periods beginning on or after 1 January 2023:

- Amendments to IAS 1 Presentation of Financial Statements – disclosure of accounting policies;
- Amendments to IAS 12 Income Taxes - Assets and liabilities arising from a single transaction;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – definition of accounting estimates;
- IFRS 17 Insurance Contracts;
- Amendments to IFRS 17 Insurance Contracts; and
- Initial application of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments - Comparative Information.

The Group is currently assessing the impact of these pronouncements on the consolidated financial statements.

(c) Standards, revisions and amendments to standards and interpretations not yet endorsed by the UK and not yet adopted by the Group

The following pronouncements, issued by the IASB, have not yet been endorsed by the UK, are not yet effective and have not yet been adopted by the Group:

- Amendments to IAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current;
- Amendments to IAS 1 Presentation of Financial Statements – Non-current liabilities with covenants;
- Amendments to IAS 1 Presentation of Financial Statements – Deferral of effective date amendment; and
- Amendments to IFRS 16 - Lease liability in a sale and leaseback.

### 3 ALTERNATIVE PERFORMANCE MEASURES

In reporting financial information, the Group presents alternative performance measures (“APMs”) that are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. The APMs used within this Annual Report are defined below.

Alternative performance measure	Definition
Adjusted EBITDA	Adjusted EBITDA is defined as profit before: income tax expense; exceptional items; finance expense (net of capitalised interest) and finance income; gains/losses on debt and unrealised derivatives, realised derivatives entered into for the purpose of hedging debt, and equity or debt investments held at fair value; foreign exchange gains/losses on other assets and liabilities, including short-term deposits and cash and cash equivalents; share of profit/loss from equity accounted investments; depreciation and amortisation.
Adjusted EBIT	Adjusted EBIT is defined as for adjusted EBITDA but including share of profit/loss from equity accounted investments, depreciation and amortisation.
Profit/(loss) before tax and exceptional items	Profit/(loss) before tax excluding exceptional items.
Free cash flow	Net cash generated from operating activities less net cash used in automotive investing activities, excluding investments in joint ventures, associate and subsidiaries and movements in financial investments, and after finance expenses and fees paid. Financial investments are those reported as cash and cash equivalents, short-term deposits and other investments, and equity or debt investments held at fair value.
Total product and other investment	Cash used in the purchase of property, plant and equipment, intangible assets, investments in equity accounted investments and other trading investments, acquisition of subsidiaries and expensed research and development costs.
Working capital	Changes in assets and liabilities as presented in note 40 under cash flow from operating activities before changes in assets and liabilities. This comprises movements in assets and liabilities excluding movements relating to financing or investing cash flows or non-cash items that are not included in adjusted EBIT or adjusted EBITDA.
Total cash and cash equivalents, deposits and investments	Defined as cash and cash equivalents, short-term deposits and other investments, marketable securities and any other items defined as cash and cash equivalents in accordance with IFRS.
Available liquidity	Defined as total cash and cash equivalents, deposits and investments plus committed undrawn credit facilities.
Net debt	Total cash and cash equivalents, deposits and investments less total interest-bearing loans and borrowings.
Retail sales	Jaguar Land Rover retail sales represent vehicle sales made by dealers to end clients and include the sale of vehicles produced by our Chinese joint venture, Chery Jaguar Land Rover Automotive Company Ltd.
Wholesales	Wholesales represent vehicle sales made to retailers or other external clients. The Group recognises revenue on wholesales.

The Group uses adjusted EBITDA as an APM to review and measure the underlying profitability of the Group on an ongoing basis for comparability as it recognises that increased capital expenditure year on year will lead to a corresponding increase in depreciation and amortisation expense recognised within the consolidated income statement.

The Group uses adjusted EBIT as an APM to review and measure the underlying profitability of the Group on an ongoing basis as this excludes volatility on unrealised foreign exchange transactions. Due to the significant level of debt and currency derivatives held, unrealised foreign exchange can distort the financial performance of the Group from one period to another.

Free cash flow is considered by the Group to be a key measure in assessing and understanding the total operating performance of the Group and to identify underlying trends.

During the year ended 31 March 2023, the definition of ‘Free cash flow’ was amended to exclude investments in associates, joint ventures and subsidiaries. The Group considers the amended Free cash flow measure to be more useful as it provides a clearer view of recurring cash flows that is not distorted by the impact of one-off transactions. Free cash flow for years ended 31 March 2022 and 2021 prior to the change was £(1,156) million and £185 million respectively.

Total product and other investment is considered by the Group to be a key measure in assessing cash invested in the development of future new models and infrastructure supporting the growth of the Group.

Working capital is considered by the Group to be a key measure in assessing short-term assets and liabilities that are expected to be converted into cash within the next 12-month period.

Total cash and cash equivalents, deposits and investments and available liquidity are measures used by the Group to assess liquidity and the availability of funds for future spend and investment.

Exceptional items are defined in note 4.

Reconciliations between these alternative performance measures and statutory reported measures are shown below and on the next page.

#### Adjusted EBIT and Adjusted EBITDA

<b>Year ended 31 March (£ millions)</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Adjusted EBITDA</b>		<b>2,571</b>	<b>1,896</b>	<b>2,531</b>
Depreciation and amortisation		(2,042)	(1,944)	(1,976)
Share of profit/(loss) of equity accounted investments	16	15	(18)	(41)
<b>Adjusted EBIT</b>		<b>544</b>	<b>(66)</b>	<b>514</b>
Foreign exchange on debt, derivatives and balance sheet revaluation*	40	(14)	(38)	249
Unrealised (loss)/gain on commodities	40	(163)	48	137
Finance income	13	67	9	11
Finance expense (net)	13	(507)	(369)	(251)
Fair value gain on equity investments	12	9	4	2
<b>(Loss)/profit before tax and exceptional items</b>		<b>(64)</b>	<b>(412)</b>	<b>662</b>
Exceptional items	4	161	(43)	(1,523)
<b>Profit/(loss) before tax</b>		<b>97</b>	<b>(455)</b>	<b>(861)</b>

\*Comparatives for years ended 31 March 2022 and 2021 have been re-presented to align with the presentation change during the year ended 31 March 2023 to combine foreign exchange on debt, derivatives and balance sheet revaluation into a single line. This has not resulted in any change to reported '(Loss)/profit before tax and exceptional items' or 'Profit/(loss) before tax'.

#### Free cash flow

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022 restated*</b>	<b>2021 restated*</b>
Net cash generated from operating activities	2,351	434	2,326
Purchases of property, plant and equipment	(605)	(712)	(1,050)
Cash outflow relating to intangible asset expenditure	(775)	(481)	(799)
Proceeds from sale of property, plant and equipment	7	7	8
Purchases of other assets acquired with view to resale	(24)	-	-
Finance expenses and fees paid	(495)	(402)	(313)
Finance income received	62	8	14
<b>Free cash flow</b>	<b>521</b>	<b>(1,146)</b>	<b>186</b>

\*Comparative information has been restated for the change in definition explained on the previous page.

#### Total product and other investments

<b>Year ended 31 March (£ millions)</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Purchases of property, plant and equipment		605	712	1,050
Cash outflow relating to intangible asset expenditure		775	481	799
Engineering costs expensed	11	966	839	489
Investment in equity accounted investments		-	-	1
Purchases of other investments		7	4	4
<b>Total product and other investments</b>		<b>2,353</b>	<b>2,036</b>	<b>2,343</b>

Total cash and cash equivalents, deposits and investments

<b>As at 31 March (£ millions)</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	22	3,687	4,223	3,778
Short-term deposits and other investments		105	175	1,004
<b>Total cash and cash equivalents, deposits and investments</b>		<b>3,792</b>	<b>4,398</b>	<b>4,782</b>

Available liquidity

<b>As at 31 March (£ millions)</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	22	3,687	4,223	3,778
Short-term deposits and other investments		105	175	1,004
Committed undrawn credit facilities	27	1,520	2,015	1,938
<b>Available liquidity</b>		<b>5,312</b>	<b>6,413</b>	<b>6,720</b>

Net debt

<b>As at 31 March (£ millions)</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	22	3,687	4,223	3,778
Short-term deposits and other investments		105	175	1,004
Interest-bearing loans and borrowings	27	(6,788)	(7,597)	(6,697)
<b>Net debt</b>		<b>(2,996)</b>	<b>(3,199)</b>	<b>(1,915)</b>

The Group has the following volumes for retail and wholesales:

<b>Year ended 31 March (units)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Retail sales	354,662	376,381	439,588
Wholesales	321,362	294,182	347,632

#### 4 EXCEPTIONAL ITEMS

Exceptional items are disclosed separately in the consolidated income statement and excluded from adjusted EBIT and adjusted EBITDA measures to support the reader's understanding of the performance of the Group.

The Group considers qualitative and quantitative factors to determine whether a transaction or event is exceptional, including the expected size, nature and frequency of the transaction or event, and any precedent for similar items in previous years.

Items that are considered exceptional may include the following:

- Costs associated with significant restructuring events;
- Impairments or reversals of impairments arising from an impairment assessment of the Group's cash-generating unit in accordance with IAS 36;
- Defined benefit past service costs or credits arising from scheme amendments; and
- Costs associated with provisions and related reversals arising from a significant one-off event not in the normal course of business.

The exceptional items recognised in the year ended 31 March 2023 comprise:

- £155 million in relation to a pension past service credit due to a change in inflation index from RPI to CPI;
- £5 million update to the exceptional item recognised during the years ended 31 March 2022 and 31 March 2021 in relation to the impact of the Group's Reimagine strategy; and
- £1 million update to the exceptional item recognised during the year ended 31 March 2022 in relation to customer liabilities arising from sanctions imposed against Russia.

The exceptional items recognised in the year ended 31 March 2022 comprise:

- £43 million in relation to customer liabilities arising from sanctions imposed against Russia by many countries, preventing the shipment of vehicles and certain parts to the market.
- Updates to the assessment of the impact of the Group's Reimagine strategy relating to the exceptional items recognised during the year ended 31 March 2021.

The exceptional items recognised in the year ended 31 March 2021 comprise:

- Asset write-downs of £952 million in relation to models cancelled under the Group's Reimagine strategy. See notes 19 and 20.
- Restructuring costs of £562 million comprising
  - Costs of £534 million resulting from the Group's Reimagine strategy comprising accruals to settle legal obligations on work performed to date and provisions for redundancies and other third party obligations. See note 29. Included within the restructuring costs is a defined benefit past service cost of £7 million. See note 34.
  - Costs of £28 million resulting from a separate redundancy programme during the year. See note 29.
- An update of £9 million to the past service cost recognised due to the requirement to equalise male and female members' benefits for the inequalities within guaranteed minimum pension ('GMP') earned between 17 May 1990 and 5 April 1997 based on new information. See note 34.

There are no tax charges or credits arising from the exceptional items.

The tables below set out the exceptional items expense/(credit) recorded in the years ended 31 March 2023, 2022 and 2021 and the impact on the consolidated income statement if these items were not disclosed separately as exceptional items.

<b>Year ended 31 March 2023 (£ millions)</b>	<b>Other expenses</b>	<b>Employee costs</b>	<b>Material and other cost of sales</b>
<b>Excluding exceptional items</b>	<b>4,777</b>	<b>2,524</b>	<b>14,008</b>
Restructuring costs - employee and third party obligations	(1)	-	(4)
Pension past service credit	-	(155)	-
Other	(1)	-	-
<b>Including exceptional items</b>	<b>4,775</b>	<b>2,369</b>	<b>14,004</b>

<b>Year ended 31 March 2022 (£ millions)</b>	<b>Other expenses</b>	<b>Employee costs</b>	<b>Material and other cost of sales</b>
<b>Excluding exceptional items</b>	<b>3,701</b>	<b>2,265</b>	<b>11,239</b>
Restructuring costs - asset write-downs	7	-	-
Restructuring costs - employee and third party obligations	(73)	(16)	82
Other	43	-	-
<b>Including exceptional items</b>	<b>3,678</b>	<b>2,249</b>	<b>11,321</b>

<b>Year ended 31 March 2021 (£ millions)</b>	<b>Other expenses</b>	<b>Employee costs</b>	<b>Material and other cost of sales</b>
<b>Excluding exceptional items</b>	<b>3,589</b>	<b>2,141</b>	<b>12,335</b>
Restructuring costs - asset write-downs	952	-	-
Restructuring costs - employee and third party obligations	252	116	194
Pension past service cost	-	9	-
<b>Including exceptional items</b>	<b>4,793</b>	<b>2,266</b>	<b>12,529</b>

## Revenue recognition

Revenue comprises the consideration earned by the Group in respect of the output of its ordinary activities. It is measured based on the contract price, which is the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties, and net of settlement discounts, bonuses, rebates and sales incentives. The Group's primary clients from the sale of vehicles, parts and accessories are retailers, fleet and corporate clients, and other third-party distributors. The Group recognises revenue when it transfers control of a good or service to a customer, thus evidencing the satisfaction of the associated performance obligation under that contract.

As described in note 39, the Group operates with a single automotive reporting segment, principally generating revenue from the sales of vehicles, parts and accessories.

The sale of vehicles also can include additional services provided to the customer at the point of sale, for which the vehicle and services are accounted for as separate performance obligations, as they are considered separately identifiable. The contract transaction price is allocated among the identified performance obligations based on their stand-alone selling prices. Where the stand-alone selling price is not readily observable, it is estimated using an appropriate alternative approach.

<b>Significant revenue areas</b>	<b>Nature, timing of satisfaction of performance obligations, and significant payment terms</b>
----------------------------------	---

Vehicles, parts, and accessories (and other goods)	<p>The Group recognises revenue on the sale of vehicles, parts and accessories at the point of "wholesale", which is determined by the underlying terms and conditions of the contract with the customer as to when control transfers to them. The principle of control under IFRS 15 considers which party has the ability to direct the use of an asset and to obtain substantially all of the remaining economic benefits.</p> <p>Determining the transfer of control with regards to the sale of goods is primarily driven by:</p> <ul style="list-style-type: none"> <li>▪ The point at which the risks and rewards of ownership pass to the customer;</li> <li>▪ The point at which the customer takes physical possession of the good or product;</li> <li>▪ The point at which the customer accepts the good or product;</li> <li>▪ The point at which the Group has a present right to payment for the sale of the good or product; and</li> <li>▪ The point at which legal title to the good or product transfers to the customer.</li> </ul> <p>In the vast majority of cases, the sale of the relevant good is recognised at the point of dispatch (at release to the carrier responsible for transportation to the customer) or the point of delivery to the customer, depending on individual contractual arrangements.</p> <p>In some instances, revenue may be recognised on a bill-and-hold basis where vehicles, for example, are sold to the customer but are retained in the Group's possession at a vehicle holding compound on behalf of the customer ahead of being physically transferred to them at a future time. Such arrangements meet the criteria for bill-and-hold arrangements under IFRS 15 to ensure that the customer has obtained the ultimate control of the product when revenue is recognised.</p> <p>The reason for the bill-and-hold is substantive (as the customer requests JLR to retain possession, usually due to a lack of available space at their own premises), the vehicles are identifiable as separately belonging to the customer (on the basis that each vehicle has a unique Vehicle Identification Number), the vehicle must be ready for physical transfer to the customer (which it is, given that it is fully built and safety-checked off the manufacturing line) and the Group does not have the ability to use the vehicle or direct it elsewhere.</p> <p>The Group operates with financing partners across the world that provide wholesale financing arrangements to the retail network for vehicle sales, which enables cash settlement to occur immediately (usually within two working days) for purchases from the Group.</p> <p>For the sale of parts and accessories, the Group typically receives payment in line with the invoice payment terms stipulated and agreed with its clients, which are usually 30 days.</p>
--	---

<b>Significant revenue areas</b>	<b>Nature, timing of satisfaction of performance obligations, and significant payment terms</b>
Sales incentives	<p>The costs associated with providing sales support and incentives (variable marketing expense) are considered to be variable components of consideration, thus reducing the amount of revenue recognised by the Group.</p> <p>Under IFRS 15, the Group ensures that variable consideration is recognised to the extent of the amount to which it expects to be entitled.</p> <p>To meet this principle, the Group constrains its estimate of variable consideration to include amounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty associated is subsequently resolved.</p> <p>The Group estimates the expected sales incentive by market and considers uncertainties including competitor pricing, ageing of dealer stock and local market conditions. The constraint on variable consideration is estimated with reference to historical accuracy, current market conditions and a prospective assessment considering relevant geopolitical factors, including global stock positions for both the Group and its third party dealer network reflecting the pipeline of vehicle inventory for sale to end clients.</p> <p>Variable consideration received for contracts with multiple performance obligations is allocated to all such obligations only when applicable. For example, with the sale of a vehicle, the cost of the incentive provided is allocated entirely to the vehicle as its purpose is to incentivise the sale of the vehicle rather than support any additional obligations.</p> <p>Liabilities in relation to sales incentives are disclosed within liabilities for expenses in note 26.</p>
Scheduled maintenance contracts	<p>Scheduled maintenance contracts sold with a vehicle provide the end customer with the benefit of bringing their vehicle to a dealership for the routine maintenance required to maintain compliance for warranty purposes.</p> <p>The majority of plans sold by the Group are complimentary with the vehicle, thus payment is received at the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price, which is measured using a cost-plus approach.</p> <p>Revenue is recognised over the life of the plan based on the expected performance of the services from the point of a vehicle being retailed to an end customer and aligned to the expected profile of costs to fulfil those services based on historical information.</p>
Telematics	<p>Telematics features provide a service to the customer typically aligned to the warranty period of the vehicle, allowing a vehicle to connect and interact with an end customer's mobile phone.</p> <p>The Group typically receives payment relating to telematics features at the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price. For optional features, this is measured at the observable option price and for standard-fit features is measured using a cost-plus basis. The stand-alone selling price for telematics subscription renewals is measured at the renewal price offered to the customer.</p> <p>Revenue is recognised on a straight-line basis over the term of the service from the point of the vehicle being retailed to an end customer in line with the expected costs to fulfil those services.</p>
Warranty considerations as a service	<p>Vehicles and parts sold by the Group include a standard warranty to guarantee the vehicle complies with agreed-upon specifications for a defined period of time. Where the warranty offering to the end customer exceeds the standard market expectation for similar products, or provides a service in excess of the assurance that the agreed-upon specification is met, the Group considers this to constitute a service to the end customer and therefore a separate performance obligation. Revenue is recognised on a straight-line basis over the contractual period to which the warranty service relates, up to which point it is recognised as a contract liability.</p>
Repurchase arrangements	<p>Some contracts with clients include an option or obligation for the Group to repurchase the product sold (including repurchasing a product originally sold as part of an amended product). Such instances are common in the Group's arrangements with third-party fleet clients or in contract manufacturing arrangements that the Group is party to.</p> <p>The Group does not recognise revenue on the original sale, as it retains ultimate control of that product. The related inventory continues to be recognised on the Group's consolidated balance sheet. The consideration received from the customer is treated as a liability.</p> <p>Where the contractual repurchase price is less than the original sale price, the transaction is accounted for as a lease and where the contractual repurchase price is more than or equal to the original sale price the transaction is accounted for as a financing arrangement. Revenue recognised under such lease arrangements is outside of the scope of IFRS 15 and instead is recognised in line with IFRS 16 Leases.</p> <p>Revenue relating to the good or product is recognised only when it is sold by the Group with no repurchase obligation or option attached.</p>
Returns obligations, refunds and similar obligations	<p>Vehicle sales do not typically include allowances for returns or refunds, although in some markets there is legislative requirement for Jaguar Land Rover as an automotive manufacturer to repurchase or reacquire a vehicle if quality issues arise that have been remedied a number of times and where the owner no longer wishes to own the vehicle as a result.</p> <p>Regarding other goods, where rights of return may be prevalent, the Group estimates the level of returns based on the historical data for specific products, adjusted as necessary to estimate returns for new products. Revenue is not recognised for expected returns - instead the Group recognises a refund liability and asset where required.</p>

The Group's revenues are summarised as follows:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Revenue recognised for sales of vehicles, parts and accessories	22,209	17,159	18,775
Revenue recognised for services transferred	318	324	314
Revenue - other	872	762	753
<b>Total revenue from contracts with clients</b>	<b>23,399</b>	<b>18,245</b>	<b>19,842</b>
Realised revenue hedges	(590)	75	(111)
<b>Total revenue</b>	<b>22,809</b>	<b>18,320</b>	<b>19,731</b>

"Revenue – other" includes sales of goods other than vehicles, parts and accessories.

#### Revenue disaggregation

The following table presents the Group's revenue, disaggregated by primary geographical market, timing of revenue recognition and major product categories. All revenue is generated from the Group's single automotive operating segment.

<b>Year ended 31 March 2023 (£ millions)</b>	<b>UK</b>	<b>US</b>	<b>China</b>	<b>Rest of Europe</b>	<b>Rest of World</b>	<b>Total Revenue</b>
Revenue recognised for sales of vehicles, parts and accessories	3,058	5,359	4,766	4,311	4,715	22,209
Revenue recognised for services transferred	114	105	9	13	77	318
Revenue - other	760	6	96	3	7	872
<b>Total revenue from contracts with customers</b>	<b>3,932</b>	<b>5,470</b>	<b>4,871</b>	<b>4,327</b>	<b>4,799</b>	<b>23,399</b>
Realised revenue hedges	-	(274)	(290)	-	(26)	(590)
<b>Total revenue</b>	<b>3,932</b>	<b>5,196</b>	<b>4,581</b>	<b>4,327</b>	<b>4,773</b>	<b>22,809</b>

<b>Year ended 31 March 2022 (£ millions)</b>	<b>UK</b>	<b>US</b>	<b>China</b>	<b>Rest of Europe</b>	<b>Rest of World</b>	<b>Total Revenue</b>
Revenue recognised for sales of vehicles, parts and accessories	2,377	4,104	4,166	3,221	3,291	17,159
Revenue recognised for services transferred	108	101	7	24	84	318
Revenue - other	679	6	64	3	10	762
<b>Total revenue from contracts with clients</b>	<b>3,164</b>	<b>4,211</b>	<b>4,237</b>	<b>3,248</b>	<b>3,385</b>	<b>18,245</b>
Realised revenue hedges	-	109	(61)	-	27	75
<b>Total revenue</b>	<b>3,164</b>	<b>4,320</b>	<b>4,176</b>	<b>3,248</b>	<b>3,412</b>	<b>18,320</b>

<b>Year ended 31 March 2021 (£ millions)</b>	<b>UK</b>	<b>US</b>	<b>China</b>	<b>Rest of Europe</b>	<b>Rest of World</b>	<b>Total Revenue</b>
Revenue recognised for sales of vehicles, parts and accessories	3,008	4,663	4,546	3,551	3,007	18,775
Revenue recognised for services transferred	126	95	5	10	78	314
Revenue - other	656	3	85	2	7	753
<b>Total revenue from contracts with clients</b>	<b>3,790</b>	<b>4,761</b>	<b>4,636</b>	<b>3,563</b>	<b>3,092</b>	<b>19,842</b>
Realised revenue hedges	-	(97)	(75)	-	61	(111)
<b>Total revenue</b>	<b>3,790</b>	<b>4,664</b>	<b>4,561</b>	<b>3,563</b>	<b>3,153</b>	<b>19,731</b>

#### Contract assets

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Accrued income	40	39	26
<b>Total contract assets</b>	<b>40</b>	<b>39</b>	<b>26</b>

## Contract liabilities

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Ongoing service obligations	779	681	766
Liabilities for advances received	51	122	61
<b>Total contract liabilities</b>	<b>830</b>	<b>803</b>	<b>827</b>

“Ongoing service obligations” mainly relate to long-term service and maintenance contracts, extended warranties and telematics services. “Liabilities for advances received” primarily relate to consideration received in advance from clients for products not yet wholesaled, at which point the revenue will be recognised. “Ongoing service obligations” and “Liabilities for advances received” are both presented within “Other liabilities” in the consolidated balance sheet.

The Group applies the practical expedient in IFRS 15.121 and does not disclose information about remaining performance obligations that have an original expected duration of one year or less. This is because revenue resulting from those sales will be recognised in a short-term period. The services included with the vehicle sale are to be recognised as revenues in subsequent years but represent an insignificant portion of expected revenues in comparison.

Revenue that is expected to be recognised within five years related to performance obligations that are unsatisfied (or partially unsatisfied) amounted to £830 million at 31 March 2023 (2022: £803 million, 2021: £827 million).

The movement in contract liabilities relates solely to revenue recognised from balances held at the beginning of the year of £440 million (2022: £385 million, 2021: £364 million) and increases due to cash received for performance obligations unsatisfied at the year end of £467 million (2022: £361 million, 2021: £295 million).

Revenue recognised in the year from performance obligations satisfied in the previous year is £5 million (2022: £13 million, 2021: £100 million).

