Jaguar Land Rover (JLR) is a business built around two great British car brands that design, engineer and manufacture in the UK. Jaguar Land Rover is part of Tata Motors, India’s largest automobile company. Jaguar Cars Limited is one of the world’s premier manufacturers of luxury sports saloons and sports cars, whilst Land Rover is a world renowned manufacturer of premium 4x4’s based in the United Kingdom. The Land Rover, in particular, over its 60 year long history has been renowned for its relationship with the planet. The group’s strategic approach has greatly minimised the impact of their cars on the environment, either through their e-Terrain technologies, more sustainable manufacturing, CO₂ offsetting, or conservation and humanitarian projects. Jaguar Land Rover’s sustainability governance structure is part of the reason why sustainability is so embedded strategically in the way they do business. It is this framework and structure which enables effective cross functional engagement and optimises the value add from the finance team. These case studies discuss how the framework works and how finance helps drive performance.

**Jaguar Land Rover case study one**

**Sustainability and enterprise governance**

1998    Jaguar Land Rover (JLR) became one of the first companies to be fully certified to the international environmental management standard, ISO14001. Since then they have continually increased focus in sustainability and it is now fully embedded as a strategic imperative, at the heart of the business.

2003    In 2003 they first introduced their sustainable development policy and have been measuring progress against a set of key environmental targets ever since.

2007    To further embed sustainability they developed a long-term sustainability strategy with the help of Forum for the Future and sustainability champions across the business.

2008    A board level sustainability committee was formed to increase focus on sustainability initiatives.

These initiatives have been largely driven by the passion of JLR’s CEO, David Smith, and his introduction of the corporate governance structure. As a result, environmental innovation is now one of three core strategic ‘pillars’. The board of directors holds ultimate responsibility for implementation of the sustainable development policy, and issues are presented by the nominated board champion for sustainability.

At the start of 2008, a board level sustainability committee was formed to increase focus on sustainability initiatives. This committee is supported by a forum consisting of senior managers across the business from product development, manufacturing, site management, finance, human resources and communications. This forum is called the Sustainability Action Group, and is responsible for supporting the development of JLR’s sustainability policy, strategy and goals.

JLR ensure that their policy is integrated into their corporate decision making process by including sustainable development into their corporate business plan, thereby elevating its status to the same level as other business imperatives. All business functions therefore have a set of sustainability targets that they are responsible for working towards. The finance professionals are at the heart of the business planning process, the target setting process, and the measurement and performance reporting activities, which help ensure progress towards these targets.

Risks and opportunities associated with future sustainability trends are identified within this Action Group, and from this analysis, activities are planned and executed through work streams throughout the business, with appropriate metrics to monitor progress against commitments.
It is this governance structure, which permeates all business functions which enables the delivery of the Land Rover long-term sustainability vision, medium and long-term action plans, goals and targets, up to 2012 and 2022.

JLR’s sustainability governance structure is illustrated above, finance is represented and contribute their specialist skills and competencies at all levels of this structure. For example, with the aluminum technology investment, finance will enter debates with engineers at many stages of costing to ensure ongoing challenge to cost effectiveness.
Jaguar Land Rover case study two

**Site comparative performance reporting**

Through site by site measurement and reporting of performance, Jaguar Land Rover (JLR) has reduced its operational energy consumption by 27% and its CO₂ emissions by 21% (2003-2008). Water consumption has reduced by 28% (2002-2007), and waste to landfill by 39% (2002-2007).

A number of projects have helped deliver this success all of which go through a rigorous investment appraisal process, which finance leads on, particularly with respect to constructing the business equation. For example, an 11% reduction in energy use at the Gaydon site was achieved through a £250,000 investment programme on energy-efficient equipment.

Each site has a dedicated environmental team which meets regularly to review progress against targets, record data and share best practice. All environmental metrics are recorded in an advanced database system managed by the JLR sustainability team. Examples of comparative site reporting can be found at www.landrover.com/ourplanet

It is through close business partnering and effective engagement that the finance team at JLR not only have a good understanding of all costs including all associated environmental costs, but also what investment would be required to achieve the goals set.

