



DX (Group) plc Environmental Statement 2021-2022

DX is a well-established provider of a wide range of delivery services, including parcel freight, secure, courier and logistics services, across the UK and Ireland.

DX services both business and residential addresses across the UK and Ireland.

Established in 1975 the Group operates through two divisions, DX Express and DX Freight.

DX Express focuses on next-day or scheduled courier deliveries and has a well-developed offering in secure services for the delivery of high value items. It also operates a private members delivery network, DX Exchange, servicing the legal, financial, and public sectors.

DX Freight provides next-day or scheduled delivery services for parcels, and irregular dimension and weight items, a 2-Man delivery service predominately to home as well as offering a comprehensive logistics solution, including warehouse management and the operation of customer-livered vehicles.

Reducing the environmental impact of our operations

DX understands that our activities and operations have the potential to have an impact on the environment. Our approach to improving environment performance uses the ISO14001 management system, where we hold formal UKAS certification (Certificate Number 6022). We set annual objectives and targets against our environmental objectives, which are predominantly focused on the consumption of fuel for our commercial vehicle fleet with a clear emphasis on measuring and reducing our Scope 2 Carbon Footprint (carbon from energy consumption and from fuel consumption).

In late FY22, we appointed an Environmental Manager, showing our commitment to reducing our environmental impact and delivering our environmental objectives. The remit of our Environmental Manager includes progressing our Net Zero roadmap, improving waste management, and increasing energy efficiency, while also maintaining the overall continual improvement journey through our Environmental Management System.

Our performance

Measure	2020/21	2021/22
Total carbon (Scope 1 & 2) tCO₂e	35,883	35,849
tCO₂e per £1m revenue	94	84
Estate energy consumption MWh *	14,010	16,182
Total waste (t)**	11,572	12,935
Recycling rate %**	62	62
Landfill rate %***	3.1	2.4
<small>* From 2021/22 this includes a small amount heating oil ** Total waste excludes pallet reuse *** includes offsite segregation statistics by our waste contractors Our Financial Year is 1st July – 30th June</small>		



Our objectives

- Achieving Net Zero by 2050
- Minimising our vehicle fuel consumption
- Reducing energy use across our estate
- Minimising waste generated
- Raise awareness with our colleagues, customers and other stakeholders about our environmental impact and share best practice to facilitate improvement

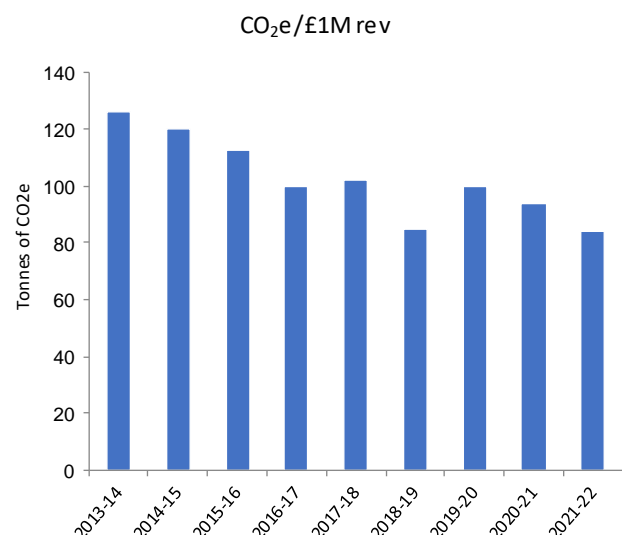
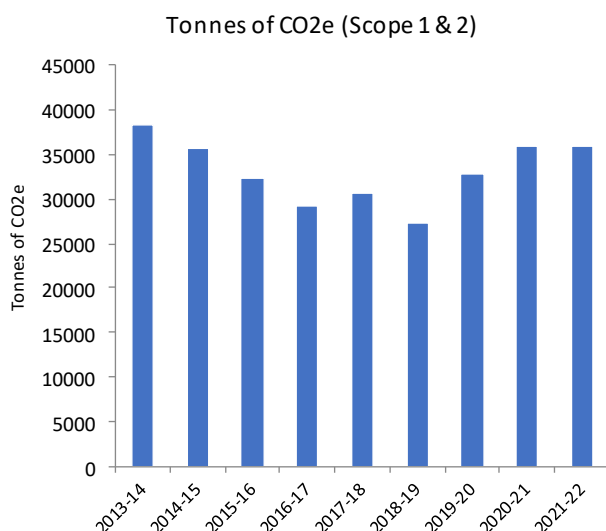
Progress towards our objectives is summarised within this document.