## 6 MATERIAL AND OTHER COST OF SALES

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Changes in inventories of finished goods and work-in-progress	(476)	279	469
Purchase of products for sale	1,331	1,172	1,029
Raw materials and consumables used	13,075	9,654	10,838
Realised purchase hedges	78	134	(1)
<b>Total material and other cost of sales</b>	<b>14,008</b>	<b>11,239</b>	<b>12,335</b>

## 7 EMPLOYEE NUMBERS AND COSTS

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Wages and salaries - employee costs	1,826	1,626	1,545
Wages and salaries - agency costs	190	95	73
<b>Total wages and salaries</b>	<b>2,016</b>	<b>1,721</b>	<b>1,618</b>
Social security costs and benefits	334	312	288
Pension costs	174	232	235
<b>Total employee costs</b>	<b>2,524</b>	<b>2,265</b>	<b>2,141</b>

Employee costs in the year ended 31 March 2023 includes £nil (2022: £14 million, 2021: £188 million) credit in relation to employees placed on furlough under the UK Coronavirus Job Retention Scheme.

<b>Average employee numbers for the year ended 31 March 2023</b>	<b>Non-agency</b>	<b>Agency</b>	<b>Total</b>
Manufacturing	17,086	2,434	19,520
Research and development	8,607	299	8,906
Other	9,592	361	9,953
<b>Total employee numbers</b>	<b>35,285</b>	<b>3,094</b>	<b>38,379</b>

<b>Average employee numbers for the year ended 31 March 2022</b>	<b>Non-agency</b>	<b>Agency</b>	<b>Total</b>
Manufacturing	17,268	751	18,019
Research and development	7,893	394	8,287
Other	9,430	295	9,725
<b>Total employee numbers</b>	<b>34,591</b>	<b>1,440</b>	<b>36,031</b>

<b>Average employee numbers for the year ended 31 March 2021</b>	<b>Non-agency</b>	<b>Agency</b>	<b>Total</b>
Manufacturing	18,231	754	18,985
Research and development	8,158	556	8,714
Other	9,527	317	9,844
<b>Total employee numbers</b>	<b>35,916</b>	<b>1,627</b>	<b>37,543</b>

## 8 DIRECTORS' EMOLUMENTS

<b>Year ended 31 March (£)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Directors' emoluments	3,975,221	4,001,943	5,509,867
(Decrease)/increase of long-term incentive scheme amounts receivable	(10,420)	(30,253)	479,444
Post-employment benefits	-	-	1,164,478
Compensation for loss of office	2,180,998	-	-

The aggregate of emoluments received in the year and amounts accrued under the bonus schemes of the highest paid director was £2,458,509 (2022: £3,652,103, 2021: £3,962,991), together with a cash allowance in lieu of pension and medical benefits of £nil (2022: £nil, 2021: £1,164,478). During the year, the value of LTIP awards accrued has increased by £nil (2022: £nil, 2021: £479,444), which will become payable in future periods.

There were no directors who were members of a defined benefit pension scheme or a defined contribution scheme during the years ended 31 March 2023, 2022 and 2021.

LTIP cash payments received by directors during the year ended 31 March 2023 were £nil (2022: £686,000, 2021: £421,000).

## 9 OTHER INCOME

Government grants are recognised when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received.

Government grants are recognised in the consolidated income statement, either on a systematic basis when the Group recognises, as expenses, the related costs that the grants are intended to compensate or immediately, if the costs have already been incurred.

Government grants related to specific assets or costs that are capitalised into property plant and equipment or intangible assets are deducted from the cost of the asset and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure except in cases where there are no ongoing performance obligations to the Group, in which case the government grant is recognised as other income in the period in which the Group becomes entitled to the grant. The terms and treatment of each grant is assessed on a case by case basis. Details of the treatment of significant grants in the year are disclosed in note 9 and note 11.

Sales tax incentives received from governments are recognised in the consolidated income statement at the reduced tax rate, and revenue is reported net of these sales tax incentives.

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Grant income	154	68	81
Commissions	29	17	20
Other	101	115	94
<b>Total other income</b>	<b>284</b>	<b>200</b>	<b>195</b>

During the year ended 31 March 2023, £53 million (2022: £42 million, 2021: £40 million) was recognised in "Other income" by a foreign subsidiary as an incentive for continuing trading in that country for the foreseeable future. This includes amounts received as cash in the year and amounts that the subsidiary is due to receive and for which there are no ongoing financial or operating conditions attached.

## 10 OTHER EXPENSES

<b>Year ended 31 March (£ millions)</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Stores, spare parts and tools		105	86	88
Freight cost		630	485	499
Works, operations and other costs		2,335	1,722	1,714
Repairs		41	28	23
Power and fuel		182	158	72
Rent, rates and other taxes		41	37	31
Insurance		23	23	19
Write-down of property, plant and equipment	19	-	3	-
Write-down of intangible assets	20	-	9	40
Fair value adjustments in relation to assets held for sale	25	26	-	-
Product warranty		885	748	706
Publicity		509	402	397
<b>Total other expenses</b>		<b>4,777</b>	<b>3,701</b>	<b>3,589</b>

## 11 ENGINEERING COSTS CAPITALISED

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total engineering costs incurred	1,693	1,294	1,216
Engineering costs expensed	(966)	(839)	(489)
<b>Engineering costs capitalised</b>	<b>727</b>	<b>455</b>	<b>727</b>
Interest capitalised in engineering costs capitalised	20	41	88
Research and development grants capitalised	(76)	(39)	(46)
<b>Total internally developed intangible additions</b>	<b>671</b>	<b>457</b>	<b>769</b>

Engineering costs capitalised of £727 million (2022: £455 million, 2021: £727 million) comprises £327 million (2022: £236 million, 2021: £345 million) included in “Employee costs” and £400 million (2022: £219 million, 2021: £382 million) included in “Other expenses” in the consolidated income statement.

During the year ended 31 March 2023, £175 million (2022: £73 million, 2021: £87 million) was recognised by a UK subsidiary as a Research and Development Expenditure Credit (“RDEC”) incentive on qualifying expenditure. During the year ended 31 March 2023, £76 million (2022: £39 million, 2021: £46 million) of the RDEC – the proportion relating to capitalised product development expenditure and other intangible assets – has been offset against the cost of the respective assets. The remaining £99 million (2022: £34 million, 2021: £41 million) of the RDEC has been recognised as “Other income”.

12 FOREIGN EXCHANGE AND FAIR VALUE ADJUSTMENTS

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Foreign exchange (loss)/gain and fair value adjustments on loans	(209)	(141)	314
Foreign exchange gain/(loss) on economic hedges of loans	203	91	(143)
Foreign exchange (loss)/gain on derivatives	(14)	-	14
Other foreign exchange gain	35	55	7
Realised gain on commodities	31	83	-
Unrealised (loss)/gain on commodities	(163)	48	137
Fair value gain on equity investments	9	4	2
<b>Foreign exchange and fair value adjustments</b>	<b>(108)</b>	<b>140</b>	<b>331</b>

13 FINANCE INCOME AND EXPENSE

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Finance income	67	9	11
<b>Total finance income</b>	<b>67</b>	<b>9</b>	<b>11</b>
Interest expense on lease liabilities	(54)	(45)	(44)
Total interest expense on financial liabilities other than lease liabilities measured at amortised cost	(438)	(365)	(296)
Interest (expense)/income on derivatives designated as a fair value hedge of financial liabilities	(12)	7	7
Unwind of discount on provisions	(25)	(10)	(16)
Interest capitalised	22	44	98
<b>Total finance expense (net)</b>	<b>(507)</b>	<b>(369)</b>	<b>(251)</b>

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 5.4 per cent (2022: 4.6 per cent, 2021: 4.3 per cent).

## 14 PROFIT/(LOSS) BEFORE TAX

Expense/(income) in profit/(loss) before tax includes the following:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Depreciation of right-of-use assets	87	87	94
Depreciation of property, plant and equipment	962	863	898
Amortisation of intangible assets (excluding internally generated development costs)	76	76	88
Amortisation of internally generated development costs	917	918	896
Expenses related to short-term leases	10	10	9
Expenses related to low-value assets, excluding short-term leases of low-value assets	12	9	7
Charge/(credit) for changes in lease payments arising from COVID-19 rent concessions	-	1	(3)
Loss/(profit) on disposal of property, plant, equipment and software	10	(1)	(1)
Exceptional items	(161)	43	1,523
Auditor remuneration (see below)	7	5	6

The following table sets out the auditor remuneration for the year (rounded to the nearest £0.1 million):

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	0.1	0.1	0.1
Fees payable to the Company's auditor and its associates for other services:			
- Audit of the Company's subsidiaries	6.8	4.2	4.5
<b>Total audit fees</b>	<b>6.9</b>	<b>4.3</b>	<b>4.6</b>
Audit-related assurance services	0.5	0.8	0.8
Other assurance services	-	0.3	0.4
<b>Total non-audit fees</b>	<b>0.5</b>	<b>1.1</b>	<b>1.2</b>
<b>Total audit and related fees</b>	<b>7.4</b>	<b>5.4</b>	<b>5.8</b>

## 15 TAXATION

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the consolidated income statement, except when related to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity) or where related to the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination. Current income taxes are determined based on the respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised tax losses, depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised. The future profitability is based on the business plan for each respective entity within the Group. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised.

Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Group will be required to settle that tax. Measurement is dependent on management's expectations of the outcome of decisions by tax authorities in the various tax jurisdictions in which the Group operates. This is assessed on a case-by-case basis using in-house experts, professional firms and previous experience. Where no provision is required the exposure is disclosed as a contingent liability in note 35 unless the likelihood of an outflow of economic benefits is remote.

Judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Amounts recognised in the consolidated income statement:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Current tax expense</b>			
Current year	257	226	155
Adjustments for prior years	11	(5)	2
<b>Current tax expense</b>	<b>268</b>	<b>221</b>	<b>157</b>
<b>Deferred tax (credit)/expense</b>			
Origination and reversal of temporary differences	(121)	149	92
Adjustments for prior years	9	(3)	(12)
Rate changes	1	-	2
<b>Deferred tax (credit)/expense</b>	<b>(111)</b>	<b>146</b>	<b>82</b>
<b>Total income tax expense</b>	<b>157</b>	<b>367</b>	<b>239</b>

Amounts recognised in the consolidated statement of other comprehensive income:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Deferred tax (credit)/expense on actuarial gains/losses on retirement benefits	(3)	134	(143)
Deferred tax credit on change in fair value of cash flow hedges	113	(170)	103
Deferred tax credit on rate changes	(6)	(77)	-
	104	(113)	(40)
<b>Total tax expense</b>	<b>261</b>	<b>254</b>	<b>199</b>

Reconciliation of effective tax rate:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Loss for the year	(60)	(822)	(1,100)
Total income tax expense	157	367	239
<b>Profit/(loss) before tax</b>	<b>97</b>	<b>(455)</b>	<b>(861)</b>
Income tax expense/(credit) using the tax rates applicable to individual entities of 60.8% (2022: 4.4%, 2021: 15.2%)	59	(20)	(131)
Non-deductible expenses	17	33	62
Unrecognised or written-down deferred tax assets	34	331	285
Changes in tax rates	1	-	2
Overseas unremitted earnings	29	28	23
Tax on share of profit of equity accounted investments	(3)	3	8
Under/(over) provided in prior years	20	(8)	(10)
<b>Total income tax expense</b>	<b>157</b>	<b>367</b>	<b>239</b>

The net underlying statutory tax rate represents the blended average of the tax rates suffered on profits and losses earned in our various countries of operation. The current position reflects the fact that statutory tax rates applicable in profitable non-UK subsidiaries are higher than the UK tax rate applied to UK losses.

Included within “Unrecognised or written-down deferred tax assets” for the year ended 31 March 2023 is a charge of £34 million as a result of the inability to fully recognise UK deferred tax assets arising in the year. The “Under provided in prior years” charge of £20 million arises as a result of the finalisation of prior year tax submissions with global tax authorities and the conclusion of certain tax risks.

Included within “Unrecognised or written-down deferred tax assets” for the year ended 31 March 2022 is a charge of £331 million as a result of the inability to fully recognise UK deferred tax assets arising in the year. The “Over provided in prior years” credit of £8 million arises as a result of the finalisation of prior year tax submissions with global tax authorities and the conclusion of certain tax risks.

Included within “Non-deductible expenses” for the year ended 31 March 2021 is a charge of £45 million relating to the accounting write-down of assets not qualifying for tax relief. The charge of £285 million in relation to “Unrecognised or written-down deferred tax assets” arises as a result of the inability to fully recognise UK deferred tax assets arising in the year. The “Over provided in prior years” credit of £10 million arises as a result of the finalisation of prior year tax submissions with global tax authorities.

#### Impact of Future Rate Changes

Since 1 April 2020, the UK corporation tax rate applicable has been at 19 per cent. A change to the main UK corporation tax rate from 19 to 25 percent with effect from 1 April 2023 was announced in the Budget on 3 March 2021, and was substantively enacted on 24 May 2021. Accordingly, UK deferred tax has been provided at a rate of 25 per cent on assets (2022: 25 per cent, 2021: 19 per cent) and 25 per cent on liabilities (2022: 25 per cent, 2021: 19 per cent), recognising the applicable tax rate at the point when the timing difference is expected to reverse.

#### Deferred tax assets and liabilities

Significant components of deferred tax assets and liabilities for the year ended 31 March 2023 are as follows:

(£ millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from other equity reserves	Foreign exchange	Closing balance
<b>Deferred tax assets</b>						
Property, plant & equipment	1,088	(336)	-	-	-	752
Expenses deductible in future periods	228	(24)	-	-	-	204
Derivative financial instruments	125	30	(108)	(9)	-	38
Unrealised profit in inventory	73	45	-	-	-	118
Tax loss	19	214	-	-	-	233
Other	-	202	-	-	-	202
<b>Total deferred tax asset</b>	<b>1,533</b>	<b>131</b>	<b>(108)</b>	<b>(9)</b>	-	<b>1,547</b>
<b>Deferred tax liabilities</b>						
Intangible assets	1,090	(49)	-	-	-	1,041
Overseas unremitted earnings	105	15	-	-	-	120
Compensated absence and retirement benefits	107	54	(4)	-	-	157
<b>Total deferred tax liability</b>	<b>1,302</b>	<b>20</b>	<b>(4)</b>	-	-	<b>1,318</b>
Presented as deferred tax asset*	336					357
Presented as deferred tax liability*	(105)					(128)

\*For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

At 31 March 2023, deferred tax assets of £357 million (2022: £336 million, 2021: £397 million) have been recognised in relation to deductible temporary differences, including unused tax losses, on the basis that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised.

At 31 March 2023 the group had unused tax losses and other temporary differences amounting to £5,442 million (2022: £3,746 million, 2021: £2,693 million) for which no deferred tax asset had been recognised on the basis of either forecast profitability, or significant cumulative tax losses to date, in those companies in which the deferred tax assets arise. These tax losses are due to expire as follows:

As at 31 March (£ millions)	2023	2022	2021
No expiry	5,442	3,742	2,676
2027 or later	-	4	17

All deferred tax assets and deferred tax liabilities at 31 March 2023, 2022 and 2021 are presented as non-current.

Significant components of deferred tax assets and liabilities for the year ended 31 March 2022 were as follows:

(£ millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from other equity reserves	Foreign exchange	Closing balance
<b>Deferred tax assets</b>						
Property, plant & equipment	767	321	-	-	-	1,088
Expenses deductible in future periods	260	(43)	-	-	11	228
Derivative financial instruments	(24)	(28)	205	(28)	-	125
Retirement benefits	72	20	(92)	-	-	-
Unrealised profit in inventory	103	(30)	-	-	-	73
Tax loss	65	(46)	-	-	-	19
Other	51	(51)	-	-	-	-
<b>Total deferred tax asset</b>	<b>1,294</b>	<b>143</b>	<b>113</b>	<b>(28)</b>	<b>11</b>	<b>1,533</b>
<b>Deferred tax liabilities</b>						
Intangible assets	902	188	-	-	-	1,090
Overseas unremitted earnings	111	(6)	-	-	-	105
Compensated absence and retirement benefits	-	107	-	-	-	107
<b>Total deferred tax liability</b>	<b>1,013</b>	<b>289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,302</b>
Presented as deferred tax asset*	397					336
Presented as deferred tax liability*	(116)					(105)

\*For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

Significant components of deferred tax assets and liabilities for the year ended 31 March 2021 were as follows:

(£ millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from other equity reserves	Foreign exchange	Closing balance
<b>Deferred tax assets</b>						
Property, plant & equipment	635	132	-	-	-	767
Expenses deductible in future periods	377	(100)	-	-	(17)	260
Derivative financial instruments	70	12	(103)	(3)	-	(24)
Retirement benefits	(74)	3	143	-	-	72
Unrealised profit in inventory	125	(22)	-	-	-	103
Tax loss	219	(153)	-	-	(1)	65
Other	145	(94)	-	-	-	51
<b>Total deferred tax asset</b>	<b>1,497</b>	<b>(222)</b>	<b>40</b>	<b>(3)</b>	<b>(18)</b>	<b>1,294</b>
<b>Deferred tax liabilities</b>						
Intangible assets	1,043	(141)	-	-	-	902
Overseas unremitted earnings	110	1	-	-	-	111
<b>Total deferred tax liability</b>	<b>1,153</b>	<b>(140)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,013</b>
Presented as deferred tax asset*	523					397
Presented as deferred tax liability*	(179)					(116)

\*For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

An interest in an associate or joint venture is accounted for using the equity method from the date the investee becomes an associate or a joint venture and is recognised initially at cost. The carrying value of investments in associates and joint ventures includes goodwill identified on date of acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of profits or losses, other comprehensive income and equity movements of equity accounted investments, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investment, the carrying amount of that interest (including any long-term interests in the nature of net investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred constructive or legal obligations or has made payments on behalf of the investee.

When the Group transacts with a joint venture or associate of the Group, profits and losses are eliminated to the extent of the Group's interest in its joint venture or associate.

Dividends are recognised when the right to receive payment is established.

#### **Impairment of equity accounted investments**

The requirements of IAS 28 Investments in Associates and Joint ventures are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture or an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

#### (A) Associates

Details of the Group's associates as at 31 March 2023 are as follows:

<b>Name of investment</b>	<b>Proportion of voting rights</b>	<b>Principal place of business and country of incorporation</b>	<b>Principal activity</b>	<b>Registered office address</b>
Jaguar Cars Finance Limited	49.9%	England & Wales	Non-trading	280 Bishopsgate, London, EC2M 4RB, England
Synaptiv Limited	33.3%	England & Wales	Business and domestic software development	84 Kirkland Avenue, Ilford, Essex, England, IG5 0TN
Driveclubservice Pte. Limited	25.1%	Singapore	Holding company and mobility application owner/licensor	22 Sin Ming Lane, #06-76, Midview City, Singapore 573969
Driveclub Limited	25.8%	Hong Kong	Vehicle leasing	Unit A, 9/F, D2 Place ONE, 9 Cheung Yee Street, Lai Chi Kok, Kowloon, Hong Kong
ARC V Limited	15.0%	England & Wales	Manufacture and development of electrified vehicle technology	The Priory Barn Priory Road, Wolston, Coventry, United Kingdom, CV8 3FX

Except for Driveclub Limited and ARC V Limited, the proportion of voting rights disclosed in the table above is the same as the Group's interest in the ordinary share capital of each undertaking.

The Group has no material associates as at 31 March 2023. The aggregate summarised financial information in respect of Group's immaterial associates that are accounted for using the equity method is set out below.

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Carrying amount of the Group's interests in associates	-	-	-
<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Group's share of profit and total comprehensive income in associates	-	-	-

(B) Joint ventures

Details of the Group's material joint venture as at 31 March 2023 are as follows:

<b>Name of investment</b>	<b>Proportion of voting rights</b>	<b>Principal place of business and country of incorporation</b>	<b>Principal activity</b>	<b>Registered office address</b>
Chery Jaguar Land Rover Automotive Company Ltd.	50.0%	China	Manufacture and assembly of vehicles	Room 1102, Binjiang International Plaza, No 88 Tonggang Road, Changshu Economic and Technical Development Zone, Suzhou City, Jiangsu Province, China

Chery Jaguar Land Rover Automotive Company Ltd. is a limited liability company whose legal form confirms separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts or circumstances that indicate that the parties to the joint control of the arrangement have rights to the assets or obligations for the liabilities relating to the arrangement. Accordingly, Chery Jaguar Land Rover Automotive Company Ltd. is classified as a joint venture. Chery Jaguar Land Rover Automotive Company Ltd. is not publicly listed.

The joint venture is accounted for using the equity method and is a private company and there are no quoted market prices available for its shares.

The following tables sets out the summarised financial information of the Group's individually material joint venture, Chery Jaguar Land Rover Automotive Company Ltd., after adjusting for material differences in accounting policies:

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	396	391	323
Current financial liabilities (excluding trade and other payables and provisions)	(339)	(447)	(501)
Non-current financial liabilities (excluding trade and other payables and provisions)	(71)	(39)	(5)
Current assets	649	629	566
Current liabilities	(1,175)	(1,380)	(1,364)
Non-current assets	1,266	1,443	1,446
Non-current liabilities	(74)	(42)	(13)
<b>Net assets of material joint venture</b>	<b>666</b>	<b>650</b>	<b>635</b>

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Revenue	1,683	1,669	1,820
Profit/(loss) for the year	30	(36)	(83)
<b>Total comprehensive income/(expense)</b>	<b>30</b>	<b>(36)</b>	<b>(83)</b>
The above total comprehensive income/(expense) includes the following:			
Depreciation and amortisation	(176)	(181)	(201)
Interest income	10	5	7
Interest expense (net)	(14)	(17)	(20)
Income tax (charge)/credit	(11)	20	31

A reconciliation of the summarised financial information to the carrying amount of the Group's material joint venture recognised in the consolidated balance sheet is given below:

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Net assets of material joint venture</b>	<b>666</b>	<b>650</b>	<b>635</b>
Share of net assets of material joint venture	333	325	318
Other consolidation adjustments	(5)	(5)	(3)
<b>Carrying amount of the Group's material joint venture</b>	<b>328</b>	<b>320</b>	<b>315</b>

As at 31 March 2023, an adjustment of £5 million (2022: £5 million, 2021: £3 million) has been made to derecognise profit that has not yet been realised on goods sold by the Group to Chery Jaguar Land Rover Automotive Company Ltd.

During the year ended 31 March 2023, the Group received a dividend from Chery Jaguar Land Rover Automotive Company Ltd. of £nil (2022: £nil, 2021: £nil).

Details of the Group's immaterial joint ventures as at 31 March 2023 are as follows:

<b>Name of investment</b>	<b>Proportion of voting rights</b>	<b>Principal place of business and country of incorporation</b>	<b>Principal activity</b>	<b>Registered office address</b>
Jaguar Land Rover Switzerland Ltd	30.0%	Switzerland	Vehicle sales and distribution	Emil Frey Strasse, 5745 Safenwil
Inchcape JLR Europe Limited	30.0%	UK	Vehicle distribution	22a St James's Square, London, United Kingdom, SW1Y 5LP

The summarised financial information in respect of the Group's immaterial joint ventures accounted for using the equity method is set out below:

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Carrying amount of the Group's interests in immaterial joint ventures	1	1	1
<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Group's share of profit and total comprehensive income of immaterial joint ventures	-	-	-

(C) Summary of carrying amount of the Group's investment in equity accounted investees

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Carrying amount of material joint venture	328	320	315
Carrying amount of immaterial joint ventures	1	1	1
Carrying amount of immaterial associates	-	-	-
<b>Carrying amount of the Group's interests in equity accounted investees</b>	<b>329</b>	<b>321</b>	<b>316</b>
<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Share of profit/(loss) of material joint venture	15	(18)	(41)
Share of profit/(loss) of immaterial joint ventures	-	-	-
Share of profit/(loss) of immaterial associates	-	-	-
<b>Share of profit/(loss) of equity accounted investees</b>	<b>15</b>	<b>(18)</b>	<b>(41)</b>

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Currency translation differences – material joint venture	(7)	26	(11)
<b>Share of other comprehensive (expense)/income of equity accounted investees</b>	<b>(7)</b>	<b>26</b>	<b>(11)</b>

## 17 OTHER NON-CURRENT INVESTMENTS

The Group's other investments comprise equity investments of 10 per cent or less of the ordinary share capital of the investee companies and are designated as fair value through profit and loss financial instruments.

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Other investments	43	30	22
<b>Total other non-current investments</b>	<b>43</b>	<b>30</b>	<b>22</b>

During the year ended 31 March 2023, the Group invested £7 million (2022: £4 million, 2021: £4 million) in other investments. A fair value gain of £9 million was recognised during the year (2022: gain of £4 million, 2021: gain of £2 million).

The Group has no additional rights or influence over any of these equity investments other than the voting rights attached to the ordinary share capital, and during the year ended 31 March 2023 no dividends were received (2022, 2021: no dividends).

Disclosure of the valuation techniques applied in calculating the fair value of these other non-equity accounted investments is included in note 37(A).