Jaguar Land Rover case study three

**Carbon offsetting: consumer demand and maintaining a positive brand image**

In September 2006, Jaguar Land Rover (JLR) launched its CO₂ offsetting programme in which it:

- offsets all of its manufacturing CO₂ assembly emissions;
- provides a customer CO₂ engagement programme.

By the end of 2009 nearly three million tonnes of CO₂ are expected to be offset.

More than 170,000 Land Rover owners are offsetting emissions from the first 45,000 miles / 72,000 kms driven in their new vehicles. This offsetting allows the customer to take some responsibility for unavoidable travel emissions and supports a range of programmes to improve energy efficiency, including renewable energy in developing countries.

The customer programme has been expanded to now cover ten countries, spanning UK, Europe, Middle East and Asia.

**How it works**

Every new Land Rover vehicle sold includes an option as standard to offset emissions for the first 45,000 miles /72,000 kms driving. Customers pay a premium of between £90 and £165 when they purchase the vehicle, depending on the model, to offset these emissions.

The finance team at JLR was part of a project team which engaged CO₂ offset specialists Climate Care to establish the programme. Climate Care work with project developers to create emissions reduction credits that successfully reduce greenhouse gas emissions. All projects go through a rigorous verification process. The finance team established the financial control mechanisms including agreeing the provision of escrow facilities for customers cash lodgments. They are also JLR’s ongoing liaison contacts for cash utilisation in a range of offset projects, orchestrated by Climate Care.

In April 2009, the programme was extended to Jaguar, and now all Jaguar assembly CO₂ emissions are offset, and a voluntary offset web based tool is available for customers.

In most instances there is no problem demonstrating the returns of projects, this is particularly true with respect to increasing utility/resource costs.

Richard Shore
Controller Global Marketing and Sales
Jaguar Land Rover case study four

Sustainability driven technology investment

Jaguar Land Rover (JLR) has invested £800 million over five years in new technologies to improve the environmental performance of its vehicles.

The new Jaguar XJ is an example of the end result of JLR’s embedded environmental strategy. This new product has benefited from investment in a number of technologies, which all lead to reduced energy usage in design, manufacture and distribution of this vehicle. Not only that, it uses lightweight recyclable materials, and a new range of more fuel efficient, high performance engines.

Virtual testing was used for 7,000 crash tests, and over a million miles of virtual driving, saving both costs and emissions, but also providing much more data than would be possible by physical testing alone.

Improved technology in manufacturing also meant significantly lower energy use in making this car. For example fewer stamping actions were required to produce the body panels, and the welding of the body shell was eliminated from the construction process.

The fact that the body shell is constructed from aluminium, (50% of which has been reclaimed or recycled) saves an estimated 3.3 tonnes of CO₂ per car. This lightweight structure also translates into greater fuel efficiency and lower emissions, than an equivalent steel bodied car. There is also less waste and at the end of its life it is 85% recyclable.

Emissions have been further reduced by distributing 70% of Jaguar XJ’s and other models from their Castle Bromwich assembly plant by train (via a purpose built rail head which opened in 2003). By 2013, it is estimated that this will have saved an estimated 60 million truck miles.

In terms of meeting consumers increasing demand for lower emissions, the new XJ, 3L V6 Diesel, has CO₂ emissions of 184g/km.

The launch of this new car is the culmination of a long journey of projects led by teams incorporating representation from Finance.

Finance is embedded into each of our operations – product development, marketing and sales, purchasing and manufacturing, administration and so on,’ says Richard Shore, Controller of Global Marketing and Sales. ‘Finance itself is a close knit community and most people have rotated between the different finance areas. This gives us a strong cross functional stance and corporate viewpoint that ensures finance is not only welcomed, but invited into the core of our project teams.

Jaguar’s commitment to making its range of cars as environmentally efficient as possible has been recognised by key environmental industry groups. Jaguar was the winner of the Environmental Transport Association’s guide luxury sector in 2006, 2007 and 2008.
Read CIMA’s latest report Accounting for Climate Change at [www.cimaglobal.com/sustainability](http://www.cimaglobal.com/sustainability).

The report includes case studies from other organisations and looks at how management accountants, their skills and their tools can provide business intelligence to support strategy and influence decision making, driving their organisations to mitigate and adapt to climate change. If you are interested in sharing your own insights and experiences in this area, we would be delighted to hear from you. Please email us at research@cimaglobal.com.