Our current plans supporting the delivery of Net Zero include:

- Developing a carbon reduction plan in alignment with UK Government PPN 06/21 requirements.
- Continuing to hold our quarterly sustainability forum with Senior Management from across key areas of the business.
- Reducing the emissions associated with business travel.
- Delivering on our commitment to a major 2-Man customer to move to a 100% final mile EV delivery fleet by 2025. (see case study 1)
- Expanding the rollout of EV vehicles within the DX Express delivery fleet. (see case study 2)
- Conducting energy surveys across the DX estate to identify ways to reduce energy consumption.

The greatest environmental challenge for DX over the coming decade will be decarbonisation of our fleet emissions covering both our direct operations (scope 1) and those within third party sub-contractors' fleet (scope 3). This is heavily reliant on the availability, affordability, and technical capabilities of replacement vehicles to meet the needs of both DX and our customers. We have commenced this journey as highlighted above, we will continue to investigate opportunities to reduce emissions and accelerate progress as suitable technologies and infrastructure emerge.

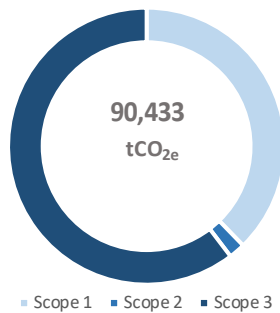
Carbon footprint - Traditional scope 1 & 2





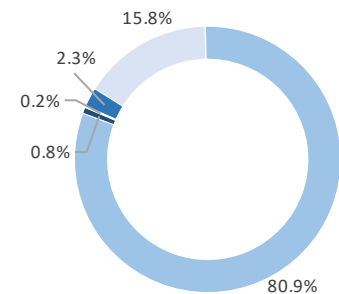
Road to Net Zero – Scope 1, 2 & partial 3

DX Carbon footprint FY22*



DX Carbon footprint scope 3 FY22*

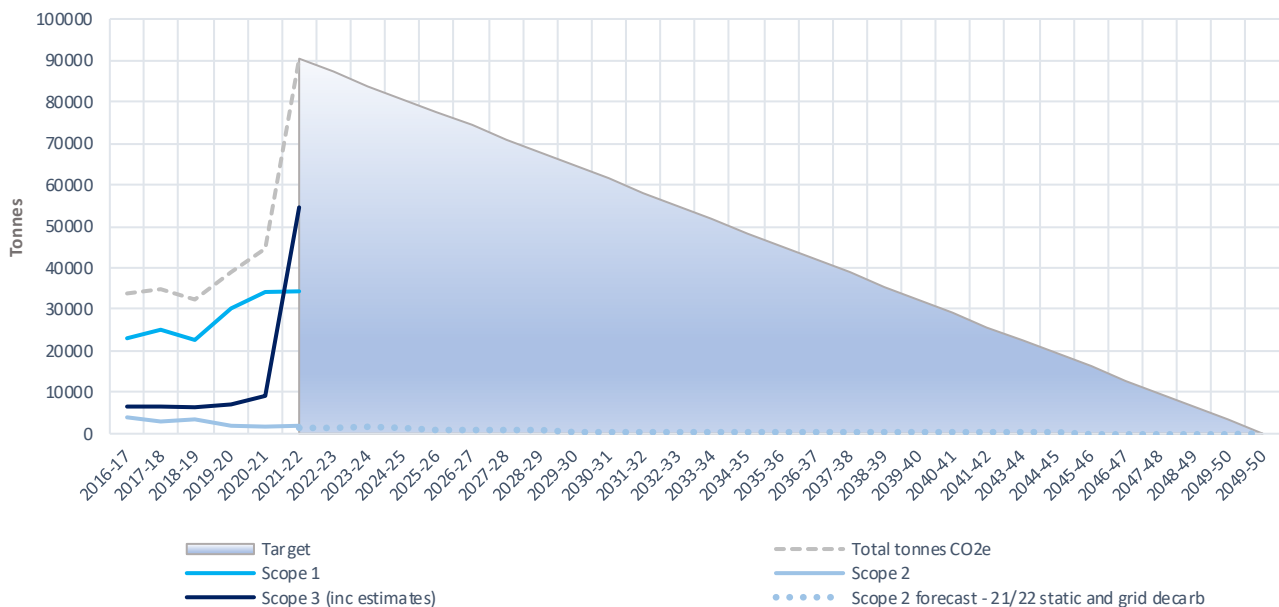
- Category 3 - Fuel- and energy-related activities
- Category 4 - Upstream transportation and distribution
- Category 5 - Waste generated in operations
- Category 6 - Business travel
- Category 7 - Employee commuting