## 18 OTHER FINANCIAL ASSETS

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Non-current</b>			
Restricted cash	9	10	8
Derivative financial instruments	71	98	249
Warranty reimbursement and other receivables	54	63	73
Other	15	14	11
<b>Total non-current other financial assets</b>	<b>149</b>	<b>185</b>	<b>341</b>
<b>Current</b>			
Restricted cash	11	13	12
Derivative financial instruments	101	185	281
Warranty reimbursement and other receivables	85	72	70
Accrued income	40	39	26
Other	138	85	88
<b>Total current other financial assets</b>	<b>375</b>	<b>394</b>	<b>477</b>

Other financial assets pledged as collateral against borrowings are disclosed in note 27.

Property, plant and equipment is stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Land is not depreciated.

Cost includes purchase price, non-recoverable taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

Interest cost incurred for constructed assets is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives of the assets are as follows:

<b>Class of property, plant and equipment</b>	<b>Estimated useful life (years)</b>
Buildings	10 to 40
Plant and equipment	3 to 30
Vehicles	3 to 10
IT equipment	3 to 10
Fixtures and fittings	3 to 20

The depreciation period for property, plant and equipment with finite useful lives is reviewed at least at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Freehold land is measured at cost and is not depreciated. Residual values are reassessed on an annual basis.

Depreciation is not recorded on assets under construction until construction and installation are complete and the asset is ready for its intended use. Assets under construction include capital advances. Depreciation is not recorded on heritage assets as the Group considers their residual value to approximate their cost.

An item of property, plant and equipment is derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition is included in profit or loss.

An annual review of the carrying value of heritage assets is performed as the assets are held at cost and not depreciated. Any write-down in the carrying value of heritage assets is recognised immediately in the consolidated income statement.

(£ millions)	Land and buildings	Plant and equipment	Vehicles	IT equipment	Fixtures and fittings	Heritage vehicles	Under construction	Total
<b>Cost</b>								
Balance at 1 April 2020	2,556	9,659	16	189	135	53	732	13,340
Additions	-	-	6	-	2	-	828	836
Transfers	27	606	-	-	-	-	(633)	-
Disposals	(5)	(15)	(3)	(1)	(3)	(4)	-	(31)
Impairment - asset write-downs	-	-	-	-	-	-	(237)	(237)
Foreign currency translation	(22)	(28)	-	(1)	(1)	-	1	(51)
<b>Balance at 31 March 2021</b>	<b>2,556</b>	<b>10,222</b>	<b>19</b>	<b>187</b>	<b>133</b>	<b>49</b>	<b>691</b>	<b>13,857</b>
Additions	1	-	-	12	11	-	657	681
Transfers	52	1,057	1	-	-	-	(1,110)	-
Disposals	(1)	(84)	(4)	(5)	(8)	(1)	-	(103)
Impairment - asset write-downs	-	-	-	-	-	-	(7)	(7)
Assets classified as held for sale	(8)	-	-	-	-	(2)	-	(10)
Foreign currency translation	-	1	(1)	-	(2)	-	-	(2)
<b>Balance at 31 March 2022</b>	<b>2,600</b>	<b>11,196</b>	<b>15</b>	<b>194</b>	<b>134</b>	<b>46</b>	<b>231</b>	<b>14,416</b>
Additions	-	-	-	18	6	-	506	530
Transfers	63	286	-	-	-	-	(349)	-
Transfers to right-of-use assets	(13)	-	-	-	-	-	-	(13)
Disposals	-	(217)	(1)	-	(1)	(4)	-	(223)
Assets classified as held for sale	(64)	-	-	-	-	(2)	-	(66)
Foreign currency translation	17	21	-	1	-	-	-	39
<b>Balance at 31 March 2023</b>	<b>2,603</b>	<b>11,286</b>	<b>14</b>	<b>213</b>	<b>139</b>	<b>40</b>	<b>388</b>	<b>14,683</b>
<b>Depreciation and impairment</b>								
Balance at 1 April 2020	401	5,914	7	94	79	31	-	6,526
Depreciation charge for the year	110	761	4	15	8	-	-	898
Disposals	(3)	(15)	(2)	(1)	(3)	-	-	(24)
Impairment - asset write-downs	4	2	-	-	-	-	-	6
Foreign currency translation	(2)	(5)	-	(2)	(1)	-	-	(10)
<b>Balance at 31 March 2021</b>	<b>510</b>	<b>6,657</b>	<b>9</b>	<b>106</b>	<b>83</b>	<b>31</b>	<b>-</b>	<b>7,396</b>
Depreciation charge for the year	111	728	2	14	8	-	-	863
Disposals	(1)	(84)	(1)	(5)	(6)	-	-	(97)
Assets classified as held for sale	(6)	-	-	-	-	-	-	(6)
Impairment - asset write-downs	-	-	-	-	-	3	-	3
Foreign currency translation	-	-	-	2	2	-	-	4
<b>Balance at 31 March 2022</b>	<b>614</b>	<b>7,301</b>	<b>10</b>	<b>117</b>	<b>87</b>	<b>34</b>	<b>-</b>	<b>8,163</b>
Depreciation charge for the year	116	824	-	15	7	-	-	962
Disposals	-	(206)	(1)	-	(1)	-	-	(208)
Assets classified as held for sale	(6)	-	-	-	-	-	-	(6)
Foreign currency translation	4	7	2	-	-	-	-	13
<b>Balance at 31 March 2023</b>	<b>728</b>	<b>7,926</b>	<b>11</b>	<b>132</b>	<b>93</b>	<b>34</b>	<b>-</b>	<b>8,924</b>
<b>Net book value</b>								
At 31 March 2021	2,046	3,565	10	81	50	18	691	6,461
At 31 March 2022	1,986	3,895	5	77	47	12	231	6,253
<b>At 31 March 2023</b>	<b>1,875</b>	<b>3,360</b>	<b>3</b>	<b>81</b>	<b>46</b>	<b>6</b>	<b>388</b>	<b>5,759</b>

As part of the Group's review of the carrying value of property, plant and equipment, £nil (2022: £3 million, 2021: £nil) of heritage vehicles have been written down and recognised as an expense within "Other expenses".

Asset write-downs for the year ending 31 March 2023 include £nil (2022: £7 million, 2021: £243 million) in relation to the Group's Reimagine strategy. The write-down expense was recognised in 'exceptional items' in the consolidated income statement.

Intangible assets purchased, including those acquired in business combinations, are measured at acquisition cost, which is the fair value on the date of acquisition, where applicable, less accumulated amortisation and accumulated impairment, if any. Intangible assets with indefinite lives are reviewed annually to determine whether an indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. For intangible assets with finite lives, amortisation is provided on a straight-line basis over the estimated useful lives of the intangible assets as per the estimated amortisation periods below:

<b>Class of intangible asset</b>	<b>Estimated amortisation period (years)</b>
Software	2 to 8
Patents and technological know-how	2 to 12
Customer related – retailer network	20
Intellectual property rights and other intangibles	3 to indefinite

The amortisation for intangible assets with finite useful lives is reviewed at least at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

Capital work-in-progress includes capital advances. Customer-related intangibles acquired in a business combination consist of dealer networks. Intellectual property rights and other intangibles mainly consist of brand names, which are considered to have indefinite lives due to the longevity of the brands.

#### **Internally generated intangible assets**

Research costs are charged to the consolidated income statement in the year in which they are incurred.

Product engineering costs incurred on new vehicle platforms, engines, transmission and new products are recognised as intangible assets – when feasibility has been established, the Group has committed technical, financial and other resources to complete the development and it is probable that the asset will generate future economic benefits. The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use. Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. Product engineering cost is amortised over the life of the related product, being a period of between two and ten years. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is not recorded on product engineering in progress until development is complete.

The Group undertakes significant levels of research and development activity, and for each vehicle programme a periodic review is undertaken. The Group applies judgement in determining at what point in a vehicle programme's life cycle the recognition criteria under IAS 38 are satisfied. If a later point had been used then this would have had the impact of reducing the amounts capitalised as product engineering costs.

The Group applies judgement in determining the proportion of central overhead allocated within development costs that are capitalised.

(£ millions)	Software	Patents and technological know-how	Customer related	Intellectual property rights and other intangibles	Product development - completed	Product development - in progress	Total
<b>Cost</b>							
Balance at 1 April 2020	802	147	61	652	7,572	2,472	11,706
Additions - externally purchased	73	-	-	-	-	-	73
Additions - internally developed	-	-	-	-	-	769	769
Transfers	-	-	-	-	1,404	(1,404)	-
Disposals	(1)	-	-	-	10	-	9
Impairment - asset write-downs	-	-	-	-	-	(749)	(749)
<b>Balance at 31 March 2021</b>	<b>874</b>	<b>147</b>	<b>61</b>	<b>652</b>	<b>8,986</b>	<b>1,088</b>	<b>11,808</b>
Additions - externally purchased	25	-	-	-	-	-	25
Additions - internally developed	-	-	-	-	-	457	457
Transfers	-	-	-	-	987	(987)	-
Disposals	(5)	-	-	(2)	(955)	-	(962)
Impairment - asset write-downs	-	-	-	-	-	(9)	(9)
<b>Balance at 31 March 2022</b>	<b>894</b>	<b>147</b>	<b>61</b>	<b>650</b>	<b>9,018</b>	<b>549</b>	<b>11,319</b>
Additions - externally purchased	56	-	-	-	-	-	56
Additions - internally developed	-	-	-	-	-	671	671
Transfers	-	-	-	-	473	(473)	-
Disposals	(3)	-	-	-	(828)	-	(831)
Foreign exchange	1	-	-	-	-	-	1
<b>Balance at 31 March 2023</b>	<b>948</b>	<b>147</b>	<b>61</b>	<b>650</b>	<b>8,663</b>	<b>747</b>	<b>11,216</b>
<b>Amortisation and impairment</b>							
Balance at 1 April 2020	527	147	42	165	4,547	-	5,428
Amortisation for the year	82	-	2	4	896	-	984
Disposals	(1)	-	-	-	10	-	9
<b>Balance at 31 March 2021</b>	<b>608</b>	<b>147</b>	<b>44</b>	<b>169</b>	<b>5,453</b>	<b>-</b>	<b>6,421</b>
Amortisation for the year	71	-	2	3	918	-	994
Disposals	(5)	-	-	(2)	(955)	-	(962)
<b>Balance at 31 March 2022</b>	<b>674</b>	<b>147</b>	<b>46</b>	<b>170</b>	<b>5,416</b>	<b>-</b>	<b>6,453</b>
Amortisation for the year	71	-	2	3	917	-	993
Disposals	(2)	-	-	-	(828)	-	(830)
<b>Balance at 31 March 2023</b>	<b>743</b>	<b>147</b>	<b>48</b>	<b>173</b>	<b>5,505</b>	<b>-</b>	<b>6,616</b>
<b>Net book value</b>							
At 31 March 2021	266	-	17	483	3,533	1,088	5,387
At 31 March 2022	220	-	15	480	3,602	549	4,866
<b>At 31 March 2023</b>	<b>205</b>	<b>-</b>	<b>13</b>	<b>477</b>	<b>3,158</b>	<b>747</b>	<b>4,600</b>

Asset write-downs for the year ending 31 March 2023 include £nil (2022: £nil, 2021: £709 million) in relation to the Group's Reimagine strategy. The Reimagine related write-down expense was recognised in 'exceptional items' in the consolidated income statement.

During the year ended 31 March 2023, central overheads of £77 million (2022: £52 million, 2021: £80 million) have been capitalised within product development - in progress.

#### Impairment testing

In accordance with prevailing accounting standards, management have performed an annual impairment assessment as at 31 January 2023, using the value in use ("VIU") approach to determine the recoverable value of the cash-generating unit ("CGU"). The date of the assessment was changed from that of the prior year (31 March) to better align with the business plan cycle. A subsequent assessment has been performed to the year-end date which has determined that there have been no events or changes in circumstances which would have changed the outcome of the assessment performed as at 31 January.

The directors are of the view that the operations of the Group, excluding equity accounted investments, represent a single CGU. This is because the degree of integrated development and manufacturing activities is such that no one group of assets has been determined to generate cash inflows that are independent of any other.

The impairment assessment determined that the CGU recoverable value exceeded the carrying amount by £1.5 billion (2022: £0.6 billion, 2021: £2.7 billion) and therefore no impairment was identified. The increase in headroom has largely been driven by the improved performance experienced in the latter part of the year. It was further determined that this increase did not require the reversal of the previously recorded impairment loss as the underlying drivers for the increased headroom do not support a reversal, after considering the unwind of the discount rate and the impact of depreciation and amortisation of impaired assets.

The Group has considered it appropriate to undertake the impairment assessment with reference to the Group approved business plan that was in effect as at the assessment date. The business plan includes a five-year cash flow forecast and contains growth rates that are primarily a function of the Group's Cycle Plan assumptions, historical performance and management's expectation of future market developments through to 2027/28.

In estimating the future cash flows management have given due consideration to the inherent uncertainty of forecast information and have adjusted some of the assumptions in the business plan to take into account possible variations in the amount or timing of the cashflows. In doing so, management has incorporated the following risks into the VIU, as well as other risks outlined on pages 46 to 49, that may impact future cashflows:

- execution risks associated with our 'Reimagine' strategy and the transition to electrified powertrain, with the supporting transformation plan '*Refocus 2.0*', detailed on pages 23 to 43, which includes a dedicated environmental sustainability strategy – 'Planet Regenerate';
- near-term supply chain challenges related to global chip shortages which has continued to impact the Group in FY23; and
- economical and geopolitical factors increasing inflationary pressures, driving up material costs in particular.

#### Climate risk

The Group recognises that the potential impact of climate risk to areas such as supply chain, operations, and material and compliance costs may result in variations to the timing and amounts of future cash flows. As such climate risk is incorporated into the development of our forecast cash flows in the VIU by reference to our climate change risk assessment. These risks are principally reflected by the risk adjustments related to the variable profit and volumes which would be most affected by climate change events, for example, scarcity of certain commodities driving up costs and therefore adversely impacting variable profit. Further details on our approach to sustainability are included in the Strategic Report on pages 23 to 43.

#### Key assumptions

The assessment of impairment is based on forecasts of future cashflows which are inherently uncertain and are developed using informed assumptions such as historical trends and market information. The directors consider the key assumptions that impact the value in use are those to which:

- (i) the recoverable amount is most sensitive;
- (ii) involve a significant amount of judgement and estimation; and
- (ii) drive significant changes to the recoverable amount when flexed under reasonably possible outcomes.

The directors' approach and key assumptions used to determine the Group's CGU VIU were as follows:

- **Variable profit per unit and volumes** – The approach to determining the forecast variable profit per unit and volumes is based on consideration of historical performance, the order bank, profit optimisation efforts and Group Cycle Plan assumptions, along with the impact of risks on future cashflows discussed above. A small change in either assumption may have a significant impact to future cashflows and for this reason, as well as the impact of risks associated with supply and inflationary pressures on variable profit and volumes, the directors consider variable profit per unit and volumes to be key assumptions. Further, the variable profit per unit and volumes included in the business plan are largely driven by an updated portfolio, which includes estimates and judgements related to the transition to electrified powertrain, including the introduction of new Jaguar.
- **Terminal value capital expenditure** – the 5-year cash flows timing and amount are based on the latest Cycle Plan. The terminal value is based on the best estimate of a maintenance level of capital expenditure which has been derived from depreciation and amortisation expectations and funding requirements in response to longer-term industry trends and risks informed by those listed above and increases in execution risks in particular, which are anticipated in the VIU calculation. Due to the judgement and estimation involved in the calculation of terminal value capital expenditure, as well as the sensitivity of the recoverable amount to any change in the value, the directors consider this to be a key assumption.
- **Discount rate** – the approach to determining the discount rate is based on the Capital Asset Pricing Model and a market participant after tax cost of debt. These inputs are based on a typical build up approach, calculated using country specific premiums without size premium and with an unlevered equity Beta with reference to industry peers. The increase in the year has mainly been driven by increases in the equity risk premium. The discount rate is regarded as a key assumption as it is the rate which drives the discounted cashflows used to determine the VIU of the CGU primarily due to the level of judgement and estimation involved and the sensitivity of the recoverable amount to small changes in the percentage.

The VIU assessment is sensitive to certain assumptions, such as Sales, General & Administration ("SG&A") costs, due to the relative total value but that involve limited judgement and estimation, and significant changes are not considered reasonably possible, and therefore are not considered to be key assumptions. Similarly, certain assumptions which involve greater judgement and estimation, such as growth rate of 1.7% (2022: 1.7%, 2021: 1.9%), but for which even relatively significant changes have a limited impact on the assessment are not regarded as key assumptions.

The value of key assumptions used to calculate the recoverable amount are as follows, presented as a % of Gross Vehicle Revenues ("GVR") to demonstrate the relative value to the assessment where noted:

<b>As at</b>	<b>31 January 2023</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Forecast period (Yr1-5) variable profit* (%GVR)	24.9%	24.4%	24.0%
Terminal value variable profit* (%GVR)	23.2%	24.8%	21.4%
Terminal value capital expenditure (%GVR)	8.1%	10.0%	8.9%
Pre-tax discount rate	15.6%	13.4%	13.6%

\*Based on forecast variable profit per unit and volumes.

#### Sensitivity to reasonably possible changes to key assumptions

Given the inherent uncertainty about the timing and amount of any change in key assumptions, as well as the significant portion of the recoverable amount related to the VIU terminal value, management consider a net impact on terminal period cash flows to be the best means of indicating the sensitivity of key assumptions.

Management considers the variable profit and volumes assumptions to be interdependent as movement in one assumption will impact the other, impacting the overall variable profit. For example, the profit optimisation efforts discussed above will likely result in higher average variable profit per unit with lower volumes whereas a focus on volumes would likely see a reduction in the average variable profit per unit. Consequently, the terminal value variable profit sensitivity below incorporates sensitivity in volumes via the impact on variable profit.

The table below shows the amount by which the value assigned to the key assumptions must change for the recoverable amount of the CGU to be equal to its carrying amount:

<b>As at</b>	<b>31 January 2023</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>% Change</b>	<b>% Change</b>	<b>% Change</b>
Forecast period (Yr1-5) variable profit	(6.0)%	(3.1)%	(12.7)%
Terminal value variable profit	(5.5)%	(2.1)%	(10.1)%
Terminal value capital expenditures	17.5%	5.8%	24.4%
Pre-tax discount rate	31.4%	8.7%	39.2%

In each of the four scenarios above, the sensitivity has been performed in isolation with all other assumptions remaining constant. The prior year comparatives have been restated to reflect the amount by which the pre-tax values (previously post-tax) of the assumptions would need to change for the recoverable amount to be equal to the CGU.

## 21 OTHER ASSETS

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Non-current</b>			
Prepaid expenses	66	24	17
Research and development expenditure credit	3	2	4
Other	6	9	11
<b>Total non-current other assets</b>	<b>75</b>	<b>35</b>	<b>32</b>
<b>Current</b>			
Recoverable VAT	252	204	200
Prepaid expenses	219	208	120
Research and development expenditure credit	121	63	104
Other	15	18	24
<b>Total current other assets</b>	<b>607</b>	<b>493</b>	<b>448</b>

## 22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments with an original maturity of up to three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value.

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	3,687	4,223	3,778

Cash and cash equivalents includes £45 million (2022: £33 million, 2021: £nil) which is not available for use by the wider group.

## 23 ALLOWANCES FOR TRADE AND OTHER RECEIVABLES

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
At beginning of year	4	7	11
Charged during the year	3	4	6
Receivables written off during the year as uncollectable	(2)	(6)	(1)
Unused amounts reversed	(1)	(1)	(9)
<b>At end of year</b>	<b>4</b>	<b>4</b>	<b>7</b>

Trade receivables with a contractual amount of £1 million (2022: £1 million, 2021: £nil) that were written off during the year are still subject to enforcement activity.

Trade receivables pledged as collateral against borrowings are disclosed in note 27.

## 24 INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs of raw materials and consumables are ascertained on a first-in, first-out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods, determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the Group and are amortised in changes in stocks and work-in-progress to their residual values (i.e. estimated second-hand sale value) over the term of the arrangement.

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Raw materials and consumables	148	135	110
Work-in-progress	504	488	371
Finished goods	2,589	2,129	2,525
Inventory basis adjustment	(3)	29	16
<b>Total inventories</b>	<b>3,238</b>	<b>2,781</b>	<b>3,022</b>

Inventories of finished goods include £402 million (2022: £361 million, 2021: £406 million) relating to vehicles sold to rental car companies, fleet clients and others with guaranteed repurchase arrangements.

Cost of inventories (comprising the cost of purchased products and the costs of conversion) recognised as an expense during the year amounted to £15,421 million (2022: £12,499 million, 2021: £13,917 million), including material and other cost of sales, employee costs, depreciation and production overheads recognised within other expenses.

During the year, the Group recorded an inventory write-down expense of £75 million (2022: £11 million, 2021: £16 million). The write-down is included in "Material and other cost of sales".

Inventories pledged as collateral against borrowings are disclosed in note 27.

## 25 ASSETS CLASSIFIED AS HELD FOR SALE

Assets are classified as held for sale if their carrying amount will be recovered primarily through sale rather than through continuing use, if the assets are available for immediate sale in their present condition and if the sale is highly probable. Immediately before classification as held for sale, the assets are measured in accordance with the Group's accounting policies. Once classified as held for sale, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Any write-downs on initial classification or subsequent remeasurement are recognised in the consolidated income statement. Gains are not recognised in excess of any cumulative impairment losses.

As at 31 March 2023, assets classified as held for sale comprise of the following:

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Land and buildings	35	2	-
Heritage assets	3	2	-
Other assets held for sale	24	-	-
<b>Total assets classified as held for sale</b>	<b>62</b>	<b>4</b>	<b>-</b>

Work to implement a disposal plan for each class of asset has already begun and is expected to be completed within twelve months of the balance sheet date. During the year ended 31 March 2023, write-downs of £26 million (2022, 2021: £nil) have been recognised in respect of assets held for sale where the carrying value of assets exceeded fair value less costs to sell.

## 26 ACCOUNTS PAYABLE

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Trade payables	4,305	3,616	4,238
Liabilities to employees	143	168	171
Liabilities for expenses	1,135	929	1,392
Capital creditors	308	431	507
<b>Total accounts payable</b>	<b>5,891</b>	<b>5,144</b>	<b>6,308</b>

Included within "liabilities for expenses" is £831 million (2022: £660 million, 2021: £1,101 million) relating to revenue reductions in the transaction price of vehicles sold - see note 5.

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Short-term borrowings</b>			
Bank loans	658	599	572
Current portion of long-term EURO MTF listed debt	571	779	399
Current portion of long-term loans	249	401	235
<b>Total short-term borrowings</b>	<b>1,478</b>	<b>1,779</b>	<b>1,206</b>
<b>Long-term borrowings</b>			
EURO MTF listed debt	3,512	3,953	3,921
Bank loans	1,053	1,260	1,037
Other unsecured	35	35	14
<b>Total long-term borrowings</b>	<b>4,600</b>	<b>5,248</b>	<b>4,972</b>
Lease obligations	710	570	519
<b>Total debt</b>	<b>6,788</b>	<b>7,597</b>	<b>6,697</b>

**Euro MTF listed debt**

The bonds are listed on the Luxembourg Stock Exchange multilateral trading facility (“EURO MTF”) market. Details of the tranches of the bonds outstanding at 31 March 2023 are as follows:

€650 million Senior Notes due 2024 at a coupon of 2.200 per cent per annum – issued January 2017  
\$500 million Senior Notes due 2027 at a coupon of 4.500 per cent per annum – issued October 2017  
€500 million Senior Notes due 2026 at a coupon of 4.500 per cent per annum – issued September 2018  
€500 million Senior Notes due 2024 at a coupon of 5.875 per cent per annum – issued November 2019  
€500 million Senior Notes due 2026 at a coupon of 6.875 per cent per annum – issued November 2019  
\$700 million Senior Notes due 2025 at a coupon of 7.750 per cent per annum – issued October 2020  
\$650 million Senior Notes due 2028 at a coupon of 5.875 per cent per annum – issued December 2020  
\$500 million Senior Notes due 2029 at a coupon of 5.500 per cent per annum – issued July 2021  
€500 million Senior Notes due 2028 at a coupon of 4.500 per cent per annum – issued July 2021

Details of the tranches of the bonds repaid in the year ended 31 March 2023 are as follows:

\$500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum – issued January 2013  
£400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum – issued February 2015

Details of the tranches of the bonds repaid in the year ended 31 March 2022 were as follows:

£400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum – issued January 2014

Details of the tranches of the bonds repaid in the year ended 31 March 2021 were as follows:

£300 million Senior Notes due 2021 at a coupon of 2.750 per cent per annum – issued January 2017

**Syndicated loan**

In October 2018, a \$1 billion syndicate loan was issued with a coupon rate of LIBOR + 1.900 per cent per annum, with \$798 million due in January 2025. \$200 million was paid during the year ended 31 March 2023.

**Factored receivables facility**

During the year ended 31 March 2023, the Group extended its factored receivables facility to \$900 million, ending 31 March 2025. Under the terms of the facility, the Group derecognises factored receivables in accordance with IFRS 9 as there are no recourse arrangements.

The related cash flows are reported within cash flows from operating activities within the consolidated statement of cash flows. Included within bank loans at 31 March 2023 is £70 million (2022, 2021: £nil) in relation to receivables that were repurchased during the year.