*Scope 3 emissions only represent 5 key categories. This includes estimated values and some omissions as we develop our monitoring of scope 3 sources.

The below chart plots DX's trajectory to Net Zero based on our current understanding of Scopes 1-3 in FY22. We expect this to increase as we expand our scope 3 monitoring to additional categories.

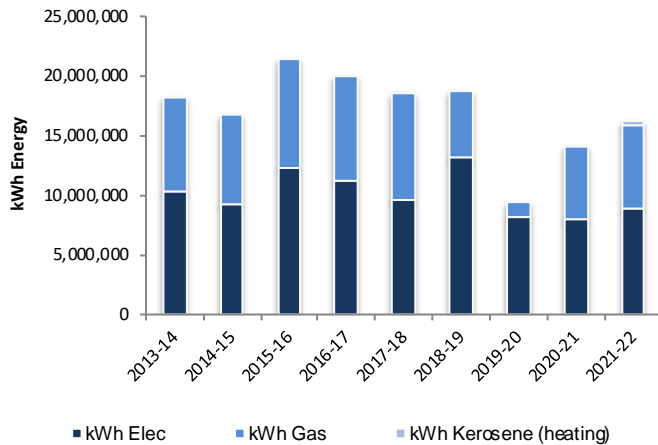
DX Net Zero carbon reduction trajectory



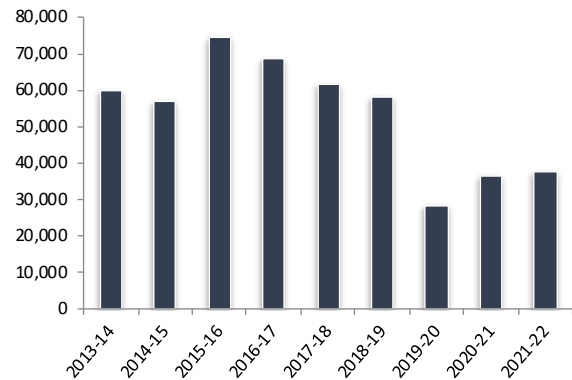


Our energy consumption

Estate energy consumption kWh



kWh/£1M rev



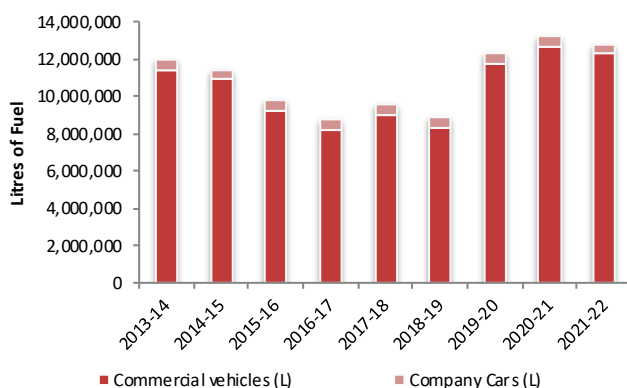
Energy is *intrinsically* linked to our direct carbon footprint. Our energy consumption reflects the electricity and gas required to light, heat and power our estate. While we continue to deliver efficiency improvements, which in FY22 included upgrading inefficient sodium lights with LEDs across several sites, our overall consumption has increased. This will be largely a result of three influencing factors, including an uplift of 11.7% in revenue, an increase in estate footprint of 18.7% and relaxing of covid restrictions.

Normalised against revenue, our estates' energy consumption increased by 3.4% to 37,881kWh/£1 million revenue.