**UK export finance facility**

During the year ended 31 March 2020, the Group entered and drew down in full a £625 million five-year amortising loan facility backed by a £500 million guarantee from UK Export Finance. During the year ended 31 March 2023, the Group repaid £125 million (2022: £125 million, 2021: £125 million) of this loan. During the year ended 31 March 2022, the Group entered and drew down in full an additional £625 million five-year amortising loan facility.

The Group repaid £125 million of this additional facility in the year ended 31 March 2023 (2022: £31 million, 2021: £nil). These loans include a covenant requiring the Group to maintain a minimum liquidity of £1 billion.

#### China borrowings

During the year ended 31 March 2021, the Group entered into a 3-year RMB 5 billion syndicated revolving loan facility subject to an annual confirmatory review. This facility was cancelled during the year ended 31 March 2023 and replaced with a new 3-year RMB 5 billion syndicated revolving loan facility subject to an annual confirmatory review. The new facility is fully drawn at 31 March 2023 and is equivalent to £588 million at 31 March 2023 exchange rates.

In addition, during the year ended 31 March 2021, the Group entered into a parts factoring facility of which £nil is drawn down at 31 March 2023 (2022: £nil, 2021: £19 million).

#### Undrawn facilities

As at 31 March 2023, the Group has a fully undrawn revolving credit facility of £1,520 million (2022: £2,015 million, 2021: £1,935 million). The facility was renewed on 16 December 2022 with a new maturity date of April 2026 and includes a covenant requiring the Group to maintain a minimum quarter-end liquidity of £1.0 billion.

The Group's fleet buyback facility matured in December 2021 and had £3 million undrawn on this facility as at 31 March 2021. During the year ended 31 March 2022, the Group repaid the £110 million drawn on this facility.

#### Collateral pledged against borrowings

Inventory of £nil (2022: £nil, 2021: £138 million), trade receivables with a carrying amount of £nil (2022: £nil, 2021: £19 million) and other financial assets with a carrying of £20 million (2022, 2021: £13 million) are pledged as collateral/security against borrowings.

The contractual cash flows of interest-bearing debt (excluding leases) are set out below, including estimated interest payments and assuming the debt will be repaid at the maturity date.

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Due in			
1 year or less	1,742	2,104	1,492
2nd and 3rd years	2,891	2,508	1,270
4th and 5th years	1,666	1,899	3,198
More than 5 years	938	1,800	1,383
<b>Total contractual cash flows</b>	<b>7,237</b>	<b>8,311</b>	<b>7,343</b>

## 28 OTHER FINANCIAL LIABILITIES

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Current</b>			
Lease obligations	70	62	65
Interest accrued	95	95	84
Derivative financial instruments	461	445	238
Liability for vehicles sold under a repurchase arrangement	297	267	359
Other	-	1	-
<b>Total current other financial liabilities</b>	<b>923</b>	<b>870</b>	<b>746</b>
<b>Non-current</b>			
Lease obligations	640	508	454
Derivative financial instruments	472	338	169
Other	11	25	2
<b>Total non-current other financial liabilities</b>	<b>1,123</b>	<b>871</b>	<b>625</b>

## 29 PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. When the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022*</b>	<b>2021*</b>
<b>Current</b>			
Product warranty	696	604	643
Emissions compliance	9	79	122
Restructuring	5	118	283
Third party claims and obligations	300	108	63
Other provisions	79	80	50
<b>Total current provisions</b>	<b>1,089</b>	<b>989</b>	<b>1,161</b>
<b>Non-current</b>			
Product warranty	976	1,026	1,042
Emissions compliance	71	40	30
Other provisions	44	46	116
<b>Total non-current provisions</b>	<b>1,091</b>	<b>1,112</b>	<b>1,188</b>

\*The comparatives for the years ended 31 March 2022 and 31 March 2021 have been re-presented to align with presentation changes for the year ended 31 March 2023. Product Warranty and Restructuring amounts are consistent with previous years. Legal and product liability amounts disclosed in previous years are now split into Emissions compliance, Third party claims and obligations and Other provisions. Provisions for residual risk, environmental liability and other employee benefits obligations amounts disclosed in previous years are now grouped in Other provisions. This has not resulted in any change to reported 'total current provisions' or 'total non-current provisions'.

<b>Year ended 31 March 2023  (£ millions)</b>	<b>Product warranty</b>	<b>Emissions compliance</b>	<b>Restructuring</b>	<b>Third party claims and obligations</b>	<b>Other provisions</b>	<b>Total</b>
Opening balance	1,630	119	118	108	126	2,101
Provisions made during the year	863	81	24	704	46	1,718
Provisions used during the year	(763)	(99)	(115)	(421)	(15)	(1,413)
Unused amounts reversed in the year	(83)	(30)	(22)	(91)	(42)	(268)
Impact of unwind of discounting	25	-	-	-	-	25
Foreign currency translation	-	9	-	-	8	17
<b>Closing balance</b>	<b>1,672</b>	<b>80</b>	<b>5</b>	<b>300</b>	<b>123</b>	<b>2,180</b>

### **Product warranty provision**

The Group provides product warranties on all new vehicle sales in respect of manufacturing defects, which become apparent in the stipulated policy period dependent on the market in which the vehicle purchase occurred. The estimated liability for product warranty is recognised when products are sold or when new warranty programmes are initiated.

Provisions are recognised for the costs of repairing manufacturing defects, recall campaigns, customer goodwill (representing the Group's constructive obligation to its clients when managing those warranty claims) and the Group's other obligations under the warranty.

Assumptions are made on the type and extent of future warranty claims based on experience of the frequency and extent of vehicle faults and defects historically. The estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits and are regularly adjusted to reflect new information. The timing of outflows will vary as and when a warranty claim will arise.

The Group's calculation methodology uses historical data corrected for experience as information becomes available as well as individual campaign assumptions (such as scope, uptake rates and repair costs). This can lead to changes in the carrying value of provisions as assumptions are updated over the life of each warranty; however there are no individual assumptions that can be reasonably expected to move over the next financial year to such a degree that it would result in a material adjustment to the warranty provision.

The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation.

The Group also has back-to-back contractual arrangements with its suppliers in the event that a vehicle fault is proven to be a supplier's fault. Estimates are made of the expected reimbursement claims based upon historical levels of recoveries by supplier, adjusted for inflation and applied to the population of vehicles under warranty at the balance sheet date. Supplier reimbursement claims are presented as separate assets within "Other financial assets" in note 18. Supplier recoveries are recognised only when the Group considers there to be virtual certainty over the reimbursement, which also requires historical evidence to support.

The Group notes that changes in the automotive environment regarding the increasing impact of battery electric vehicles presents its own significant challenges, particularly due to the lack of maturity and historical data available at this time to help inform estimates for future warranty claims, as well as any associated recoveries from suppliers due to such claims. The Group offers warranties of up to eight years on batteries in electric vehicles. The related provisions are made with the Group's best estimate at this time to settle such obligations in the future, but will be required to be continually refined as sufficient, real-world data becomes available.

### **Restructuring provision**

The restructuring provision includes amounts for third party obligations arising from Group restructuring programmes. This includes amounts payable to employees following the announcement of the Group's Reimagine strategy in the year ending 31 March 2021 as well as other Group restructuring programmes. Amounts are also included in relation to legal and constructive obligations made to third parties in connection with cancellations under the Group's Reimagine strategy.

The estimated liability for restructuring activities is recognised when the Group has reason to believe there is a legal or constructive obligation arising from restructuring actions taken.

The amount provided at the reporting date is calculated based on currently available facts and certain estimates for those obligations (see note 4, Exceptional items). These estimates are established using historical experience based on the settlement costs for similar liabilities, with proxies being used where no direct comparison exists.

The amounts and timing of outflows will vary as and when restructuring obligations are progressed with third parties.

### **Third party claims and obligations**

A provision is maintained in respect of legal and constructive obligations to third parties. This includes claims and obligations related to supplier claims, motor accident claims, consumer complaints, retailer terminations, employment cases and personal injury claims. The increase in the year is driven mainly by supplier claims related to the significant inflation experienced during the period as well as lower than expected volumes.

The provision recognised is based on previous experience, which is considered as a reasonable assumption to estimate the final settlement, if any, at the time of the claim. The timing and amount of outflows will vary with decreasing uncertainty from the point at which each claim is received to when it is subsequently settled.

### **Emissions compliance**

The Group maintains a provision for non compliance with legal emissions requirements for certain jurisdictions. The measurement of the provision considers the sales volume in that jurisdiction and the fee or cost per the applicable legislation. The Group aims to mitigate non-compliance risk by purchasing emission credits, participating in emission pools or, subject to the terms of the relevant legislation, generating credits by producing and selling compliant vehicles in the future. The measurement of the provision at the balance sheet date does not include the impact of credits forecast to be generated in the future via the production and sale of compliant vehicles.

The timing of outflows will vary and is not known with certainty.

#### Other provisions

Other provisions predominantly include the environmental liability and residual risk provisions. The timing of outflows will vary and is not known with certainty.

#### 30 OTHER LIABILITIES

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Current</b>			
Liabilities for advances received	51	122	61
Ongoing service obligations	301	286	315
VAT	98	95	122
Other taxes payable	70	161	120
Other	8	10	20
<b>Total current other liabilities</b>	<b>528</b>	<b>674</b>	<b>638</b>
<b>Non-current</b>			
Ongoing service obligations	478	395	451
Other	9	9	10
<b>Total non-current other liabilities</b>	<b>487</b>	<b>404</b>	<b>461</b>

#### 31 CAPITAL AND RESERVES

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Authorised, called up and fully paid</b>			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
<b>Total ordinary share capital</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The capital redemption reserve of £167 million (2022, 2021: £167 million) was created in March 2011 on the cancellation of share capital.

## 3.2 OTHER RESERVES

The movement of reserves is as follows:

(£ millions)	Translation reserve	Hedging reserve	Cost of hedging reserve	Retained earnings	Total other reserves
<b>Balance at 1 April 2022</b>	(333)	(454)	19	3,603	2,835
Loss for the year	-	-	-	(60)	(60)
Remeasurement of defined benefit obligation	-	-	-	(14)	(14)
Loss on effective cash flow hedges	-	(687)	(50)	-	(737)
Income tax related to items recognised in other comprehensive income	-	15	5	4	24
Cash flow hedges reclassified to profit and loss	-	618	(16)	-	602
Income tax related to items reclassified to profit or loss	-	(132)	4	-	(128)
Amounts removed from hedge reserve and recognised in inventory	-	40	5	-	45
Income tax related to amounts removed from hedge reserve and recognised in inventory	-	(8)	(1)	-	(9)
Currency translation differences	13	-	-	-	13
<b>Balance at 31 March 2023</b>	(320)	(608)	(34)	3,533	2,571
Of which:					
Amounts related to continuing hedges	n/a	(605)	(34)	n/a	(639)
Amounts related to discontinued hedges	n/a	(3)	-	n/a	(3)
<b>Balance at 1 April 2021</b>	(357)	136	1	3,806	3,586
Loss for the year	-	-	-	(818)	(818)
Remeasurement of defined benefit obligation	-	-	-	707	707
(Loss)/gain on effective cash flow hedges	-	(842)	31	-	(811)
Income tax related to items recognised in other comprehensive income	-	197	(8)	(92)	97
Cash flow hedges reclassified to profit and loss	-	(67)	(18)	-	(85)
Income tax related to items reclassified to profit or loss	-	13	3	-	16
Amounts removed from hedge reserve and recognised in inventory	-	134	13	-	147
Income tax related to amounts removed from hedge reserve and recognised in inventory	-	(25)	(3)	-	(28)
Currency translation differences	24	-	-	-	24
<b>Balance at 31 March 2022</b>	(333)	(454)	19	3,603	2,835
Of which:					
Amounts related to continuing hedges	n/a	(444)	19	n/a	(425)
Amounts related to discontinued hedges	n/a	(10)	-	n/a	(10)
<b>Balance at 1 April 2020</b>	(316)	(286)	(33)	5,515	4,880
Loss for the year	-	-	-	(1,101)	(1,101)
Remeasurement of defined benefit obligation	-	-	-	(751)	(751)
Gain on effective cash flow hedges	-	400	37	-	437
Income tax related to items recognised in other comprehensive income	-	(76)	(6)	143	61
Cash flow hedges reclassified to profit and loss	-	116	(7)	-	109
Income tax related to items reclassified to profit or loss	-	(22)	1	-	(21)
Amounts removed from hedge reserve and recognised in inventory	-	5	11	-	16
Income tax related to amounts removed from hedge reserve and recognised in inventory	-	(1)	(2)	-	(3)
Currency translation differences	(41)	-	-	-	(41)
<b>Balance at 31 March 2021</b>	(357)	136	1	3,806	3,586
Of which:					
Amounts related to continuing hedges	n/a	129	1	n/a	130
Amounts related to discontinued hedges	n/a	7	-	n/a	7

### Translation Reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of operations with a function currency other than GBP.

#### **Hedging Reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

#### **Cost of Hedging Reserve**

The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in other comprehensive income and accounted for similarly to gains or losses in the hedging reserve.

### **33 DIVIDENDS**

During the year ended 31 March 2023 no ordinary share dividends were proposed or paid (2022, 2021: £nil).

### **34 EMPLOYEE BENEFITS**

#### **Pension Schemes**

The Group operates several defined benefit ('DB') pension plans; these include two large and one smaller defined benefit plan in the UK. The UK DB plans are administered by a separate trustee and the assets of the plans are generally held in separate funds selected and overseen by the trustee. These plans were contracted out of the state second pension (S2P) scheme until 5 April 2016. The plans provide benefits for members including a monthly pension after retirement based on salary and service as set out in the rules of each plan.

Contributions to the plans by the Group take into consideration the results of actuarial valuations. The UK defined benefit plans were closed to new joiners in April 2010. The Group also operates a number of small benefit arrangements worldwide (the liabilities for these amount to around 0.6% of the Group total).

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial updates being carried out at the end of each reporting period.

Defined benefit costs are split into four categories:

- Current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest cost;
- Administrative expenses; and
- Remeasurements.

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding interest) is recognised immediately in the consolidated balance sheet with a charge or credit to the consolidated statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled to profit or loss.

Past service cost, including curtailment gains and losses, is generally recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability, adjusted for expected cashflows during the period. From the year ended 31 March 2020, at the point a past service cost is incurred, re-measurement of the income statement cost is considered and will be re-calculated if there is a material change.

The Group presents these defined benefit costs within "Employee costs" in the consolidated income statement (see note 7).

Separate defined contribution plans are available to all other employees of the Group. Costs in respect of these plans are charged to the consolidated income statement as incurred.

#### **Post-retirement Medicare scheme**

Under these unfunded schemes, employees of some subsidiaries receive medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Group as part of an early separation scheme, on medical grounds or due to permanent disablement, may also be covered under the scheme. The applicable subsidiaries (and therefore, the Group) account for the liability for the post-retirement medical scheme based on an annual actuarial valuation where appropriate.

#### **Actuarial gains and losses**

Actuarial gains and losses relating to retirement benefit plans are recognised in the consolidated statement of comprehensive income in the year in which they arise.

## **Measurement date**

The measurement date of all retirement plans is 31 March.

The trustee of the pension schemes is required by law to act in the interest of the members and of all relevant stakeholders in the schemes and is responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of the trustee must be composed of representatives of the Group and scheme participants in accordance with each scheme's regulations.

Through its defined benefit pension schemes, the Group is exposed to a number of risks, the most significant of which are detailed below.

### **Asset volatility**

The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if the schemes' assets underperform against these corporate bonds, this will create or increase a deficit. The defined benefit schemes hold a significant proportion of equity-type assets, which are expected to outperform corporate bonds in the long-term although introduce volatility and risk in the short-term.

The UK schemes hold a substantial level of index-linked gilts and other inflation and interest rate hedging instruments, together with other bond type assets, in order to reduce the volatility of assets compared to the liability value, although these will lead to asset value volatility.

As the schemes mature, the Group intends to reduce the level of investment risk by investing more in assets for which expected income is a better match for the expected benefit obligations.

However, the Group believes that due to the long-term nature of the schemes' liabilities and the strength of the supporting group, a level of continuing equity-type investments is currently an appropriate element of the Group's long-term strategy to manage the schemes efficiently.

The Trustees and the Group are engaged in ongoing discussions to control the impact of climate risk on the schemes' funding. The current diversified asset profile of the UK plans should reduce exposure to climate risks.

### **Changes in bond yields**

A decrease in corporate bond yields will increase the schemes' liabilities, although this is expected to be partially offset by an increase in the value of the schemes' assets, specifically the bond holdings and interest rate hedging instruments.

### **Inflation risk**

Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the schemes against high inflation). As noted above, the schemes hold a significant proportion of assets in index-linked gilts, together with other inflation hedging instruments and also assets that are more closely correlated with inflation. However, an increase in inflation may still create a deficit or increase an existing deficit to some degree.

#### Impact of turbulence in UK Gilt market during 2022

During September 2022, following sustained increases in UK real gilt yields over the summer, the Group witnessed an unprecedented spike in both nominal and real yields for UK Gilts together with a sharp fall in the value of sterling. This created knock on effects for the UK bond market.

Like most UK defined benefit plans, the JLR schemes use Gilts, Gilt repos and interest rate/inflation swaps to manage a portion of the interest rate and inflation risk inherent in the funding arrangements for our schemes. Furthermore, a portion of sterling currency risk is hedged. Largely these hedging instruments are held on a segregated basis providing greater transparency and control than pooled fund approaches to hedging.

Interest rate and inflation risks are hedged based on the Technical Provisions liability (ie lower than the Gilts flat or Buy-out liability) which is similar in magnitude to the accounting liability. Gilt & swap instruments are used to hedge non-pensioner liabilities. A cashflow matching policy applies for pensioner liabilities which is largely implemented with bonds rather than Gilts. Furthermore, action was taken to reduce the hedge ratio for non-pensioner liabilities early in July 2022. As a result, the magnitude of interest rate hedging using Gilt & swap instruments was moderated.

Nonetheless, the sharp increases in nominal and real yields, together with the fall in sterling, created a large liquidity requirement for our schemes. The company and the Trustee worked together to agree appropriate actions to meet this requirement and also control the risk of further liquidity calls. We are pleased that the agreed actions were sufficient to meet cash requirements without recourse to the Company for additional liquidity.

Changes in financial conditions over the year ended 31 March 2023 have resulted in large changes in the pension assets and liabilities reported for accounting purposes. Higher bond yields reduced our balance sheet pension liabilities substantially, despite the increase to inflation expectations, as most inflationary increases to benefits are capped. The full expectation for future inflationary increases under the rules of the schemes is recognised in the defined benefits obligation, allowing for the caps in place. There are no discretionary increases planned and we do not make any allowance for these. Whilst market values of assets also reduced due to lower values of hedging and bond assets, the net result was a temporary increase in the pension surplus at that time.

The schemes remain in surplus on the accounting and the funding basis, therefore no additional cash requirements have been created by the Gilt market turmoil. In fact, the expected cost of funding future benefit accrual has reduced materially.

UK Gilt and bond market conditions have stabilised over the subsequent months, although with higher long term Gilt yields (both nominal and real) and higher nominal bond yields. The long term investment strategy remains consistent with prior years, although higher levels of liquidity are now held.

#### **Life expectancy**

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant in the UK defined benefit schemes, where inflationary increases result in higher sensitivity to changes in life expectancy. While COVID-19 has had an impact on mortality in the period ended 31 March 2023, the long-term impact on future mortality trends is currently unknown and consequently no adjustment has been made to mortality assumptions in this regard.

The following tables set out the disclosures pertaining to the retirement benefit amounts recognised in the consolidated financial statements prepared in accordance with IAS 19:

#### Change in present value of defined benefit obligation

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Defined benefit obligation at beginning of year	7,522	8,432	7,788
Current service cost	82	116	131
Past service cost	(155)	-	16
Interest expense	212	176	166
Actuarial (gains)/losses arising from:			
Changes in demographic assumptions	-	10	(21)
Changes in financial assumptions	(2,357)	(705)	869
Experience adjustments	156	(3)	(75)
Exchange differences on foreign schemes	2	-	(2)
Member contributions	1	2	1
Benefits paid	(374)	(506)	(441)
<b>Defined benefit obligation at end of year</b>	<b>5,089</b>	<b>7,522</b>	<b>8,432</b>

Change in present value of scheme assets

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Fair value of schemes' assets at beginning of year	7,931	8,045	8,168
Interest income	245	170	170
Remeasurement (loss)/gain on the return of plan assets, excluding amounts included in interest income	(2,215)	9	22
Administrative expenses	(26)	(27)	(22)
Exchange differences on foreign schemes	-	-	(1)
Employer contributions	164	238	148
Member contributions	1	2	1
Benefits paid	(374)	(506)	(441)
<b>Fair value of schemes' assets at end of year</b>	<b>5,726</b>	<b>7,931</b>	<b>8,045</b>

The actual return on the schemes' assets for the year ended 31 March 2023 was £1,970 million (2022: £179 million, 2021: £192 million).

Amounts recognised in the consolidated income statement consist of:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Current service cost	82	116	131
Past service (credit)/cost	(155)	-	16
Administrative expenses	26	27	22
Net interest (income)/cost (including onerous obligations)	(33)	6	(4)
<b>Components of defined benefit (income)/cost recognised in the consolidated income statement</b>	<b>(80)</b>	<b>149</b>	<b>165</b>

Amounts recognised in the consolidated statement of comprehensive income consist of:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Actuarial (losses)/gains arising from:			
Changes in demographic assumptions	-	(10)	21
Changes in financial assumptions	2,357	705	(869)
Experience adjustments	(156)	3	75
Remeasurement (loss)/gain on the return of schemes' assets, excluding amounts included in interest income	(2,215)	9	22
<b>Remeasurement (loss)/gain on net defined benefit obligation</b>	<b>(14)</b>	<b>707</b>	<b>(751)</b>

Amounts recognised in the consolidated balance sheet consist of:

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligations	(5,089)	(7,522)	(8,432)
Fair value of schemes' assets	5,726	7,931	8,045
<b>Net retirement benefit obligation</b>	<b>637</b>	<b>409</b>	<b>(387)</b>
Presented as non-current asset	659	434	-
Presented as non-current liability	(22)	(25)	(387)

The most recent valuations of the defined benefit schemes for accounting purposes were carried out at 31 March 2023 by a qualified independent actuary. For the UK schemes this is based on membership data as at 1 April 2022 for the JPP & LRPS and at 1 April 2021 for the smaller JEPP. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method. The asset valuations are taken from the asset custodian for each scheme together with the balance of the Trustee bank accounts.

The principal assumptions used in accounting for the pension schemes are set out below:

<b>As at 31 March</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Discount rate	4.8%	2.8%	2.1%
Expected rate of increase in benefit revaluation of covered employees	1.9%	2.2%	2.1%
RPI inflation rate	3.0%	3.5%	3.1%
CPI inflation rate (capped at 5% p.a.)	2.5%	-	-
CPI inflation rate (capped at 2.5% p.a.)	1.7%	1.9%	1.8%

For the valuation at 31 March 2023, the mortality assumptions used are the Self-Administered Pension Schemes ('SAPS') mortality base table, S2Px A tables ("Light" tables for members of the Jaguar Executive Pension Plan).

- For the Jaguar Pension Plan, scaling factors of 101 per cent to 115 per cent have been used for male members and scaling factors of 103 per cent to 118 per cent have been used for female members.
- For the Land Rover Pension Scheme, scaling factors of 105 per cent to 117 per cent have been used for male members and scaling factors of 100 per cent to 116 per cent have been used for female members.
- For the Jaguar Executive Pension Plan, scaling factors of 93 per cent to 97 per cent have been used for male members and scaling factors of 91 per cent to 96 per cent have been used for female members.

For the valuation at 31 March 2022, the mortality assumptions used were the SAPS mortality base table, S2Px A tables ("Light" tables for members of the Jaguar Executive Pension Plan).

- For the Jaguar Pension Plan, scaling factors of 101 per cent to 115 per cent have been used for male members and scaling factors of 103 per cent to 118 per cent have been used for female members.
- For the Land Rover Pension Scheme, scaling factors of 105 per cent to 117 per cent have been used for male members and scaling factors of 100 per cent to 116 per cent have been used for female members.
- For the Jaguar Executive Pension Plan, scaling factors of 93 per cent to 97 per cent have been used for male members and scaling factors of 91 per cent to 96 per cent have been used for female members.

For the valuation at 31 March 2021, the mortality assumptions used were the SAPS mortality base table, S2Px A tables ("Light" tables for members of the Jaguar Executive Pension Plan).

- For the Jaguar Pension Plan, scaling factors of 111 per cent to 117 per cent have been used for male members and scaling factors of 101 per cent to 112 per cent have been used for female members.
- For the Land Rover Pension Scheme, scaling factors of 107 per cent to 111 per cent have been used for male members and scaling factors of 101 per cent to 109 per cent have been used for female members.
- For the Jaguar Executive Pension Plan, an average scaling factor of 94 per cent has been used for male members and an average scaling factor of 84 per cent has been used for female members.

For the 2023 year end calculations there is an allowance for future improvements in line with the CMI (2021) projections and an allowance for long-term improvements of 1.25 per cent per annum and a smoothing parameter of 7.5 (2022: CMI (2021) projections with 1.25 per cent per annum improvements and a smoothing parameter of 7.5, 2021: CMI (2020) projections with 1.25 per cent per annum improvements and a smoothing parameter of 7.5).

The assumed life expectancies on retirement at age 65 are:

<b>As at 31 March (years)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Retiring today:			
Males	21.5	21.6	21.0
Females	23.8	23.8	23.3
Retiring in 20 years:			
Males	22.9	23.0	22.4
Females	25.7	25.7	25.2

A past service credit of £155 million has been recognised in the year ended 31 March 2023 in relation to a change in indexation for some benefits. It has been agreed with the Trustees that the inflationary index for pension increases in payment and deferment will change from RPI to CPI with effect from 1 July 2022 for future increases for those members of the Schemes where this change was deemed appropriate. The P&L items have been remeasured as at 30 June 2022 for the remainder of the period as required.

A past service cost of £9 million was recognised in the year ended 31 March 2021 following a further High Court ruling, published on 20 November 2020, that provided clarification on the obligations of pension plan trustees to equalise past transfer values allowing for the effect of unequal Guaranteed Minimum Pensions ('GMP') between 17 May 1990 and 5 April 1997 ("GMP equalisation"). The Group had previously recognised a past service cost of £17 million in the year ended 31 March 2019, following the High Court ruling in 2018 in respect of GMP equalisation, and has retained this allowance at 31 March 2023 but adjusted for the passage of time and to reflect the estimated impact of changes in market conditions.

A further past service cost of £7 million was also recognised in the year ended 31 March 2021. This reflected benefit improvements for certain members as part of the Group restructuring programme that commenced in the year ended 31 March 2021.

All past service costs are recognised in 'exceptional items' in the consolidated income statement. See Note 4 for further information.

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

<b>Assumption</b>	<b>Change in assumption</b>	<b>Impact on scheme liabilities</b>	<b>Impact on service cost</b>
Discount rate	Increase/decrease by 0.25%	Decrease/increase by c.£191 million	Decrease/increase by £3 million
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by c.£104 million	Increase/decrease by £2 million
Mortality	Increase/decrease in life expectancy by 1 year	Increase/decrease by c.£145 million	Increase/decrease by £1 million

The fair value of schemes' assets is represented by the following major categories:

As at 31 March (£ millions)	2023			2022			2021					
	Quoted	Un-quoted	Total	%	Quoted	Un-quoted	Total	%	Quoted	Un-quoted	Total	%
<b>Equity instruments</b>												
Information technology	-	-	-	-	-	127	127	2%	-	134	134	2%
Energy	-	-	-	-	-	18	18	-	-	11	11	-
Manufacturing	-	-	-	-	-	96	96	1%	-	75	75	1%
Financials	-	-	-	-	-	41	41	1%	-	48	48	1%
Other	-	-	-	-	-	173	173	2%	-	267	267	3%
	-	-	-	-	-	455	455	6%	-	535	535	7%
<b>Debt instruments</b>												
Government bonds	1,830	(339)	1,491	26%	1,813	65	1,878	23%	1,625	88	1,713	21%
Corporate bonds (investment grade)	768	250	1,018	19%	1,149	310	1,459	18%	1,340	243	1,583	20%
Corporate bonds (Non investment grade)	-	759	759	13%	-	973	973	12%	-	1,061	1,061	13%
	2,598	670	3,268	58%	2,962	1,348	4,310	53%	2,965	1,392	4,357	54%
<b>Property funds</b>												
UK	-	289	289	5%	-	307	307	4%	-	304	304	4%
Other	-	230	230	4%	-	240	240	3%	-	201	201	3%
	-	519	519	9%	-	547	547	7%	-	505	505	7%
Cash and cash equivalents	52	254	306	5%	75	363	438	6%	74	192	266	3%
<b>Other</b>												
Hedge funds	-	312	312	5%	-	506	506	6%	-	496	496	6%
Private markets	-	1,078	1,078	19%	-	998	998	13%	-	824	824	10%
Alternatives	-	186	186	3%	-	462	462	6%	-	641	641	8%
	-	1,576	1,576	27%	-	1,966	1,966	25%	-	1,961	1,961	24%
<b>Derivatives</b>												
Foreign exchange contracts	-	17	17	-	-	(35)	(35)	-	-	15	15	-
Interest rate and inflation swaps	-	40	40	1%	-	250	250	3%	-	361	361	4%
Equity protection derivatives	-	-	-	-	-	-	-	-	-	48	48	1%
	-	57	57	1%	-	215	215	3%	-	424	424	5%
<b>Total</b>	<b>2,650</b>	<b>3,076</b>	<b>5,726</b>	<b>100%</b>	<b>3,037</b>	<b>4,894</b>	<b>7,931</b>	<b>100%</b>	<b>3,039</b>	<b>5,009</b>	<b>8,048</b>	<b>100%</b>

As at 31 March 2023, the schemes held Gilt Repos. The net value of these transactions is included in the value of government bonds in the table above. The gross value of the funding obligation for the Repo transactions is £487 million at 31 March 2023 (2022: £1,462 million, 2021: £2,057 million).

JLR assigns an accounting level (1, 2 or 3) to asset holdings in order to reflect the level of judgement involved in the valuation of an asset. In assigning the level JLR balances consistency between asset holdings, consistency from year to year and manager/other assessments. JLR designates level 1 to direct holdings of liquid assets where an active market exists.

Custodian accounts where underlying assets are regularly traded or where comparable assets have traded values are designated level 2, for example derivatives (including net value of swaps) and some property holdings. Assets which are not designated as level 1 or 2 are designated as level 3. Level 1 assets are reported as quoted, level 2 and 3 unquoted. Repo obligations are noted separately.

Private Equity holdings have been measured using the most recent valuations, adjusted for cash and currency movements between the last valuation date and 31 March 2023. Given the movements in listed equity markets, the valuation of Private Equity holdings may vary significantly. The value of the Private Equity holdings in the JLR UK Plans included above is £762 million as at 31 March 2023 (2022: £661 million, 2021: £453 million).

Jaguar Land Rover contributes towards the UK defined benefit schemes. Statutory funding valuations are carried out every three years, the latest valuation as at 31 March 2021 was completed on 30 June 2022. The valuations resulted in revised schedules of contributions effective from 1 July 2022. At the point the valuations were agreed each plan was in surplus and, therefore, there are no further deficit recover contributions currently payable. The ongoing Group contribution rate for defined benefit accrual for FY23 was c.24 per cent of pensionable salaries in the UK, however following changes in financial conditions, from 1 April 2023 this reduced to c.10 per cent. The ongoing rate will vary to reflect prevailing financial conditions over time. The next statutory funding valuations are scheduled as at 31 March 2024 and are expected to be completed by 30 June 2025.

JLR has taken legal advice considering the documentation of the UK schemes and the regulatory environment. This confirmed the recoverability of any surplus in the scheme via reduced future contributions or settlement and JLR has based its accounting judgement on this advice.

The average duration of the benefit obligations at 31 March 2023 is 14.5 years (2022: 17.5 years, 2021: 19.0 years). Higher net discount rates have the effect of reducing the duration of the liabilities and vice versa.

The expected net periodic pension cost for the year ended 31 March 2024 is expected to be £39 million. The Group expects to pay £30 million to its defined benefit schemes, in total, for the year ended 31 March 2024 (excluding member contributions through salary sacrifice).

#### Defined contribution schemes

The Group's contribution to defined contribution schemes for the year ended 31 March 2023 was £100 million (2022: £83 million, 2021: £86 million).

## 35 COMMITMENTS AND CONTINGENCIES

The following includes a description of contingencies and commitments. The Group assesses such commitments and claims as well as monitors the legal environment on an ongoing basis, with the assistance of external legal counsel wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in the financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the consolidated financial statements but does not record a liability unless the loss becomes probable. Such potential losses may be of an uncertain timing and / or amounts.

As at 31 March (£ millions)	2023	2022*	2021*
Contingencies:			
▪ Third party claims and obligations	601	334	140
▪ Taxes and duties	61	75	50
▪ Other	121	161	153
Commitments:			
▪ Plant and equipment	386	735	862
▪ Intangible assets	15	15	16
Pledged as collateral/security against the borrowings and commitments:			
▪ Inventory	-	-	138
▪ Trade receivables	-	-	19
▪ Other financial assets	20	13	13

\*The comparatives for the year ended 31 March 2022 and 31 March 2021 have been re-presented to align with presentation changes for the year ended 31 March 2023. Litigation and product related amounts disclosed in previous years, in addition to third party claims previously disclosed under Other, are now presented together in Third Party Claims and Obligations. This has not resulted in any change to total contingent liabilities and commitments disclosed.

## Contingencies

Contingencies relates to legal and constructive obligations to third parties. There are claims and obligations against the Group which management has not recognised, as settlement is not considered probable. These claims and obligations relate primarily to the following:

- third party claims and obligations primarily supplier claims;
- tax and duty; and,
- other, including consumer complaints, retailer terminations, employment cases and personal injury claims.

The increase in the year is driven mainly by supplier claims related to the significant inflation experienced during the period as well as lower than expected volumes.

## Commitments

The Group has entered into various contracts with vendors and contractors for the acquisition of plant and equipment and various civil contracts of a capital nature and the acquisition of intangible assets.

### Joint venture

Stipulated within the joint venture agreement with Chery Jaguar Land Rover Automotive Ltd., and subsequently amended by a change to the Articles of Association of Chery Jaguar Land Rover Automotive Ltd. is a commitment for the Group to contribute a total of CNY 5,000 million in capital. Of this amount, CNY 3,475 million has been contributed as at 31 March 2023. The outstanding commitment of CNY 1,525 million translates to £181 million at the 31 March 2023 exchange rate.

The Group's share of capital commitments of its joint venture at 31 March 2023 is £12 million (2022: £16 million, 2021 £42 million) and contingent liabilities of its joint ventures at 31 March 2023 is £nil (2022, 2021 £nil).

## 36 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to ensure the going concern operation of all subsidiary companies within the Group and to maintain an efficient capital structure to support ongoing and future operations of the Group and to meet shareholder expectations.

The Group issues debt, primarily in the form of bonds, to meet anticipated funding requirements and maintain sufficient liquidity. The Group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure and funding requirements are regularly monitored by the Company's Board of Directors to ensure sufficient liquidity is maintained by the Group. All debt issuance and capital distributions are approved by the Company's Board of Directors.

As at 31 March (£ millions)	2023	2022	2021
Short-term debt	1,548	1,841	1,271
Long-term debt	5,240	5,756	5,426
<b>Total debt*</b>	<b>6,788</b>	<b>7,597</b>	<b>6,697</b>
Equity attributable to shareholders	4,239	4,503	5,254
<b>Total capital</b>	<b>11,027</b>	<b>12,100</b>	<b>11,951</b>

\*Total debt includes lease obligations of £710 million (2022: £570 million, 2021: £519 million).

### Recognition and derecognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement.

Financial assets are written off when there is no reasonable expectation of recovery. The Group reviews the facts and circumstances around each asset before making a determination. Financial assets that are written off could still be subject to enforcement activities.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or has expired.

### Initial measurement

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss.

Subsequently, financial instruments are measured according to the category in which they are classified.

### Classification and measurement – financial assets

Classification of financial assets is based on the business model in which the instruments are held as well as the characteristics of their contractual cash flows. The business model is based on management's intentions and past pattern of transactions. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets are classified into three categories:

Financial assets at amortised cost are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows. Subsequently, these are measured at amortised cost using the effective interest method less impairment losses, if any. These include cash and cash equivalents, contract assets and other financial assets.

Financial assets at fair value through other comprehensive income are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows as well as to sell the financial asset. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in other comprehensive income apart from any expected credit losses or foreign exchange gains or losses, which are recognised in profit or loss. This category can also include financial assets that are equity instruments which have been irrevocably designated at initial recognition as fair value through other comprehensive income. For these assets, there is no expected credit loss recognised in profit or loss.

Financial assets at fair value through profit or loss are financial assets with contractual cash flows that do not consist solely of payments of principal and interest. This category includes derivatives, embedded derivatives separated from the host contract and investments in certain convertible loan notes. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in profit or loss, with the exception of derivative instruments designated in a hedging relationship, for which hedge accounting is applied.

### Classification and measurement – financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost unless they meet the specific criteria to be recognised at fair value through profit or loss.

Other financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss include derivatives and embedded derivatives separated from the host contract as well as financial liabilities held for trading. Subsequent to initial recognition, these are measured at fair value with gains or losses being recognised in profit or loss. Embedded derivatives relating to prepayment options on senior notes are not considered as closely related and are separately accounted unless the exercise price of these options is approximately equal on each exercise date to either the amortised cost of the senior notes or the present value of the lost interest for the remaining term of the senior notes.

### Impairment

The Group recognises a loss allowance in profit or loss for expected credit losses on financial assets held at amortised cost or at fair value through other comprehensive income. Expected credit losses are forward looking and are measured in a way that is unbiased and represents a probability-weighted

amount, takes into account the time value of money (values are discounted using the applicable effective interest rate) and uses reasonable and supportable information.

Lifetime expected credit losses are calculated for assets that were deemed credit impaired at initial recognition or have subsequently become credit impaired as well as those where credit risk has increased significantly since initial recognition.

The Group adopts the simplified approach to apply lifetime expected credit losses to trade receivables and contract assets. Where credit risk is deemed low at the reporting date or to have not increased significantly, credit losses for the next 12 months are calculated.

Credit risk is determined to have increased significantly when the probability of default increases. Such increases are relative and assessment may include external ratings (where available) or other information such as past due payments. Historic data and forward-looking information are both considered. Objective evidence for a significant increase in credit risk may include where payment is overdue by 90 or more days as well as other information about significant financial difficulties of the borrower.

#### **Equity instruments**

An equity instrument is any contract that evidences residual interests in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Investments in equity instruments are measured at fair value; however, where a quoted market price in an active market is not available, equity instruments are measured at cost (investments in equity instruments that are not held for trading). The Group has not elected to account for these investments at fair value through other comprehensive income.

#### **Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of a financial instrument on initial recognition is normally the transaction price.

In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Subsequent to initial recognition, the Group determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include the discounted cash flow method and other valuation models.

#### **Hedge accounting**

The Group uses foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates these foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency in cash flow hedging relationships.

The Group uses cross-currency interest rate swaps to convert some of its foreign currency denominated fixed-rate borrowings to GBP floating-rate borrowings. Hedge accounting is applied using both fair value and cash flow hedging relationships. The designated risks are foreign currency and interest rate risks.

Derivative contracts are stated at fair value on the consolidated balance sheet at each reporting date.

At inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flows of the hedged item. The Group documents its risk management objective and strategy for undertaking its hedging transactions. The Group designates only the intrinsic value of foreign exchange options in the hedging relationship. The Group designates amounts excluding foreign currency basis spread in the hedging relationship for both foreign exchange forward contracts and cross-currency interest rate swaps. Changes in the fair value of the derivative contracts that are designated and effective as hedges of future cash flows are recognised in the cash flow hedge reserve within other comprehensive income (net of tax), and any ineffective portion is recognised immediately in the consolidated income statement.

Changes in both the time value of foreign exchange options and foreign currency basis spread of foreign exchange forwards and cross-currency interest rate swaps are recognised in other comprehensive income (net of tax) in the cost of hedging reserve to the extent that they relate to the hedged item (the "aligned" value).

Changes in the fair value of contracts that are designated in a fair value hedge are taken to the consolidated income statement. They offset the change in fair value, attributable to the hedged risks, of the borrowings designated as the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Amounts accumulated in equity are reclassified to the consolidated income statement in the periods in which the forecast transactions affect profit or loss or as an adjustment to a non-financial item (e.g. inventory) when that item is recognised on the balance sheet. These deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of goods sold).

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss in equity, including deferred costs of hedging, is immediately transferred and recognised in the consolidated income statement.

#### Interest rate benchmark reform

A reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ('IBORs') with alternative risk-free rates ('RFR'). During the year ended 31 March 2022, the Group adopted Interest Rate Benchmark Reform (Phase 2) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective 1 January 2022). The amendments permit modifications to asset and liability values as a direct consequence of the interest rate benchmark reform, and which are made on an economically equivalent basis (i.e. where the basis for determining contractual cash flows is the same), by only updating the effective interest rate. The amendments also provide relief from specific hedge accounting requirements.

During the year ended 31 March 2022, the Group converted its LIBOR exposures to risk-free rates in advance of the cessation date. This conversion included loans and derivatives which have been converted using fallback provisions. A number of derivatives which were converted using fallback provisions have not yet transitioned to RFR due to the timing of reprice dates. Loans held by the Group that reference USD LIBOR will continue to do so until June 2023. The expected impact of financial instruments yet to transition is immaterial for the Group.

As a result of the fallback provision, the Group consider its exposure to interest rate benchmark reform at 31 March 2023 to be minimal. The following table shows the total amounts of exposures to IBOR which have yet to transition and those with appropriate fallback language at 1 April 2021, 31 March 2022 and at 31 March 2023. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts:

As at (£ millions)	GBP LIBOR		USD LIBOR	
	Total amount of contracts not yet transitioned	Amount with appropriate fallback clause	Total amount of contracts not yet transitioned	Amount with appropriate fallback clause
<b>31 March 2023</b>				
Financial liabilities - carrying value				
Syndicated loan	-	-	(644)	(644)
UKEF facility	-	-	-	-
Derivatives - notional amount				
Cross currency interest rate swaps - hedged	-	-	-	-
Cross currency interest rate swaps - non hedged	-	-	-	-
<b>31 March 2022</b>				
Financial liabilities - carrying value				
Syndicated loan	-	-	(753)	(753)
UKEF facility	-	-	-	-
Derivatives - notional amount				
Cross currency interest rate swaps - hedged	(380)	(380)	-	-
Cross currency interest rate swaps - non hedged	(539)	(539)	-	-
<b>1 April 2021</b>				
Financial liabilities - carrying value				
Syndicated loan	-	-	(719)	-
UKEF facility	(443)	-	-	-
Derivatives - notional amount				
Cross currency interest rate swaps - hedged	(825)	-	-	-
Cross currency interest rate swaps - non hedged	(539)	-	-	-

(A) Financial assets and liabilities

The following table shows the carrying amount and fair value of each category of financial assets and liabilities as at 31 March 2023:

As at 31 March 2023 (£ millions)	Fair Value Through Profit and Loss					Total carrying value	Total fair value
	Amortised cost	Financial assets	Derivatives other than in hedging relationship	Derivatives in hedging relationship			
Cash and cash equivalents	3,687	-	-	-	-	3,687	3,687
Short-term deposits and other investments	105	-	-	-	-	105	105
Trade receivables	1,013	-	-	-	-	1,013	1,013
Investments	-	43	-	-	-	43	43
Other financial assets - current	274	-	55	46	375	375	
Other financial assets - non-current	78	-	51	20	149	149	
<b>Total financial assets</b>	<b>5,157</b>	<b>43</b>	<b>106</b>	<b>66</b>	<b>5,372</b>	<b>5,372</b>	
Accounts payable	5,891	-	-	-	-	5,891	5,891
Short-term borrowings	1,478	-	-	-	-	1,478	1,476
Long-term borrowings*	4,600	-	-	-	-	4,600	4,376
Other financial liabilities - current	462	-	89	372	923	923	
Other financial liabilities - non-current	651	-	20	452	1,123	1,080	
<b>Total financial liabilities</b>	<b>13,082</b>	<b>-</b>	<b>109</b>	<b>824</b>	<b>14,015</b>	<b>13,746</b>	

\* Included in the long-term borrowings shown in other financial liabilities is £438 million that is designated as the hedged item in a fair value hedge relationship. Included within long-term borrowings is £(132) million of fair value adjustments of which £(106) million relates to the ongoing hedge relationship and £(26) million relates to hedge relationships that were discontinued during the year. Included in the long-term borrowings shown in other financial liabilities is £968 million that is designated as a hedging instrument in a cash flow hedge relationship.

The following table shows the carrying amount and fair value of each category of financial assets and liabilities as at 31 March 2022:

As at 31 March 2022 (£ millions)	Fair Value Through Profit and Loss					Total carrying value	Total fair value
	Amortised cost	Financial assets	Derivatives other than in hedging relationship	Derivatives in hedging relationship			
Cash and cash equivalents	4,223	-	-	-	-	4,223	4,223
Short-term deposits and other investments	175	-	-	-	-	175	175
Trade receivables	722	-	-	-	-	722	722
Investments	-	30	-	-	-	30	30
Other financial assets - current	209	-	128	57	394	394	
Other financial assets - non-current	87	-	85	13	185	185	
<b>Total financial assets</b>	<b>5,416</b>	<b>30</b>	<b>213</b>	<b>70</b>	<b>5,729</b>	<b>5,729</b>	
Accounts payable	5,144	-	-	-	-	5,144	5,144
Short-term borrowings	1,779	-	-	-	-	1,779	1,778
Long-term borrowings*	5,248	-	-	-	-	5,248	5,216
Other financial liabilities - current	425	-	29	416	870	870	
Other financial liabilities - non-current	533	-	52	286	871	901	
<b>Total financial liabilities</b>	<b>13,129</b>	<b>-</b>	<b>81</b>	<b>702</b>	<b>13,912</b>	<b>13,909</b>	

\* Included in the long-term borrowings shown in other financial liabilities is £801 million that is designated as the hedged item in a fair value hedge relationship. Included within this figure is £(67) million of fair value adjustments as a result of the hedge relationship.

The following table shows the carrying amount and fair value of each category of financial assets and liabilities as at 31 March 2021:

As at 31 March 2021 (£ millions)	Fair Value Through Profit and Loss					Total carrying value	Total fair value
	Amortised cost	Financial assets	Derivatives other than in hedging relationship	Derivatives in hedging relationship			
Cash and cash equivalents	3,778	-	-	-	-	3,778	3,778
Short-term deposits and other investments	1,004	-	-	-	-	1,004	1,004
Trade receivables	863	-	-	-	-	863	863
Investments	-	22	-	-	-	22	22
Other financial assets - current	196	-	73	208	477	477	477
Other financial assets - non-current	92	-	42	207	341	341	341
<b>Total financial assets</b>	<b>5,933</b>	<b>22</b>	<b>115</b>	<b>415</b>	<b>6,485</b>	<b>6,485</b>	<b>6,485</b>
Accounts payable	6,308	-	-	-	6,308	6,308	6,308
Short-term borrowings	1,206	-	-	-	1,206	1,206	1,217
Long-term borrowings*	4,972	-	-	-	4,972	5,136	5,136
Other financial liabilities - current	508	-	67	171	746	746	746
Other financial liabilities - non-current	456	-	65	104	625	688	688
<b>Total financial liabilities</b>	<b>13,450</b>	<b>-</b>	<b>132</b>	<b>275</b>	<b>13,857</b>	<b>14,095</b>	<b>14,095</b>

\* Included in the long-term borrowings shown in other financial liabilities is £784 million that is designated as the hedged item in a fair value hedge relationship. Included within this figure is £1 million of fair value adjustments as a result of the hedge relationship.

#### Offsetting

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognised amounts and the Group intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial assets and financial liabilities are subject to master netting arrangements whereby in the case of insolvency, derivative financial assets and financial liabilities can be settled on a net basis.

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2023:

As at 31 March 2023 (£ millions)	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to a master netting arrangement		
				Financial instruments	Cash collateral (received) / pledged	Net amount after offsetting
<b>Financial assets</b>						
Derivative financial assets	172	-	172	(162)	-	10
Cash and cash equivalents	3,923	(236)	3,687	-	-	3,687
	4,095	(236)	3,859	(162)	-	3,697
<b>Financial liabilities</b>						
Derivative financial liabilities	933	-	933	(162)	-	771
Short-term borrowings	1,714	(236)	1,478	-	-	1,478
	2,647	(236)	2,411	(162)	-	2,249

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2022:

As at 31 March 2022 (£ millions)	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to a master netting arrangement		
				Financial instruments	Cash collateral (received) / pledged	Net amount after offsetting
<b>Financial assets</b>						
Derivative financial assets	283	-	283	(275)	-	8
Cash and cash equivalents	4,381	(158)	4,223	-	-	4,223
	4,664	(158)	4,506	(275)	-	4,231
<b>Financial liabilities</b>						
Derivative financial liabilities	783	-	783	(275)	-	508
Short-term borrowings	1,937	(158)	1,779	-	-	1,779
	2,720	(158)	2,562	(275)	-	2,287

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2021:

As at 31 March 2021 (£ millions)	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Financial instruments	Amounts subject to a master netting arrangement	
					Cash collateral (received) / pledged	Net amount after offsetting
<b>Financial assets</b>						
Derivative financial assets	530	-	530	(362)	-	168
Cash and cash equivalents	3,995	(217)	3,778	-	-	3,778
	4,525	(217)	4,308	(362)	-	3,946
<b>Financial liabilities</b>						
Derivative financial liabilities	407	-	407	(362)	-	45
Short-term borrowings	1,423	(217)	1,206	-	-	1,206
	1,830	(217)	1,613	(362)	-	1,251

#### Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels:

Quoted prices in an active market (Level 1): this level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;

Valuation techniques with observable inputs (Level 2): this level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Valuation techniques with significant unobservable inputs (Level 3): this level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data.