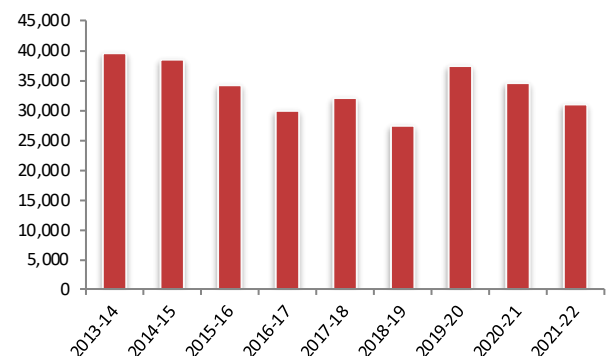
Our fleets

The vehicle movements associated with parcel delivery account for the largest portion of DX direct carbon footprint (scope 1 emissions). The business has a fleet of over 737 vehicles predominantly leased, which are refreshed on regular intervals, helping to improve reliability and reduce emissions by replacing older and less efficient vehicles.

Fuel consumption



Litres of fuel per £1M revenue



Performance indicates while fuel consumption has remained similar in recent years; per million pounds revenue the business is utilising fewer litres of diesel. This is likely as a result of the following activities undertaken.

- The business continues to refresh the directly operated fleet with more efficient vehicles which also reduce maintenance requirements. Since 2021, 274 vehicles have been replaced with newer versions along with 122 trailers.



- DX operates circa 750 semi-trailers, 87% of these are designed with aerodynamic performance in mind to improve fuel economy and reduce carbon emissions. The business continues to replace older trailers with more aerodynamic models.
- Vehicle telematics are installed throughout most of the DX directly operated fleet. Monthly reports are generated and used by Management Teams, to engage drivers on driving styles and performance. Since the introduction of this report (and new fleet vehicles) MPG has improved by over 3 miles per gallon.
- Route optimisation programmes have taken place to reduce stem mileage from depots and delivery points.
- Since July 2021 the business has only ordered PHEV vehicles for its company car fleet. This has resulted in a reduction of 8% in ICE vehicles with hybrids and PHEV increasing by 1% and 7% respectively across the fleet as vehicles reached end of lease and were replaced.

Case Study 1

DX (Group) plc launches £750K electric vehicle programme with IKEA

DX, the provider of delivery solutions, including parcel freight, secure courier and logistics services, is pleased to announce that it has launched a three-year project to acquire a fleet of electric vehicles for use in its delivery and logistics partnership with IKEA.



The Company has recently invested £750,000 with further investment planned over the next three years to establish an initial fleet of over 60 electric vehicles for IKEA's home-delivery services. The first phase, launched in August 2022, is an initial twelve electric vans operating from DX depots in Southampton and Warrington.

The new fleet comprises the award-winning Maxus e-Deliver 9 marque vans, which have an operational carrying capacity of 1,162kg and a single-charge range of over 219miles, with zero output emissions. The vehicles are dual-branded with DX and IKEA branding.

IKEA has been a customer of DX 2-Man and Logistics for over seven years, with DX providing delivery and logistics services to support IKEA's online and retail operations. DX is IKEA's largest provider of 2-Man home delivery services in the UK. The project marks the continuing evolution of this successful partnership.

Paul Ibbetson, Managing Director of DX Freight, commented: "We are very pleased to have launched our first fleet of electric vehicles for IKEA. Over the next three years we will be building on this to provide IKEA with continued, first-class delivery and logistics services that are more environmentally friendly."

John Welsh, Fulfilment Sourcing Manager at IKEA UK & Ireland, commented: "DX is the largest provider of 2-person home delivery services for IKEA in the UK and we are excited to have their first electric vans with zero-output emissions on the road for us and our customers. IKEA's goal of reaching 100% Zero Emission last mile deliveries by 2025 will be achieved through working together with those who share our vision, and I am delighted that DX have already been fundamental in delivering some of the first milestones in our journey."



Case Study 2

DX (Group) plc launches electric vehicles for London parcel deliveries

DX, the provider of delivery solutions, including parcel freight, secure courier, and logistics services, is pleased to announce that its DX Express division has launched a strategic initiative with Silva Brothers Limited (“SBL”) that will initiate the use of electric vehicles for its London parcel deliveries.



DX Express has worked with SBL as one of its ‘final-mile’ delivery partners for parcels since 2021, and this electrification programme marks an evolution of this strong working relationship.