#### Recent transaction values

The pricing of recent investment transactions is the main input of valuations performed by the Group. The Group's policy is to use observable market data where possible for its valuations and, in the absence of portfolio company earnings or revenue to compare, or of relevant comparable businesses' data, recent transaction prices represent the most reliable observable inputs.

#### Alternative valuation methodologies

Alternative valuation methodologies are used by the Group for reasons specific to individual assets. At 31 March 2023, the alternative technique used was net asset value, representing 100 per cent of alternatively valued assets.

There has been no change in the valuation techniques adopted in either current or prior financial years as presented. There were no transfers between fair value levels in the years ended 31 March 2023, 2022 and 2021.

The financial instruments that are measured subsequent to initial recognition at fair value are classified as Level 2 fair value measurements, as defined by IFRS 13, being those derived from inputs other than quoted prices that are observable. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. Fair values of forward derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves from Reuters. Commodity swap contracts are similarly fair valued by discounting expected future contractual cash flows. Option contracts on foreign currency are entered into on a zero cost collar basis and fair value estimates are calculated from standard Black-Scholes options pricing methodology, using prevailing market interest rates and volatilities. The estimate of fair values for cross-currency swaps is calculated using discounted estimated future cash flows. Estimates of the future floating-rate cash flows are based on quoted swap rates, future prices, interbank borrowing rates ("LIBOR") and risk free rates ("SONIA").

Additionally, a credit valuation adjustment/debit value adjustment is taken on derivative financial assets and liabilities and is calculated by discounting the fair value gain or loss on the financial derivative using credit default swap ("CDS") prices quoted for the counterparty or Jaguar Land Rover respectively. CDS prices are obtained from Reuters.

The long-term borrowings are held at amortised cost. The fair value of the listed debt for disclosure purposes is determined using Level 1 valuation techniques, based on the closing price as at 31 March 2023 on the Luxembourg Stock Exchange multilateral trading facility ("EURO MTF") market, for unsecured listed bonds. For bank loans, Level 2 valuation techniques are used.

Fair values of cash and cash equivalents, short-term deposits, trade receivables and payables, and other financial assets and liabilities (current and non-current excluding derivatives and lease obligations) are assumed to approximate cost due to the short-term maturing of the instruments and as the impact of discounting is not significant.

Other investments that are not equity accounted for are recognised at fair value. Where there is an active quoted market, the fair value is determined using Level 1 valuation techniques, based on the closing price at year end. The valuation of such investments as at 31 March 2023 is £nil (2022, 2021: £nil). Where there is no active quoted market, the fair values have been determined using Level 3 valuation techniques and the closing valuation as at 31 March 2023 is £43 million (2022: £30 million, 2021: £22 million). The fair value gain recognised in the consolidated income statement for Level 3 investments for the year ended 31 March 2023 is £9 million (2022: gain of £4 million, 2021: gain of £2 million).

Of the financial assets held at 31 March 2023 and classified as Level 3, 98 per cent (2022: 96 per cent, 2021: 94 per cent) were valued using recent transaction values and 2 per cent (2022: 4 per cent, 2021: 6 per cent) were valued using an alternative technique.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realised in a sales transaction as of the respective dates. The estimated fair value amounts as at 31 March 2023, 2022 and 2021 have been measured as at the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

#### (B) Financial risk management

The Group is exposed to foreign currency exchange rate, commodity price, interest rate, liquidity and credit risks. The Group has a risk management framework in place, which monitors all of these risks as discussed below. This framework is approved by the Company's Board of Directors.

##### Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have a potential impact on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated cash flow statement, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Chinese Yuan and Euro against the functional currency of the Company and its subsidiaries.

Foreign exchange risk on future transactions is mitigated through the use of derivative contracts. The Group is also exposed to fluctuations in exchange rates that impact the valuation of foreign currency denominated assets and liabilities of its National Sales Companies and also foreign currency denominated balances on the Group's consolidated balance sheet at each reporting period end. In addition to the derivatives designated in hedging relationships as detailed in section (C), the Group enters into foreign currency contracts as economic hedges of recognised foreign currency debt.

The following table sets forth information relating to foreign currency exposure as at 31 March 2023:

<b>As at 31 March 2023 (£ millions)</b>	<b>US Dollar</b>	<b>Chinese Yuan</b>	<b>Euro</b>	<b>Others</b>
Financial assets	1,465	525	1,243	493
Financial liabilities	(3,318)	(1,178)	(4,737)	(301)
<b>Net exposure (liability)/asset</b>	<b>(1,853)</b>	<b>(653)</b>	<b>(3,494)</b>	<b>192</b>
A 10% appreciation/depreciation of the currency would result in additional gain/(loss):				
Impact on net income before tax for financial assets	147/(147)	53/(53)	124/(124)	n/a
Impact on net income before tax for financial liabilities	(332)/332	(118)/118	(474)/474	n/a
Impact on other comprehensive income for financial assets and liabilities	-	-	-	n/a

The following table sets forth information relating to foreign currency exposure as at 31 March 2022:

<b>As at 31 March 2022 (£ millions)</b>	<b>US Dollar</b>	<b>Chinese Yuan</b>	<b>Euro</b>	<b>Others</b>
Financial assets	1,640	393	1,036	420
Financial liabilities	(3,557)	(1,148)	(4,220)	(279)
<b>Net exposure (liability)/asset</b>	<b>(1,917)</b>	<b>(755)</b>	<b>(3,184)</b>	<b>141</b>
A 10% appreciation/depreciation of the currency would result in additional gain/(loss):				
Impact on net income before tax for financial assets	164/(164)	39/(39)	104/(104)	n/a
Impact on net income before tax for financial liabilities	(356)/356	(115)/115	(422)/422	n/a
Impact on other comprehensive income for financial assets and liabilities	-	-	-	n/a

The following table sets forth information relating to foreign currency exposure as at 31 March 2021:

<b>As at 31 March 2021 (£ millions)</b>	<b>US Dollar</b>	<b>Chinese Yuan</b>	<b>Euro</b>	<b>Others</b>
Financial assets	1,726	342	1,118	311
Financial liabilities	(3,267)	(1,192)	(4,259)	(349)
<b>Net exposure liability</b>	<b>(1,541)</b>	<b>(850)</b>	<b>(3,141)</b>	<b>(38)</b>
A 10% appreciation/depreciation of the currency would result in additional gain/(loss):				
Impact on net income before tax for financial assets	173/(173)	34/(34)	111/(111)	n/a
Impact on net income before tax for financial liabilities	(327)/327	(119)/119	(426)/426	n/a
Impact on other comprehensive income for financial assets and liabilities	-	-	-	n/a

#### Commodity price risk

The Group is exposed to commodity price risk arising from the purchase of certain raw materials such as aluminium, copper, platinum and palladium. This risk is mitigated through the use of derivative contracts and fixed-price contracts with suppliers. The derivative contracts are not hedge accounted and are measured at fair value through profit or loss.

The total fair value loss on commodities of £132 million (2022: gain of £131 million, 2021: gain of £137 million) has been recognised in "Foreign exchange (loss)/gain and fair value adjustments" in the consolidated income statement.

A 10 per cent appreciation/depreciation of all commodity prices underlying such contracts would have resulted in a gain/loss of £59 million (2022: £52 million, 2021: £41 million).

#### Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Group.

In addition to issuing long-term fixed-rate bonds, the Group has other facilities in place that are primarily used to finance working capital and are subject to variable interest rates. When undertaking a new debt issuance, the Company's Board of Directors will consider the fixed/floating interest rate mix of the Group, the outlook for future interest rates and the appetite for certainty of funding costs.

The Group uses cross-currency interest rate swaps to convert some of its issued debt from foreign currency denominated fixed-rate debt to GBP floating-rate debt. The derivative instruments and the foreign currency fixed-rate debt may be designated in a hedging relationship.

As at 31 March 2023, short-term borrowings of £250 million (2022: £401 million, 2021: £253 million) and long-term borrowings of £1,061 million (2022: £1,260 million, 2021: £1,037 million) were subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £13 million (2022: £17 million, 2021: £13 million) in the consolidated income statement.

The risk estimates provided assume a parallel shift of 100 basis points in interest rates across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year-end balances are not necessarily representative of the average debt outstanding during the year.

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and undrawn borrowing facilities to meet the Group's operating requirements with an appropriate level of headroom.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

<b>As at 31 March 2023 (£ millions)</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>1 year or less</b>	<b>1 to &lt;2 years</b>	<b>2 to &lt;5 years</b>	<b>5 years and over</b>
<b>Financial liabilities</b>						
Accounts payable	5,891	5,891	5,891	-	-	-
Long-term borrowings and accrued interest	4,651	5,707	251	1,529	2,989	938
Short-term borrowings and accrued interest	1,504	1,551	1,551	-	-	-
Lease obligations	710	1,196	118	103	243	732
Other financial liabilities	326	383	333	28	22	-
Derivative financial instruments	933	915	457	277	181	-
<b>Total contractual maturities</b>	<b>14,015</b>	<b>15,643</b>	<b>8,601</b>	<b>1,937</b>	<b>3,435</b>	<b>1,670</b>
<b>As at 31 March 2022 (£ millions)</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>1 year or less</b>	<b>1 to &lt;2 years</b>	<b>2 to &lt;5 years</b>	<b>5 years and over</b>
<b>Financial liabilities</b>						
Accounts payable	5,144	5,144	5,144	-	-	-
Long-term borrowings and accrued interest	5,315	6,447	246	1,045	3,356	1,800
Short-term borrowings and accrued interest	1,793	1,833	1,833	-	-	-
Lease obligations	570	944	103	85	195	561
Other financial liabilities	307	325	293	32	-	-
Derivative financial instruments	783	1,065	510	278	275	2
<b>Total contractual maturities</b>	<b>13,912</b>	<b>15,758</b>	<b>8,129</b>	<b>1,440</b>	<b>3,826</b>	<b>2,363</b>
<b>As at 31 March 2021 (£ millions)</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>1 year or less</b>	<b>1 to &lt;2 years</b>	<b>2 to &lt;5 years</b>	<b>5 years and over</b>
<b>Financial liabilities</b>						
Accounts payable	6,308	6,308	6,308	-	-	-
Long-term borrowings and accrued interest	4,972	6,075	230	1,265	3,198	1,382
Short-term borrowings and accrued interest	1,206	1,239	1,239	-	-	-
Lease obligations	519	840	103	85	201	451
Other financial liabilities	445	390	383	7	-	-
Derivative financial instruments	407	461	255	115	91	-
<b>Total contractual maturities</b>	<b>13,857</b>	<b>15,313</b>	<b>8,518</b>	<b>1,472</b>	<b>3,490</b>	<b>1,833</b>

#### Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligation. The majority of the Group's credit risk pertains to the risk of financial loss arising from counterparty default on cash investments.

The carrying amount of financial assets represents the maximum credit exposure. None of the financial instruments of the Group result in material concentrations of credit risks.

All Group cash is invested according to strict credit criteria and actively monitored by Group Treasury in conjunction with the current market valuation of derivative contracts. To support this, the Company's Board of Directors has implemented an investment policy that places limits on the maximum cash investment that can be made with any single counterparty depending on their published external credit rating.

To a lesser extent the Group has an exposure to counterparties on trade receivables and other financial assets. The Group seeks to mitigate credit risk on sales to third parties through the use of payment at the point of delivery, credit limits, credit insurance and letters of credit from banks that meet internal rating criteria.

#### Financial assets

None of the Group's cash equivalents, including term deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2023 (2022 and 2021: no indications) that defaults in payment obligations will occur.

The Group has reviewed trade and other receivables not yet due and not impaired and no material issues have been identified. Trade receivables past due and impaired are set out below:

<b>As at 31 March (£ millions)</b>	<b>2023 Gross</b>	<b>2023 impairment</b>	<b>2023 Net carrying value</b>	<b>2022 Gross</b>	<b>2022 impairment</b>	<b>2022 Net carrying value</b>	<b>2021 Gross</b>	<b>2021 impairment</b>	<b>2021 Net carrying value</b>
Not yet due	981	(2)	979	640	(2)	638	747	(2)	745
Overdue <3 months	34	-	34	74	-	74	88	-	88
Overdue 3-6 months	1	(1)	-	8	-	8	10	-	10
Overdue >6 months	1	(1)	-	4	(2)	2	25	(5)	20
<b>Total</b>	<b>1,017</b>	<b>(4)</b>	<b>1,013</b>	<b>726</b>	<b>(4)</b>	<b>722</b>	<b>870</b>	<b>(7)</b>	<b>863</b>

At 31 March 2021, included within trade receivables was £19 million of receivables that were part of a debt factoring arrangement. These assets did not qualify for derecognition due to the recourse arrangements in place. The related liability of £19 million was in short-term borrowings at 31 March 2021. Both the asset and associated liability were classified as amortised cost. The facility was closed during the year ended 31 March 2022 so no such receivables were held at 31 March 2022 or 2023.

#### Off-balance sheet financial arrangements

At 31 March 2023, Jaguar Land Rover Limited (a subsidiary of the Company) had sold £373 million equivalent of trade receivables under its debt factoring facility, which was renewed during the year ended 31 March 2023 and increased from \$500 million to \$900 million. Included in trade receivables at 31 March 2023 is £70 million of trade receivables that were repurchased during the year.

#### (C) Derivatives and hedge accounting

The Group's operations give rise to revenue, raw material purchases and borrowings in currencies other than the Group's presentation currency of GBP. The Group forecasts these transactions over the medium term and enters into derivative contracts to mitigate the resulting foreign currency exchange risk, interest rate risk and commodity price risk. The Group's risk management strategy allows for hedge accounting when the derivatives meet the hedge accounting criteria as set out in IFRS 9 as well as the Group's risk management objectives.

Commodity derivatives are not hedge accounted. Foreign currency forward contracts, foreign currency options and foreign currency denominated borrowings may be designated as hedging instruments in a cash flow hedge relationship against forecast foreign currency transactions to mitigate foreign currency exchange risk associated with those transactions.

In addition, the Group uses cross-currency interest rate swaps to hedge its foreign currency exchange risk associated with recognised borrowings. These instruments may be designated in both cash flow and fair value hedging relationships, or may be economic hedges of debt. The Group also manages foreign exchange risk on recognised borrowings using FX swaps. The Group utilises FX spot & FX swap contracts to manage operational requirements.

During the year, the Group designated US Dollar bonds with a principal amount of \$1.2 billion in a cash flow hedge relationship against forecast US Dollar revenue between the periods 2025 to 2027.

During the year ended 31 March 2023, the cross-currency interest rate swaps designated in a fair value and cash flow hedge against USD debt were settled on their break date. The gain on the swaps was recognised during the year, with the settlement amount of the swaps deemed to be the best indicator of fair value on break date. The fair value adjustment associated with the hedge will be amortised over the remaining life of the bond.

The gain/(loss) on the derivatives that are not designated in hedging relationships, whose fair value movements are recognised in 'Foreign exchange (loss)/gain and fair value adjustments' in the consolidated income statement, is as follows:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Commodity derivative contracts	(133)	131	137
Foreign currency derivative contracts	109	72	(77)
Interest rate derivative contracts	100	25	(47)
<b>Total gain</b>	<b>76</b>	<b>228</b>	<b>13</b>

During the year ended 31 March 2023, cross-currency interest rate swaps used in an economical hedge against USD debt were settled on their break date. The gain on the swaps was recognised during the year, with the settlement amount of the swaps deemed to be the best indicator of fair value on break date.

In all cases the Group uses a hedge ratio of 1:1. The critical terms of the derivative contracts are aligned with those of the hedged item. The Group allows a maximum hedging term of five years for forecast transactions. The Group's risk management policy allows for decreasing levels of hedging as the forecasting horizon increases.

A 10 per cent depreciation/appreciation in Sterling against the foreign currency underlying contracts within the Group's derivative portfolio that are sensitive to changes in foreign exchange rates (including the impact to the fair value adjustment of foreign currency borrowing designated as the hedged item in a fair value hedge relationship, excluding US Dollar bonds designated in a cash flow hedging relationship) would have resulted in the approximate additional (loss)/gain shown in the table below:

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
10% depreciation in Sterling against the foreign currency:			
In other comprehensive income	(1,413)	(1,119)	(571)
In the consolidated income statement	540	476	299
10% appreciation in Sterling against the foreign currency:			
In other comprehensive income	1,214	959	480
In the consolidated income statement	(438)	(369)	(231)

The following table sets out the change in the Group's exposure to interest rate risk as a result of hedge accounted cross-currency interest rate swaps:

<b>Outstanding contracts</b>	Foreign currency receivable average interest rate			Reporting currency payable average interest rate		
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cross currency interest rate swaps						
< 1 year	-	-	-	-	-	-
Between 1-5 years	4.500	4.500	-	SONIA + 5.247	SONIA + 4.777	-
>5 years	-	4.500	4.500	-	LIBOR + 2.033	LIBOR + 3.235

The following table shows the impact that would result from interest rate derivatives and any related hedging relationships given an increase/decrease of 100 basis points in interest rates at the balance sheet date:

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
100 basis points depreciation in interest rates			
In the consolidated income statement	(2)	(22)	(1)
100 basis points appreciation in interest rates			
In the consolidated income statement	2	21	1

#### Cash flow hedges

The Group uses foreign currency options, foreign currency forward contracts and recognised foreign currency borrowings as the hedging instruments in cash flow hedge relationships of hedged sales and purchases. The time value of options and the foreign currency basis spread of foreign exchange forward contracts are excluded from the hedge relationship and are recognised in other comprehensive income as a cost of hedging to the extent they relate to the hedged item (the aligned value). Additionally, the Group uses cross-currency interest rate swaps as the hedging instrument of the foreign exchange risk of recognised foreign currency borrowings.

Changes in the fair value of foreign currency contracts, to the extent determined to be an effective cash flow hedge, are recognised in the consolidated statement of comprehensive income, and the ineffective portion of the fair value change is recognised in the consolidated income statement. The main sources of ineffectiveness are timing differences in the payment of the hedging instrument and hedged item and application differences in relation to discounting of the hedged item in comparison to the hedging instrument.

It is anticipated that the hedged sales will take place over the next one to five years, at which time the amount deferred in equity will be reclassified to revenue in the consolidated income statement.

It is anticipated that the hedged purchases will take place over the next one to five years, at which time the amount deferred in equity will be included in the carrying amount of the raw materials. On sale of the finished product, the amount previously deferred in equity and subsequently recognised in inventory will be reclassified to material and other cost of sales in the consolidated income statement.

The foreign currency borrowings designated as the hedged item mature in January 2026, at which time the amount deferred in equity will be reclassified to the consolidated income statement.

The table below sets out the timing profile of the hedge accounted derivatives:

<b>Outstanding contracts</b>	<b>Average strike rate</b>			<b>Nominal amounts</b>			<b>Carrying value (liabilities) / assets</b>		
	<b>As at 31 March</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>
				<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Cash flow hedges of foreign exchange risk on forecast transactions									
<b>Derivative instruments</b>									
Sell - USD									
<1 year	0.7528	0.7604	0.7596	2,761	2,882	2,833	(188)	5	136
Between 1-5 years	0.7581	0.7361	0.7654	4,199	3,734	3,096	(234)	(77)	172
Sell - Chinese Yuan									
<1 year	0.1139	0.1094	0.1098	2,674	2,819	1,647	(114)	(235)	12
Between 1-5 years	0.1159	0.1123	0.1088	4,894	3,521	629	(184)	(126)	11
Buy - Euro									
<1 year	0.8915	0.8875	0.9069	1,984	2,892	2,695	20	(111)	(136)
Between 1-5 years	0.9129	0.8860	0.9010	41	1,254	1,899	-	(5)	(81)
Other currencies									
<1 year				730	873	1,145	(6)	(17)	24
Between 1-5 years				848	870	846	(2)	(28)	7
<b>Debt instruments denominated in foreign currency</b>									
Sell - USD									
Between 1-5 years	0.6287			1,068			(968)		
<b>Total cash flow hedges of foreign exchange risk on forecast transactions</b>				<b>19,199</b>	<b>18,845</b>	<b>14,790</b>	<b>(1,676)</b>	<b>(594)</b>	<b>145</b>
Hedges of foreign exchange risk on recognised debt									
<b>Cross currency interest rate swaps</b>									
USD									
>5 years	-	0.7592	0.7592	-	380	380	-	1	7
EUR									
Between 1-5 years	0.8912	0.8912	-	446	446	-	(50)	(39)	-
>5 years	-	-	0.8912	-	-	446	-	-	(14)
<b>Total cash flow hedges of foreign exchange risk on recognised debt</b>				<b>446</b>	<b>826</b>	<b>826</b>	<b>(50)</b>	<b>(38)</b>	<b>(7)</b>

The line items in the consolidated balance sheet that include the above derivative instruments are "Other financial assets" and "Other financial liabilities".

The following table sets out the effect of the Group's cash flow hedges on the financial performance of the Group:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Fair value (loss)/gain of foreign currency derivative contracts recognised in hedging reserves	(744)	(816)	446
Fair value gain/(loss) of derivatives hedging foreign currency borrowings recognised in hedging reserves	7	5	(9)
<b>(Loss)/gain recognised in other comprehensive income in the year</b>	<b>(737)</b>	<b>(811)</b>	<b>437</b>
(Loss)/gain reclassified from cash flow hedging reserve and recognised in 'Revenue' in the income statement	(590)	75	(112)
(Loss)/gain reclassified from cash flow hedging reserve and recognised in Foreign exchange (loss)/gain and fair value adjustments' in the income statement on account of forecast transactions no longer expected to occur	(12)	10	3
<b>(Loss)/gain reclassified to profit and loss in the year</b>	<b>(602)</b>	<b>85</b>	<b>(109)</b>
Net change in the hedged item used for assessing hedge effectiveness	(148)	(762)	534
Gain/(loss) on derivatives not hedge accounted, recognised in 'Foreign exchange (loss)/gain and fair value adjustments' in the income statement	108	72	(77)

The following amounts have been recognised in the P&L during the year in relation to US bonds designated as hedging instruments in cash flow hedges:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Net loss in the hedged item used for assessing hedge effectiveness	(55)	-	-
Fair value gain in the hedging instruments used in assessing hedge effectiveness, taken to the consolidated income statement in 'Foreign exchange (loss)/gain and fair value adjustments'	95	-	-
<b>Ineffectiveness recognised in the consolidated income statement in 'Foreign exchange (loss)/gain and fair value adjustments'</b>	<b>40</b>	<b>-</b>	<b>-</b>

#### Fair value hedges

During the year ended 31 March 2023, the Group used cross-currency interest rate swaps as the hedging instrument in a fair value hedge of foreign exchange and interest rate risks of foreign currency denominated debt. The derivatives converted foreign currency USD and EUR fixed-rate borrowings to GBP floating-rate debt.

The USD swaps were settled during the year ended 31 March 2023.

The fair value of the cross-currency interest rate swaps, included in "Derivatives in hedging relationship" in section (A), are as follows:

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Other financial assets - current	-	-	-
Other financial assets - non-current	-	1	7
<b>Total financial assets</b>	<b>-</b>	<b>1</b>	<b>7</b>
Other financial liabilities - current	37	-	-
Other financial liabilities - non-current	12	39	14
<b>Total financial liabilities</b>	<b>49</b>	<b>39</b>	<b>14</b>

The following amounts have been recognised in relation to fair value hedges in the consolidated income statement:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Net gain in the hedged item used for assessing hedge effectiveness, taken to the consolidated income statement in 'Foreign exchange (loss)/gain and fair value adjustments'	26	51	108
Fair value changes in the derivative instruments used in assessing hedge effectiveness, taken to the consolidated income statement in 'Foreign exchange (loss)/gain and fair value adjustments'	1	(36)	(58)
<b>Ineffectiveness recognised in the consolidated income statement in 'Foreign exchange (loss)/gain and fair value adjustments'</b>	<b>27</b>	<b>15</b>	<b>50</b>

### 3.8 LEASES

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - The Group has the right to operate the asset; or
  - The Group designed the asset in a way that predetermines how and for what purposes it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is allocated, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the useful life of the leased asset and the expected lease term. If ownership of the leased asset is automatically transferred at the end of the lease term or the exercise of a purchase option is reflected in the lease payments, the right-of-use asset is amortised on a straight-line basis over the expected useful life of the leased asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as a discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease payments include fixed payments, i.e. amounts expected to be payable by the Company under residual value guarantee, the exercise price of purchase options and lease payments in relation to lease extension options, if the Company is reasonably certain to exercise purchase or extension options, and payment of penalties for terminating the lease if the lease term considered reflects that the Company shall exercise a termination option.

The Group applies the practical expedient to not assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic that meet the following conditions are lease modifications:

- The change in lease payments results in revised consideration that is substantially the same, or less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- There are no substantive changes to other terms and conditions of the lease.

Changes to lease payments for such leases are accounted for as if they are not lease modifications.

The Group leases a number of buildings, plant and equipment, IT hardware and software assets, certain of which have a renewal and/or purchase options in the normal course of the business. Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operation. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension or termination option. The Group reassesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control. The Group's leases mature between 2023 and 2051.

There are no leases with residual value guarantees.

#### Right-of-use assets

£ millions	Land and buildings	IT equipment	Plant and equipment	Vehicles	Fixtures and fittings	Other	Total
Balance at 31 March 2023	573	8	37	4	12	1	635
Balance at 31 March 2022	504	6	41	3	13	1	568
Balance at 31 March 2021	475	6	45	3	12	2	543
Depreciation charge for the year ended 31 March 2023	62	4	16	3	1	1	87
Depreciation charge for the year ended 31 March 2022	60	4	17	3	1	2	87
Depreciation charge for the year ended 31 March 2021	63	7	17	5	1	1	94

Additions to right-of-use assets during the year ended 31 March 2023 was £137 million (2022: £131 million, 2021: £70 million).

The Group has not entered into any sale and leaseback transactions during the year ended 31 March 2023.

The Group entered into a sale and leaseback transaction during the year ended 31 March 2022. The transfer of the Group asset did not satisfy the sale requirements of IFRS 15 and, therefore, is still retained on the Group balance sheet. An initial financial liability was recognised equal to the transfer proceeds of £33 million in accordance with IFRS 9 in borrowings in note 27. The lessee accounting principles described above under IFRS 16 have been applied to the leaseback transaction, with the initial right of use asset of £94 million recognised in land and buildings.

#### Lease liabilities

The maturity analysis of the contractual undiscounted cash flows is as follows:

As at 31 March (£ millions)	2023	2022	2021
Less than one year	118	103	103
Between one and five years	346	280	286
More than five years	732	561	451
<b>Total undiscounted lease liabilities</b>	<b>1,196</b>	<b>944</b>	<b>840</b>

Included in undiscounted lease liability maturities above is £nil million (2022: £1 million, 2021: £15 million) in relation to leases committed but not yet commenced at the balance sheet date.

The following amounts are included in the consolidated balance sheet:

As at 31 March (£ millions)	2023	2022	2021
Current lease liabilities	70	62	65
Non-current lease liabilities	640	508	454
<b>Total lease liabilities</b>	<b>710</b>	<b>570</b>	<b>519</b>

The following amounts are recognised in the consolidated income statement:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Interest expense on lease liabilities	54	45	44
Expenses related to short-term leases	10	10	9
Expenses related to low-value assets, excluding short-term leases of low-value assets	12	9	7
Expense/(credit) in lease payments arising from COVID-19 rent concessions	-	1	(3)

The following amounts are recognised in the consolidated cash flow statement:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cash payments for the principal portion of lease liabilities (within 'payments of lease obligations')	72	71	79
Cash payments for interest expense related to lease liabilities (within 'finance expenses and fees paid')	54	45	44
<b>Total cash outflow for leases</b>	<b>126</b>	<b>116</b>	<b>123</b>

#### Leases as a lessor

The majority of the leases where the Group is a lessor are in relation to vehicles. The Group classifies these as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, are as follows:

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Less than one year	4	4	3
Between one and five years	7	3	2
More than five years	10	12	11
<b>Total undiscounted lease payments to be received</b>	<b>21</b>	<b>19</b>	<b>16</b>

#### 39 SEGMENTAL REPORTING

Operating segments are defined as components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

The Group operates in the automotive segment. The automotive segment includes all activities relating to design, development, manufacture and marketing of vehicles including financing thereof, as well as sale of related parts and accessories and services from which the Group derives its revenues. The Group has only one operating segment, so no separate segment report is given.

The geographic spread of sales by customer location and non-current assets is as disclosed below:

<b>(£ millions)</b>	<b>UK</b>	<b>US</b>	<b>Rest of Europe</b>	<b>Rest of World</b>	<b>China</b>	<b>Total</b>
<b>31 March 2023</b>						
Revenue	3,932	5,196	4,327	4,773	4,581	22,809
Non-current assets	9,741	55	873	189	136	10,994
<b>31 March 2022</b>						
Revenue	3,164	4,320	3,248	3,412	4,176	18,320
Non-current assets	10,311	60	982	203	131	11,687
<b>31 March 2021</b>						
Revenue	3,790	4,664	3,563	3,153	4,561	19,731
Non-current assets	10,932	53	1,047	218	141	12,391

## (A) Reconciliation of loss for the year to cash generated from operating activities

<b>Year ended 31 March (£ millions)</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Loss for the year</b>		(60)	(822)	(1,100)
Adjustments for:				
Depreciation and amortisation		2,042	1,944	1,976
Write-down of tangible assets	10	-	3	-
Write-down of intangible assets	10	-	9	40
Fair value adjustments in relation to assets held for sale	10	26	-	-
Loss/(profit) on disposal of assets	14	10	(1)	(1)
Foreign exchange on debt, derivatives and balance sheet revaluation*		14	38	(249)
Foreign exchange (gain)/loss on restricted deposits		-	(2)	1
Income tax expense	15	157	367	239
Finance expense (net)	13	507	369	251
Finance income	13	(67)	(9)	(11)
Unrealised loss/(gain) on commodities	12	163	(48)	(137)
Gain on matured revenue hedges		-	-	(6)
Share of (profit)/loss of equity accounted investments	16	(15)	18	41
Fair value gain on equity investments	12	(9)	(4)	(2)
Exceptional items	4	(161)	43	1,523
Other non-cash adjustments		-	3	(5)
<b>Cash flows from operating activities before changes in assets and liabilities</b>		<b>2,607</b>	<b>1,908</b>	<b>2,560</b>
Trade receivables and other assets*		(450)	(292)	390
Other financial assets		166	8	(35)
Inventories		(489)	254	459
Accounts payable, other liabilities and retirement benefit obligations*		698	(852)	(519)
Other financial liabilities		17	(95)	(130)
Provisions		41	(359)	(189)
<b>Cash generated from operations</b>		<b>2,590</b>	<b>572</b>	<b>2,536</b>

\*The comparatives for the year ended 31 March 2022 and 31 March 2021 have been re-presented to align with presentation changes for the year ended 31 March 2023, to combine foreign exchange on debt, derivatives and balance sheet revaluation into a single line; and to group certain working capital movements. This has not resulted in any change to reported 'cash flows from operating activities before changes in assets and liabilities' or 'cash generated from operations'.

(B) Reconciliation of movements of liabilities to cash flows arising from financing activities

<b>(£ millions)</b>	<b>Borrowings</b>	<b>Lease obligations</b>	<b>Interest accrued</b>	<b>Total</b>
<b>Balance at 1 April 2020</b>	<b>5,343</b>	<b>541</b>	<b>65</b>	<b>5,949</b>
<b>Cash flows</b>				
Proceeds from issue of financing	1,953	-	-	1,953
Repayment of financing	(749)	(79)	-	(828)
Arrangement fees paid	(11)	-	-	(11)
Interest paid	-	(44)	(249)	(293)
<b>Non-cash movements</b>				
Issue of new leases	-	71	-	71
Interest accrued	-	44	271	315
Foreign exchange	(323)	(14)	(3)	(340)
Fee amortisation	11	-	-	11
Fair value adjustment on loans	(46)	-	-	(46)
<b>Balance at 31 March 2021</b>	<b>6,178</b>	<b>519</b>	<b>84</b>	<b>6,781</b>
<b>Cash flows</b>				
Proceeds from issue of financing	2,095	-	-	2,095
Repayment of financing	(1,347)	(71)	-	(1,418)
Arrangement fees paid	(13)	-	-	(13)
Interest paid	-	(45)	(322)	(367)
<b>Non-cash movements</b>				
Issue of new leases	-	136	-	136
Lease terminations	-	(27)	-	(27)
Interest accrued	-	45	331	376
Foreign exchange	169	13	2	184
Fee amortisation	11	-	-	11
Fair value adjustment on loans	(66)	-	-	(66)
<b>Balance at 31 March 2022</b>	<b>7,027</b>	<b>570</b>	<b>95</b>	<b>7,692</b>
<b>Cash flows</b>				
Proceeds from issue of financing	1,261	-	-	1,261
Repayment of financing	(2,426)	(72)	-	(2,498)
Interest paid	-	(54)	(384)	(438)
<b>Non-cash movements</b>				
Issue of new leases	-	209	-	209
Interest accrued	-	54	377	431
Foreign exchange	325	3	7	335
Fee amortisation	12	-	-	12
Bond revaluation in hedge reserve	(55)	-	-	(55)
Fair value adjustment on loans	(66)	-	-	(66)
<b>Balance at 31 March 2023</b>	<b>6,078</b>	<b>710</b>	<b>95</b>	<b>6,883</b>

Included within 'finance expenses and fees paid' in the consolidated cash flow statement is £57 million (2022: £22 million, 2021: £9 million) of cash interest paid relating to other assets and liabilities not included in the reconciliation above.

## 41 RELATED PARTY TRANSACTIONS

Tata Sons Private Limited is a company with significant influence over the Group's ultimate parent company Tata Motors Limited. The Group's related parties therefore include Tata Sons Private Limited, subsidiaries and joint ventures of Tata Sons Private Limited and subsidiaries, joint ventures and associates of Tata Motors Limited. The Group routinely enters into transactions with its related parties in the ordinary course of business, including transactions for the sale and purchase of products with its joint ventures, and IT and consultancy services received from subsidiaries of Tata Sons Private Limited.

All transactions with related parties are conducted under normal terms of business and all amounts outstanding are unsecured and will be settled in cash.

Transactions and balances with the Group's own subsidiaries are eliminated on consolidation.

The table below summarises related party transactions and balances not eliminated in the consolidated financial statements.

(£ millions)	Joint ventures	Associates and their subsidiaries	Tata Sons Private Limited, its subsidiaries and joint ventures	Immediate or ultimate parent and its subsidiaries, joint ventures and associates
<b>31 March 2023</b>				
Sale of products	253	-	2	33
Purchase of goods	59	91	-	95
Services received	-	-	195	100
Services rendered	110	-	-	3
Trade and other receivables	33	-	-	43
Accounts payable	-	3	26	33
<b>31 March 2022</b>				
Sale of products	263	-	2	26
Purchase of goods	39	-	-	82
Services received	-	-	152	72
Services rendered	97	-	-	1
Trade and other receivables	30	-	-	25
Accounts payable	-	-	16	30
<b>31 March 2021</b>				
Sale of products	284	-	2	15
Purchase of goods	-	-	1	72
Services received	-	1	123	68
Services rendered	111	-	-	1
Trade and other receivables	48	-	1	32
Accounts payable	-	-	13	43

Compensation of key management personnel

Year ended 31 March (£ millions)	2023	2022	2021
Short-term benefits	19	20	15
Post-employment benefits	-	-	2
Other long-term employee benefits	-	(1)	2
Compensation for loss of office	2	5	-
<b>Total compensation of key management personnel</b>	<b>21</b>	<b>24</b>	<b>19</b>

## 42 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore), which is the parent for the smallest group to consolidate these financial statements. The ultimate parent undertaking and controlling party is Tata Motors Limited, India, which is the parent of the largest group to consolidate these financial statements.

Copies of the TML Holdings Pte. Ltd. (Singapore) consolidated financial statements can be obtained from the Company Secretary, TML Holdings Pte. Ltd., 9 Battery Road #15-01 MYP Centre, Singapore 049910.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Company Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai-400001, India.

## 43 SUBSEQUENT EVENTS

There have been no material subsequent events between the balance sheet date and the date of signing this report.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY BALANCE SHEET

<b>As at 31 March (£ millions)</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Non-current assets</b>				
Investments	44	1,655	1,655	1,655
Other financial assets	45	4,686	5,288	4,964
Other non-current assets	46	9	4	-
<b>Total non-current assets</b>		<b>6,350</b>	<b>6,947</b>	<b>6,619</b>
<b>Current assets</b>				
Other financial assets	45	1,358	1,727	1,074
Other current assets	46	-	4	1
Cash and cash equivalents		-	-	-
<b>Total current assets</b>		<b>1,358</b>	<b>1,731</b>	<b>1,075</b>
<b>Total assets</b>		<b>7,708</b>	<b>8,678</b>	<b>7,694</b>
<b>Current liabilities</b>				
Other financial liabilities	48	87	85	82
Deferred finance income		2	6	1
Short-term borrowings	49	820	1,180	524
Current tax liabilities		1	4	5
<b>Total current liabilities</b>		<b>910</b>	<b>1,275</b>	<b>612</b>
<b>Non-current liabilities</b>				
Long-term borrowings	49	4,697	5,280	4,959
Deferred finance income		35	37	33
<b>Total non-current liabilities</b>		<b>4,732</b>	<b>5,317</b>	<b>4,992</b>
<b>Total liabilities</b>		<b>5,642</b>	<b>6,592</b>	<b>5,604</b>
<b>Equity attributable to shareholder of the parent</b>				
Ordinary shares	50	1,501	1,501	1,501
Capital redemption reserve	50	167	167	167
Retained earnings		398	418	422
<b>Equity attributable to equity holders of the parent</b>		<b>2,066</b>	<b>2,086</b>	<b>2,090</b>
<b>Total liabilities and equity</b>		<b>7,708</b>	<b>8,678</b>	<b>7,694</b>

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company income statement. The loss for the Company for the year was £20 million (2022: loss of £4 million, 2021: loss of £6 million).

The notes on pages 153 to 163 are an integral part of the these financial statements.

These parent company financial statements were approved by the the Company's Board of Directors and authorised for issue on 1st June 2023.

They were signed on its behalf by:

**ADRIAN MARDELL**

INTERIM CHIEF EXECUTIVE OFFICER

COMPANY REGISTERED NUMBER: 06477691

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary share capital	Capital redemption reserve	Retained earnings	Total equity
Balance at 1 April 2022	1,501	167	418	2,086
Loss for the year	-	-	(20)	(20)
<b>Total comprehensive expense</b>	<b>-</b>	<b>-</b>	<b>(20)</b>	<b>(20)</b>
Dividend	-	-	-	-
<b>Balance at 31 March 2023</b>	<b>1,501</b>	<b>167</b>	<b>398</b>	<b>2,066</b>
Balance at 1 April 2021	1,501	167	422	2,090
Loss for the year	-	-	(4)	(4)
<b>Total comprehensive expense</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>(4)</b>
Dividend	-	-	-	-
<b>Balance at 31 March 2022</b>	<b>1,501</b>	<b>167</b>	<b>418</b>	<b>2,086</b>
Balance at 1 April 2020	1,501	167	428	2,096
Loss for the year	-	-	(6)	(6)
<b>Total comprehensive expense</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>(6)</b>
Dividend	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>1,501</b>	<b>167</b>	<b>422</b>	<b>2,090</b>

The notes on pages 153 to 163 are an integral part of these financial statements.

PARENT COMPANY CASH FLOW STATEMENT

Year ended 31 March (£ millions)	2023	2022	2021
Cash flows from operating activities			
Loss for the year	(20)	(4)	(6)
Adjustments for:			
Allowances for other financial assets	8	3	7
Foreign exchange loss	8	-	-
Finance income	(370)	(319)	(259)
Finance expense	376	320	257
<b>Cash flows generated from/(used in) operating activities before changes in assets and liabilities</b>	<b>2</b>	<b>-</b>	<b>(1)</b>
Other financial assets	2	-	3
Other current liabilities	(2)	4	(2)
<b>Net cash generated from operating activities</b>	<b>2</b>	<b>4</b>	<b>-</b>
Cash flows from investing activities			
Finance income received	384	323	236
Loans made to subsidiaries	-	(1,417)	(1,034)
Repayments of loans by subsidiaries	1,235	558	425
<b>Net cash generated from/(used in) investing activities</b>	<b>1,619</b>	<b>(536)</b>	<b>(373)</b>
Cash flows from financing activities			
Finance expenses and fees paid	(386)	(327)	(236)
Proceeds from issuance of borrowings	-	1,417	1,034
Repayment of borrowings	(1,235)	(558)	(425)
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,621)</b>	<b>532</b>	<b>373</b>
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning of year	-	-	-
<b>Cash and cash equivalents at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>

The notes on pages 153 to 163 are an integral part of these financial statements.

## 44 INVESTMENTS

Investments consist of the following:

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cost of unquoted equity investments at beginning and end of year	1,655	1,655	1,655

The Company has not made any investments or disposals of investments in the year.

The Company has the following 100 per cent direct interest in the ordinary shares of a subsidiary undertaking:

<b>Subsidiary undertaking</b>	<b>Principle place of business and country of incorporation</b>	<b>Registered office address</b>
Jaguar Land Rover Holdings Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England

The shareholding above is recorded at acquisition value in the Company's accounts. Details of the indirect subsidiary undertakings are as follows:

<b>Name of company</b>	<b>Shareholding</b>	<b>Principle place of business and country of incorporation</b>	<b>Registered office address</b>
Jaguar Land Rover Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Land Rover North America, LLC.	100%	USA	100 Jaguar Land Rover Way, Mahwah, NJ 07495, USA
Jaguar Land Rover Deutschland GmbH	100%	Germany	Campus Kronberg 7, 61476, Kronberg im Taunus, Germany
Jaguar Land Rover Belux N.V.	100%	Belgium	Generaal Lemanstraat 47, 2018 Antwerpen, Belgium
Jaguar Land Rover Austria GmbH	100%	Austria	Siezenheimer Strasse 39a, 5020 Salzburg, Austria
Jaguar Land Rover Italia SpA	100%	Italy	Via Alessandro Marchetti, 105 - 00148, Roma, Italy
Jaguar Land Rover Australia Pty Ltd	100%	Australia	189 O'Riordan Street, Mascot, 2020, NSW, Australia
Jaguar Land Rover Espana SL	100%	Spain	Torre Picasso, Plaza Pablo Ruiz Picasso, 1 – Planta 42, 28020 Madrid, Spain
Jaguar Land Rover Nederland BV	100%	Holland	PO Box 40, Stationsweg 8, 4153 RD Beesd, Netherlands
Jaguar Land Rover Portugal -Veiculos e Pecas, Lda.	100%	Portugal	Rua. Do Pólo Sul Nº2 - 3ºB-3, Parque das Nações, 1990- 273, Lisboa, Portugal
Jaguar Land Rover (China) Investment Co., Ltd (formerly Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd)	100%	China	11F, No.06 (Building D) The New Bund World Trade Center (Phase II), Lane 227 Dongyu Road, Pudong New District, Shanghai 200126, China

<b>Name of company</b>	<b>Shareholding</b>	<b>Principle place of business and country of incorporation</b>	<b>Registered office address</b>
Shanghai Jaguar Land Rover Automotive Service Co. Ltd	100%	China	11F, No.06 (Building D) The New Bund World Trade Center (Phase II), Lane 227 Dongyu Road, Pudong New District, Shanghai 20012, China
Jaguar Land Rover Japan Limited	100%	Japan	3-13 Toranomon 4-chome, Minato-ku, Tokyo, Japan, 45
Jaguar Land Rover Korea Co. Limited	100%	Korea	25F West Mirae Asset Center 1 Building 67 Suha-dong, Jung-gu Seoul 100-210, Korea
Jaguar Land Rover Canada ULC	100%	Canada	75 Courtneypark Drive West, Unit 3 Mississauga, ON L5W 0E3, Canada
Jaguar Land Rover France SAS	100%	France	Z.A. Kleber – Batiment Ellington, 165 Boulevard de Valmy, 92706 Colombes, Cedex, France
Jaguar e Land Rover Brasil Indústria e Comércio de Veículos LTDA	100%	Brazil	Avenida Ibirapuera 2.332, Torre I - 10º andar-Moema, 04028-002, São Paulo, SP, Brazil
Jaguar Land Rover Limited Liability Company	100%	Russia	28B, Building 2 Mezhdunarodnoe Shosse 141411, Moscow, Russian Federation
Jaguar Land Rover (South Africa) Holdings Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Land Rover (South Africa) (Pty) Limited	100%	South Africa	Simon Vermooten Road, Silverton, Pretoria 0184, South Africa
Jaguar Land Rover India Limited	100%	India	Nanavati Mahalaya, 3rd floor, 18, Homi Mody Street, Mumbai, Maharashtra, India 400001
Daimler Transport Vehicles Limited (dormant)	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
S S Cars Limited (dormant)	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
The Lanchester Motor Company Limited (dormant)	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
The Daimler Motor Company Limited (dormant)	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Land Rover Pension Trustees Limited (dormant)	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
JLR Nominee Company Limited (non-trading)	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Cars Limited (dormant)	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Land Rover Exports Limited (non-trading)	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Land Rover Ireland Limited (non-trading)	100%	Ireland	c/o LK Shields Solicitors, 39/40 Upper Mount Street, Dublin 2, Ireland
Jaguar Cars South Africa (Pty) Ltd (dormant)	100%	South Africa	Simon Vermooten Road, Silverton, Pretoria 0184, South Africa
Jaguar Land Rover Slovakia s.r.o.	100%	Slovakia	Horné lúky, 4540/1, 949 01 Nitra, Slovakia
Jaguar Land Rover Singapore Pte. Ltd	100%	Singapore	138 Market Street, CapitaGreen, Singapore, 048946

<b>Name of company</b>	<b>Shareholding</b>	<b>Principle place of business and country of incorporation</b>	<b>Registered office address</b>
Jaguar Racing Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
In-Car Ventures Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
InMotion Ventures Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
InMotion Ventures 2 Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
InMotion Ventures 3 Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Land Rover Colombia SAS (dormant)	100%	Colombia	CL 67735 OFE, 1204 Bogotan Cundinamarka 1 3192 900, Colombia
Jaguar Land Rover México, S.A.P.I. de C.V.	100%	Mexico	Av. Javier Barros Sierra No.540 Piso 7 Oficina 703, Col. Santa Fe la Fe Del., Alvaro Obregón, México, D.F. C.P. 01210
Jaguar Land Rover Servicios México, S.A. de C.V.	100%	Mexico	Av. Javier Barros Sierra No.540 Piso 7 Oficina 703, Col. Santa Fe la Fe Del., Alvaro Obregón, México, D.F. C.P. 01210
Jaguar Land Rover Taiwan Company LTD	100%	Taiwan	12F, No. 40, Sec. 1, Chengde Road, Datong Dist., Taipei, City 103, Taiwan (R.O.C.)
Jaguar Land Rover Ireland (Services) Limited	100%	Ireland	C/o LK Shields Solicitors 39/40 Upper Mount Street Dublin 2 Ireland
Jaguar Land Rover Classic USA LLC (dormant)	100%	USA	251 Little Falls Drive, Wilmington, Delaware, USA
Jaguar Land Rover Classic Deutschland GmbH	100%	Germany	Ringstraße 38, 45219 Essen, Germany
Jaguar Land Rover Hungary KFT	100%	Hungary	Regus Capital Square, Vaci ut 76, 1133, Budapest, Hungary
Jaguar Land Rover (Ningbo) Trading Co., Ltd.	100%	China	Office Building 12, No.1 Meishan Salt, Beilun District, Ningbo, Zhejiang Province, China
Jaguar Land Rover Ventures Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Bowler Motors Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England

Details of the indirect holdings in equity accounted investments are given in note 16 to the consolidated financial statements.

#### 45 OTHER FINANCIAL ASSETS

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Non-current</b>			
Receivables from subsidiaries	4,686	5,288	4,964
<b>Current</b>			
Receivables from subsidiaries	1,358	1,727	1,074

£4,686 million (2022: £5,288 million, 2021: £4,964 million) of non-current receivables from subsidiaries and £815 million (2022: £1,260 million, 2021: £599 million) of current receivables from subsidiaries comprise of loans to indirect subsidiaries under terms matching the external interest-bearing loans and borrowings given in note 49.

#### 46 OTHER ASSETS

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Non-current</b>			
Prepaid expenses	9	4	-
<b>Current</b>			
Prepaid expenses	-	4	1

#### 47 DEFERRED TAX ASSETS AND LIABILITIES

As at 31 March 2023, 2022 and 2021 the Company had recognised no deferred tax assets or liabilities.