The first phase has launched with an initial 20 electric vehicles, liveried with DX branding, for use in Central London. The electric vehicles will provide support for the DX Express growing Parcels operation, which provides secure, next-day deliveries supported by localised customer service. The initial electric fleet is anticipated to deliver approximately 750,000 parcels in its first full year of operation.

The London initiative is the latest step in the Group’s plans to increase the use of electric vehicles within its overall fleet. It follows DX’s recent announcement that it is acquiring a fleet of electric vehicles for its DX Freight division to use in its delivery and logistics partnership with IKEA.

DX Express is focused on significantly increasing its Parcels activity, these plans are being supported by the Group’s second major investment programme. This three year programme is investing £20-25m across the Group, in sites, additional parcel-handling equipment, and IT systems.

Martin Illidge, Managing Director of DX Express, commented:

“We are delighted to have launched our first electric vans for our Parcels operation business with Silva Brothers Limited, one of our key final-mile partners in London. The growth of the Parcels service is a major focus for the DX Express division, and we are now pleased to offer our customers a more environmentally-friendly approach to our highly secure, next-day delivery service.”

Jodelle Silva, CEO of Silva Brothers Limited, commented:

“This fleet electrification programme is a sign of our growing partnership with DX Express in London. We are very pleased to be playing our part in reducing carbon emissions in the capital while continuing to provide a compelling service proposition.”



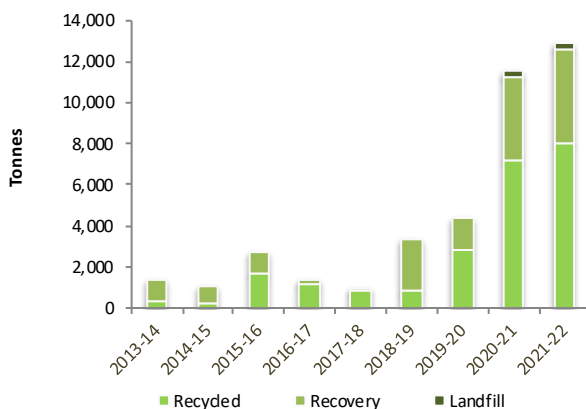
Our waste management

Previously DX waste generation has been under reported. Over the last couple of years, we have worked to centralise collections to bring reporting together. This has resulted in an increase in reported waste generation. The recent rise in landfill similarly is due to the introduction of more granular reporting. We have an environmental target to reduce landfill by 5% in FY23. While total tonnage reported has increased, normalised against revenue performance has remained consistent because of the uplift in revenue in FY22, and more items passing through our network for delivery.

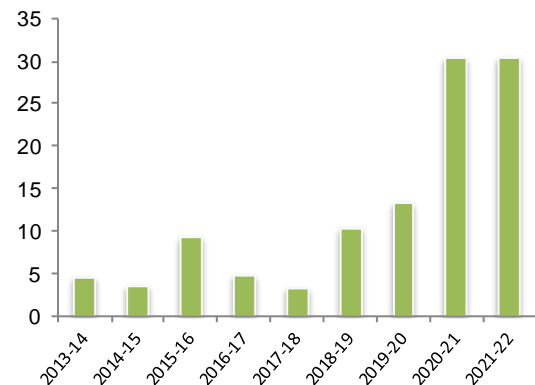
We continue to review waste management through increased segregation, and optimised collection schedules. In FY22 and into FY23, we are conducting waste reviews at key sites to optimise waste management and where required ensure a recycling solution is introduced at all sites.

We report recycling, recovery, and landfill data, provided by our primary waste contractors. This includes offsite segregation which through partners helps further segregate materials for recycling which were deposited incorrectly.

Waste streams



Tonnes of waste per £1M revenue



The reported waste values do not include pallet collections for reuse which was in excess of 2,257 tonnes in FY22. We currently do not capture data on all pallet reuse collections. We are working to centralise this to improve our data capturing abilities. In addition we also return a significant volume of pallets to customers each week. We are working to reduce the volume of pallets sent for recycling or energy recovery. At various depots we send damaged pallets for repair through our pallet contractor, thus reducing the requirement for new pallets to be made.

We are working with our primary waste contractor, to establish outlets which can send a portion of DX waste to landfill, to reduce and eliminate this where possible.

Data correct as of 30/11/2022, future publications may update values as we improve our monitoring and reporting.