#### 48 OTHER FINANCIAL LIABILITIES

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Current</b>			
Interest accrued	86	84	79
Other	1	1	3
<b>Total current other financial liabilities</b>	<b>87</b>	<b>85</b>	<b>82</b>

#### 49 INTEREST-BEARING LOANS AND BORROWINGS

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
EURO MTF listed debt	3,644	4,020	3,922
Bank loans	1,053	1,260	1,037
<b>Long-term borrowings</b>	<b>4,697</b>	<b>5,280</b>	<b>4,959</b>
Current portion of long-term EURO MTF listed debt	571	779	399
Current portion of long-term bank loans	249	401	125
<b>Short-term borrowings</b>	<b>820</b>	<b>1,180</b>	<b>524</b>

## Euro MTF listed debt

The bonds are listed on the Luxembourg Stock Exchange multilateral trading facility (“EURO MTF”) market. Details of the tranches of the bonds outstanding at 31 March 2023 are as follows:

- €650 million Senior Notes due 2024 at a coupon of 2.200 per cent per annum – issued January 2017
- \$500 million Senior Notes due 2027 at a coupon of 4.500 per cent per annum – issued October 2017
- €500 million Senior Notes due 2026 at a coupon of 4.500 per cent per annum – issued September 2018
- €500 million Senior Notes due 2024 at a coupon of 5.875 per cent per annum – issued November 2019
- €500 million Senior Notes due 2026 at a coupon of 6.875 per cent per annum – issued November 2019
- \$700 million Senior Notes due 2025 at a coupon of 7.750 per cent per annum – issued October 2020
- \$650 million Senior Notes due 2028 at a coupon of 5.875 per cent per annum – issued December 2020
- \$500 million Senior Notes due 2029 at a coupon of 5.500 per cent per annum – issued July 2021
- €500 million Senior Notes due 2028 at a coupon of 4.500 per cent per annum – issued July 2021

Details of the tranches of the bond repaid in the year ended 31 March 2023 are as follows:

- \$500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum – issued January 2013
- £400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum – issued February 2015

Details of the tranches of the bond repaid in the year ended 31 March 2022 were as follows:

- £400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum – issued January 2014

Details of the tranches of the bond repaid in the year ended 31 March 2021 were as follows:

- £300 million Senior Notes due 2021 at a coupon of 2.750 per cent per annum – issued January 2017

## Syndicated loan

In October 2018, a \$1 billion syndicate loan was issued with a coupon rate of LIBOR + 1.900 per cent per annum, with \$798 million due in January 2025. \$200 million was paid during the year ended 31 March 2023.

## UK export finance facility

During the year ended 31 March 2020, the Company entered and drew down in full a £625 million five-year amortising loan facility backed by a £500 million guarantee from UK Export Finance. During the year ended 31 March 2023, the Company repaid £125 million (2022: £125 million, 2021: £125 million) of this loan. During the year ended 31 March 2022, the Company entered and drew down in full an additional £625 million five-year amortising loan facility. The Company repaid £125 million of this additional facility in the year ended 31 March 2023 (2022: £31 million, 2021: £nil). These loans include a covenant requiring the Group to maintain a minimum liquidity of £1 billion.

The contractual cash flows of interest-bearing debt are set out below, including estimated interest payments and assuming the debt will be repaid at the maturity date:

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Due in</b>			
1 year or less	1,123	1,494	798
2nd and 3rd years	2,890	2,508	2,134
4th and 5th years	1,661	1,899	2,326
More than 5 years	883	1,800	1,377
<b>Total contractual cash flows</b>	<b>6,557</b>	<b>7,701</b>	<b>6,635</b>

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Authorised, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
<b>Total ordinary share capital</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The capital redemption reserve of £167 million (2022, 2021: £167 million) was created in March 2011 on the cancellation of share capital.

## 5.1 DIVIDENDS

During the year ended 31 March 2023 no ordinary share dividends were proposed or paid (2022, 2021: £nil).

## 5.2 COMMITMENTS AND CONTINGENCIES

The Company had no commitments or contingencies at 31 March 2023, 2022 or 2021.

## 5.3 CAPITAL MANAGEMENT

<b>As at 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Long-term debt	4,697	5,280	4,959
Short-term debt	820	1,180	524
<b>Total debt</b>	<b>5,517</b>	<b>6,460</b>	<b>5,483</b>
Equity attributable to shareholder	2,066	2,086	2,090
<b>Total capital</b>	<b>7,583</b>	<b>8,546</b>	<b>7,573</b>

## 5.4 FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability, are disclosed in note 37 to the consolidated financial statements.

### (A) Financial assets and liabilities

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2023:

<b>(£ millions)</b>	<b>Amortised cost</b>	<b>Total carrying value</b>	<b>Total fair value</b>
Other financial assets - current	1,358	1,358	1,348
Other financial assets - non-current	4,686	4,686	4,330
<b>Total financial assets</b>	<b>6,044</b>	<b>6,044</b>	<b>5,678</b>
Other financial liabilities - current	87	87	87
Short-term borrowings	820	820	810
Long-term borrowings	4,697	4,697	4,341
<b>Total financial liabilities</b>	<b>5,604</b>	<b>5,604</b>	<b>5,238</b>

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2022:

(£ millions)	<b>Amortised cost</b>	<b>Total carrying value</b>	<b>Total fair value</b>
Other financial assets - current	1,727	1,727	1,726
Other financial assets - non-current	5,288	5,288	5,189
<b>Total financial assets</b>	<b>7,015</b>	<b>7,015</b>	<b>6,915</b>
Other financial liabilities - current	85	85	85
Short-term borrowings	1,180	1,180	1,179
Long-term borrowings	5,280	5,280	5,181
<b>Total financial liabilities</b>	<b>6,545</b>	<b>6,545</b>	<b>6,445</b>

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2021:

(£ millions)	<b>Amortised cost</b>	<b>Total carrying value</b>	<b>Total fair value</b>
Other financial assets - current	1,074	1,074	1,074
Other financial assets - non-current	4,964	4,964	4,964
<b>Total financial assets</b>	<b>6,038</b>	<b>6,038</b>	<b>6,038</b>
Other financial liabilities - current	82	82	82
Short-term borrowings	524	524	535
Long-term borrowings	4,959	4,959	5,122
<b>Total financial liabilities</b>	<b>5,565</b>	<b>5,565</b>	<b>5,739</b>

#### Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels:

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data.

There has been no change in the valuation techniques adopted or any transfers between fair value levels in either current or prior years as presented.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2023, 2022 and 2021 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

#### (B) Financial risk management

The Company is exposed to foreign currency exchange rate, interest rate, liquidity and credit risks. The Company has a risk management framework in place that monitors all of these risks as discussed below. This framework is approved by the Company's Board of Directors.

#### Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have a potential impact on the balance sheet, statement of changes in equity and cash flow statement where any transaction references more than one currency or where assets or liabilities are denominated in a currency other than the functional currency of the Company.

As at 31 March 2023, 2022 and 2021, there are no designated cash flow hedges.

The Company's operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in US Dollar and Euro against Sterling as the Company has US Dollar and Euro assets and liabilities and a GBP functional currency.

The following table sets forth information relating to foreign currency exposure as at 31 March 2023:

(£ millions)	US Dollar	Euro
Financial assets	2,581	2,364
Financial liabilities	(2,587)	(2,364)
<b>Net exposure liability</b>	<b>(6)</b>	<b>-</b>

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in a decrease/increase in the Company's net profit before tax and net assets by approximately £1 million and £nil respectively.

The following table sets forth information relating to foreign currency exposure as at 31 March 2022:

(£ millions)	US Dollar	Euro
Financial assets	2,980	2,282
Financial liabilities	(2,974)	(2,282)
<b>Net exposure asset</b>	<b>6</b>	<b>-</b>

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £1 million and £nil respectively.

The following table sets forth information relating to foreign currency exposure as at 31 March 2021:

(£ millions)	US Dollar	Euro
Financial assets	2,480	1,861
Financial liabilities	(2,477)	(1,861)
<b>Net exposure asset</b>	<b>3</b>	<b>-</b>

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

#### Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Company.

The Company is presently funded with long-term fixed interest rate borrowings and long-term variable-rate borrowings. The Company is also subject to variable interest rates on certain other debt obligations.

As at 31 March 2023, net financial assets of £467 million (2022: £465 million, 2021: £436 million) were subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £5 million (2022: £5 million, 2021: £4 million).

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year-end balances are not necessarily representative of the average debt outstanding during the year.

#### Liquidity rate risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund ongoing operations without the need to carry significant net debt over the medium term. The quantum of committed borrowing facilities available to the Company is reviewed regularly and is designed to exceed forecast peak gross debt levels.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

<b>As at 31 March 2023 (£ millions)</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>1 year or less</b>	<b>1 to &lt;2 years</b>	<b>2 to &lt;5 years</b>	<b>5 years and over</b>
Financial liabilities						
Long-term borrowings and accrued interest	4,770	5,644	249	1,527	2,983	885
Short-term borrowings and accrued interest	823	845	845	-	-	-
Other financial liabilities	11	68	28	18	22	-
<b>Total contractual maturities</b>	<b>5,604</b>	<b>6,557</b>	<b>1,122</b>	<b>1,545</b>	<b>3,005</b>	<b>885</b>
<b>As at 31 March 2022 (£ millions)</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>1 year or less</b>	<b>1 to &lt;2 years</b>	<b>2 to &lt;5 years</b>	<b>5 years and over</b>
Financial liabilities						
Long-term borrowings and accrued interest	5,347	6,447	246	1,045	3,356	1,800
Short-term borrowings and accrued interest	1,188	1,228	1,228	-	-	-
Other financial liabilities	9	28	22	6	-	-
<b>Total contractual maturities</b>	<b>6,544</b>	<b>7,703</b>	<b>1,496</b>	<b>1,051</b>	<b>3,356</b>	<b>1,800</b>
<b>As at 31 March 2021 (£ millions)</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>1 year or less</b>	<b>1 to &lt;2 years</b>	<b>2 to &lt;5 years</b>	<b>5 years and over</b>
Financial liabilities						
Long-term borrowings and accrued interest	4,959	6,054	221	1,263	3,193	1,377
Short-term borrowings and accrued interest	524	557	557	-	-	-
Other financial liabilities	82	28	22	6	-	-
<b>Total contractual maturities</b>	<b>5,565</b>	<b>6,639</b>	<b>800</b>	<b>1,269</b>	<b>3,193</b>	<b>1,377</b>

#### Credit risk

Financial instruments that are subject to concentrations of credit risk consist of loans to subsidiaries.

The carrying amount of financial assets represents the maximum credit exposure.

#### Financial assets

None of the other financial assets are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2023 (2022, 2021: no indications) that defaults in payment obligations will occur. However, as required under IFRS 9, the Company has assessed other financial assets for expected credit losses.

These financial assets are loan receivables from subsidiaries and the Company notes that there is no history of default on such arrangements. As there has been no significant increase in credit risk, the Company has assessed these based on a 12-month expected credit loss. The impairment of the loan receivables due to the requirements under IFRS 9 are set out below:

<b>As at 31 March (£ millions)</b>	<b>2023 Gross</b>	<b>2023 Impairment</b>	<b>2023 Net carrying value</b>	<b>2022 Gross</b>	<b>2022 Impairment</b>	<b>2022 Net carrying value</b>	<b>2021 Gross</b>	<b>2021 Impairment</b>	<b>2021 Net carrying value</b>
Other financial assets - current	1,365	(7)	1,358	1,734	(7)	1,727	1,077	(3)	1,074
Other financial assets - non-current	4,720	(34)	4,686	5,314	(26)	5,288	4,992	(28)	4,964
<b>Total</b>	<b>6,085</b>	<b>(41)</b>	<b>6,044</b>	<b>7,048</b>	<b>(33)</b>	<b>7,015</b>	<b>6,069</b>	<b>(31)</b>	<b>6,038</b>

Movement in allowances for expected credit losses of financial assets:

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
At beginning of year	33	31	24
Charged during year	8	2	7
<b>At end of year</b>	<b>41</b>	<b>33</b>	<b>31</b>

55 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(£ millions)	Borrowings	Interest accrued	Total
<b>Balance at 1 April 2020</b>	<b>5,183</b>	<b>62</b>	<b>5,245</b>
<b>Cash flows</b>			
Proceeds from issue of financing	1,034	-	1,034
Repayment of financing	(425)	-	(425)
Arrangement fees paid	(11)	-	(11)
Interest paid	-	(226)	(226)
<b>Non-cash movements</b>			
Interest accrued	-	246	246
Foreign exchange	(309)	(3)	(312)
Fee amortisation	11	-	11
<b>Balance at 31 March 2021</b>	<b>5,483</b>	<b>79</b>	<b>5,562</b>
<b>Cash flows</b>			
Proceeds from issue of financing	1,417	-	1,417
Repayment of financing	(558)	-	(558)
Arrangement fees paid	(13)	-	(13)
Interest paid	-	(296)	(296)
<b>Non-cash movements</b>			
Interest accrued	-	301	301
Foreign exchange	118	-	118
Fee amortisation	13	-	13
<b>Balance at 31 March 2022</b>	<b>6,460</b>	<b>84</b>	<b>6,544</b>
<b>Cash flows</b>			
Repayment of financing	(1,235)	-	(1,235)
Interest paid	-	(355)	(355)
<b>Non-cash movements</b>			
Interest accrued	-	348	348
Foreign exchange	281	9	290
Fee amortisation	11	-	11
<b>Balance at 31 March 2023</b>	<b>5,517</b>	<b>86</b>	<b>5,603</b>

Included within 'finance expenses and fees paid' in the parent company cashflow statement is £31 million (2022: £18 million, 2021: £nil) of cash interest paid relating to other assets and liabilities not included in the reconciliation above.

## 56 RELATED PARTY TRANSACTIONS

Tata Sons Private Limited is a company with significant influence over the Company's ultimate parent company Tata Motors Limited. The Company's related parties therefore include Tata Sons Private Limited, subsidiaries and joint ventures of Tata Sons Private Limited and subsidiaries, associates and joint ventures of Tata Motors Limited. The Company routinely enters into transactions with these related parties in the ordinary course of business.

The following table summarises related party balances:

<b>As at (£ millions)</b>	<b>With direct and indirect subsidiaries</b>	<b>With immediate parent</b>
<b>31 March 2023</b>		
Loans to subsidiaries of the Company	6,044	-
Loans from subsidiaries of the Company	37	-
<b>31 March 2022</b>		
Loans to subsidiaries of the Company	7,015	-
Loans from subsidiaries of the Company	43	-
<b>31 March 2021</b>		
Loans to subsidiaries of the Company	6,038	-
Loans from subsidiaries of the Company	34	-

Compensation of key management personnel

<b>Year ended 31 March (£ millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Short-term benefits	4	5	6
Post-employment benefits	-	-	1
Other long-term employee benefits	-	-	1
Compensation for loss of office	2	-	-
<b>Total compensation of key management personnel</b>	<b>6</b>	<b>5</b>	<b>8</b>

Apart from the directors, the Company did not have any employees and had no employee costs in the years ended 31 March 2023, 2022 and 2021. All directors' costs are fully recharged to Jaguar Land Rover Limited, an indirect subsidiary company.

## 57 AUDITOR'S REMUNERATION

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements.

## 58 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF THE LARGER GROUP

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore), which is the parent for the smallest group to consolidate these financial statements. The ultimate parent undertaking and controlling party is Tata Motors Limited, India, which is the parent of the largest group to consolidate these financial statements.

Copies of the TML Holdings Pte. Ltd. (Singapore) consolidated financial statements can be obtained from the Company Secretary, TML Holdings Pte. Ltd. 9 Battery Road #15-01 MYP Centre, Singapore 049910.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Company Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai-400001, India.

## 59 SUBSEQUENT EVENTS

There have been no material subsequent events between the balance sheet date and the date of signing this report.



# APPENDIX 1: GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

<b>Statement of use</b>	The Company has reported the information cited in this GRI content index for the period 1st April 2022 to 31st March 2023 with reference to the GRI Standards	
<b>GRI 1 used</b>	GRI 1: Foundation 2021	
<b>The organisation and its reporting practices</b>		
Disclosure	Detail	Location
2-1 Organisational details	<ul style="list-style-type: none"> <li>▪ Legal name</li> <li>▪ Nature of ownership and legal form</li> <li>▪ Location of headquarters</li> <li>▪ Countries of operation</li> </ul>	<a href="https://www.jaguarlandrover.com/overview">https://www.jaguarlandrover.com/overview</a> <a href="https://www.jaguarlandrover.com/global-footprint">https://www.jaguarlandrover.com/global-footprint</a>
2-2 Entities included in the organisation's sustainability reporting	<ul style="list-style-type: none"> <li>▪ Entities included in the organisation's sustainability reporting</li> </ul>	Independent Auditor's Report > pages 69-78 SBTi Reporting Methodology Statement > <a href="#">corporate website</a>
2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> <li>▪ Reporting period for, and the frequency of, sustainability reporting</li> <li>▪ Reporting period for financial reporting</li> <li>▪ Publication date of the report</li> <li>▪ Contact point for questions about this report</li> </ul>	Sustainability reporting: 1st April 2022 - 31st March 2023, annually Financial reporting: 1st April 2022 - 31st March 2023, annually Publication date: June 2023 For questions about this report: <a href="https://www.jaguarlandrover.com/investor-relations">https://www.jaguarlandrover.com/investor-relations</a>
2-4 Restatements of information	<ul style="list-style-type: none"> <li>▪ Restatements of information made from previous reporting periods</li> </ul>	Performance Data Tables FY2022/23 > pages 42-43
2-5 External assurance	<ul style="list-style-type: none"> <li>▪ Policy and practice for seeking external assurance</li> <li>▪ Link / reference to external assurance</li> </ul>	Independent Auditor's Report > pages 69-78 Grant Thornton SBT limited assurance opinion > <a href="#">corporate website</a> SBTi Reporting Methodology Statement > <a href="#">corporate website</a>
<b>Activities and workers</b>		
Disclosure	Detail	Location
2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> <li>▪ Sectors</li> <li>▪ Value chain</li> <li>▪ Other relevant business relationships</li> <li>▪ Significant changes compared to the previous reporting period</li> </ul>	Value chain: Our business model > page 11 Activities, products and services: <a href="https://www.jaguarlandrover.com/global-footprint">https://www.jaguarlandrover.com/global-footprint</a> <a href="https://www.jaguarlandrover.com/innovation">https://www.jaguarlandrover.com/innovation</a> <a href="https://www.jaguarlandrover.com/our-brands">https://www.jaguarlandrover.com/our-brands</a> Downstream entities: <a href="https://www.jaguarlandrover.com/global-footprint">https://www.jaguarlandrover.com/global-footprint</a>
2-7 Employees	<ul style="list-style-type: none"> <li>▪ Total number of employees, breakdown by gender and region</li> <li>▪ Total number of permanent, temporary, non-guaranteed hours employees, full-time employees, and part-time employees, breakdown by gender and region</li> <li>▪ Methodologies and assumptions used to compile the data</li> <li>▪ Contextual information required to understand the data</li> <li>▪ Significant fluctuations in number of employees</li> </ul>	Financial statements - Employee numbers and costs > pages 96-97
2-8 Workers who are not employees	<ul style="list-style-type: none"> <li>▪ Total number of workers who are not employees</li> <li>▪ Methodologies and assumptions used to compile the data</li> <li>▪ Significant fluctuations in number of workers who are not employees</li> </ul>	Financial statements - Employee numbers and costs > pages 96-97

Governance		
Disclosure	Detail	Location
2-9 Governance structure and composition	<ul style="list-style-type: none"> <li>▪ Governance structure including committees of the highest governance body</li> <li>▪ Committees responsible for decision-making on and overseeing the management of the organisation's impact on the economy, environment and people</li> <li>▪ Composition of the highest governance body</li> </ul>	Governance - Leadership > page 53-57 Sustainability Governance > page 26 <a href="https://www.jaguarlandrover.com/leadership">https://www.jaguarlandrover.com/leadership</a>
2-10 Nomination and selection of the highest governance body	<ul style="list-style-type: none"> <li>▪ Nomination and selection process for the highest governance body and its committees</li> <li>▪ Criteria used for nominating and selecting highest governance body members</li> </ul>	Governance - Accountability > pages 60-61
2-11 Chair of the highest governance body	<ul style="list-style-type: none"> <li>▪ Chair of the highest governance body</li> </ul>	Governance - Leadership > pages 53-54 <a href="https://www.jaguarlandrover.com/leadership">https://www.jaguarlandrover.com/leadership</a>
2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> <li>▪ Role of the highest governance body in overseeing the management of impacts</li> </ul>	Sustainability Governance > page 26
2-13 Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> <li>▪ Delegation of responsibility for managing impacts</li> <li>▪ Process and frequency for reporting</li> </ul>	Governance - Leadership > pages 53-57 Governance - Effectiveness > pages 58-59 Sustainability Governance > page 26
2-14 Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> <li>▪ Role of the highest governance body in sustainability reporting</li> </ul>	Sustainability Governance > page 26
2-15 Conflicts of interest	<ul style="list-style-type: none"> <li>▪ Process for prevention and mitigation</li> <li>▪ Disclosure to stakeholders</li> </ul>	Corporate Policy: CP1-023 Conflicts of Interest Available to all employees, however it is not available publicly
2-16 Communication of critical concerns	<ul style="list-style-type: none"> <li>▪ Communication of critical concerns to the highest governance body</li> <li>▪ Total number and nature of critical concerns communicated</li> </ul>	Governance - Leadership > pages 55-57 Total number and nature of critical concerns are deemed confidential
2-17 Collective knowledge of the highest governance body	<ul style="list-style-type: none"> <li>▪ Measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development</li> </ul>	Introduction to Sustainability > page 24 Sustainability Governance > page 26
2-18 Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> <li>▪ Process for evaluating performance</li> <li>▪ Independence and frequency of evaluations</li> <li>▪ Actions taken in response to evaluations</li> </ul>	Governance - Effectiveness > pages 58-59 Governance - Accountability > pages 60-61
2-19 Remuneration policies	<ul style="list-style-type: none"> <li>▪ Remuneration policies for members of the highest governance body and senior executives</li> <li>▪ How the policies relate to objectives and performance in relation to management of impacts on the economy, environment and people</li> </ul>	Governance - Accountability > pages 60-61
2-20 Process to determine remuneration	<ul style="list-style-type: none"> <li>▪ Process for designing its remuneration policies and for determining remuneration</li> <li>▪ Results of votes of stakeholders</li> </ul>	Governance - Accountability > pages 60-61
2-21 Annual total compensation ratio	<ul style="list-style-type: none"> <li>▪ Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees</li> <li>▪ Ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees</li> <li>▪ Contextual information necessary to understand the data</li> </ul>	This information is deemed to be confidential

Strategy, policies and practices		
Disclosure	Detail	Location
2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> <li>Statement from the highest governance body or most senior executive of the organisation about the relevance of sustainable development to the organisation and its strategy for contributing to sustainable development</li> </ul>	Chairman's Statement > page 4 Chief Executive Officer's Statement > page 5 Introduction to Sustainability > pages 24-25
2-23 Policy commitments	<ul style="list-style-type: none"> <li>Policy commitments for responsible business conduct</li> <li>Specific policy commitment to respect human rights</li> <li>Links to the policy commitments</li> <li>Policy approval level</li> <li>Extent to which the policy commitments apply to the organisation's activities and business relationships</li> <li>Communication of policies</li> </ul>	Code of Conduct and supporting policies: <a href="https://www.jaguarlandrover.com/code-conduct">https://www.jaguarlandrover.com/code-conduct</a>
2-24 Embedding policy commitments	<ul style="list-style-type: none"> <li>How each policy commitment for responsible business conduct is embedded throughout activities and business relationships</li> </ul>	Code of Conduct and supporting policies: <a href="https://www.jaguarlandrover.com/code-conduct">https://www.jaguarlandrover.com/code-conduct</a> Introduction to Responsible Business > page 32 Compliance and Ethics > page 39
2-25 Processes to remediate negative impacts	<ul style="list-style-type: none"> <li>Commitments to provide for or cooperate in the remediation of negative impacts</li> <li>Approach to identify and address grievances</li> <li>Other processes by which the organisation provides for or cooperates in the remediation of negative impacts</li> <li>Stakeholder involvement</li> <li>Tracking and reporting</li> </ul>	Our Approach to Risk > page 45 Principal Risks > pages 46-49 Governance - Leadership > pages 55-57 Compliance and Ethics > page 39 Code of Conduct <a href="https://www.jaguarlandrover.com/code-conduct">https://www.jaguarlandrover.com/code-conduct</a>
2-26 Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> <li>Mechanisms for individuals to seek advice and raise concerns about the organisation's business conduct</li> </ul>	Compliance and Ethics > page 39 Code of Conduct (p.21 'Raising Concerns') <a href="https://www.jaguarlandrover.com/code-conduct">https://www.jaguarlandrover.com/code-conduct</a>
2-27 Compliance with laws and regulations	<ul style="list-style-type: none"> <li>Total number of significant instances of non-compliance with laws and regulations</li> <li>Total number and the monetary value of fines for instances of noncompliance with laws and regulations</li> <li>Significant instances of non-compliance</li> <li>How significant instances of non-compliance are determined</li> </ul>	This information is deemed to be confidential
2-28 Membership associations	<ul style="list-style-type: none"> <li>Industry associations, other membership associations, and national or international advocacy organisations</li> </ul>	Directors' Report > pages 65-67 <a href="https://www.jaguarlandrover.com/partnerships">https://www.jaguarlandrover.com/partnerships</a>

Stakeholder engagement		
Disclosure	Detail	Location
2-29 Approach to stakeholder engagement	<ul style="list-style-type: none"> <li>Approach to engaging with stakeholders</li> </ul>	Introduction to Governance > pages 50-51
2-30 Collective bargaining agreements	<ul style="list-style-type: none"> <li>Percentage of total employees covered by collective bargaining agreements</li> <li>Determination of working conditions and terms of employment for employees not covered by collective bargaining agreements</li> </ul>	Introduction to Governance > pages 50-51