



DX Network Services Limited

Carbon Reduction Plan

Commitment to achieving Net Zero

DX is committed to achieving Net Zero emissions by 2050.



Baseline Emissions Footprint

Baseline Year: FY22	
Additional details relating to the Baseline Emissions calculations.	
<p>The DX carbon footprint baseline reported within this reduction plan covers the period FY22 (July 2021 – June 2022). Historical scope 1 & 2 emission reporting dates back to FY12 and can be reviewed within the DX annual report. In FY22, the boundary reported within this document included 88 DX depots across the Group, two hubs, and two support sites within the UK, and the emissions associated with direct and master subcontractor vehicle movements.</p> <p>Established in 1975, DX Group operates through two divisions, DX Freight and DX Express. The DX Freight division utilises PAYE drivers and DX leased vehicles, whilst DX Express use subcontracted vehicles for trunking and primarily focuses on master subcontractors for final mile delivery. As a result, a significant element of the DX Scope 3 emissions relating to upstream transport and distribution has not been previously disclosed.</p> <p>For FY22, we have now collated the information required to include scope 3 emissions with estimations utilised to fill data gaps where a full dataset has not been captured fully. The FY22 baseline year has been impacted by COVID 19, as well as the continued growth of the business as DX expand operations and increase parcel volumes.</p> <p>Please treat this report as the most up to date DX FY22 carbon footprint publication, updates will be frozen until the next publication in the FY23 accounts, which will be followed by a second PPN 06/21 carbon reduction plan.</p>	
Baseline year emissions:	
EMISSIONS	TOTAL (tCO ₂ e)
Scope 1	34,120
Scope 2	1,729
Scope 3 (Included Categories)	54,583 3. Fuel and energy related activities - 8,638 (additional disclosure) 4. Upstream transport and distribution – 44,171 5. Waste generated in operations – 412 6. Business travel – 90 7. Employee commuting – 1,272 9. Downstream transportation and distribution - 0* *Outbound transport and distribution are purchased by DX as such is included in category 4.
Total Emissions	90,432



Current Emissions Reporting

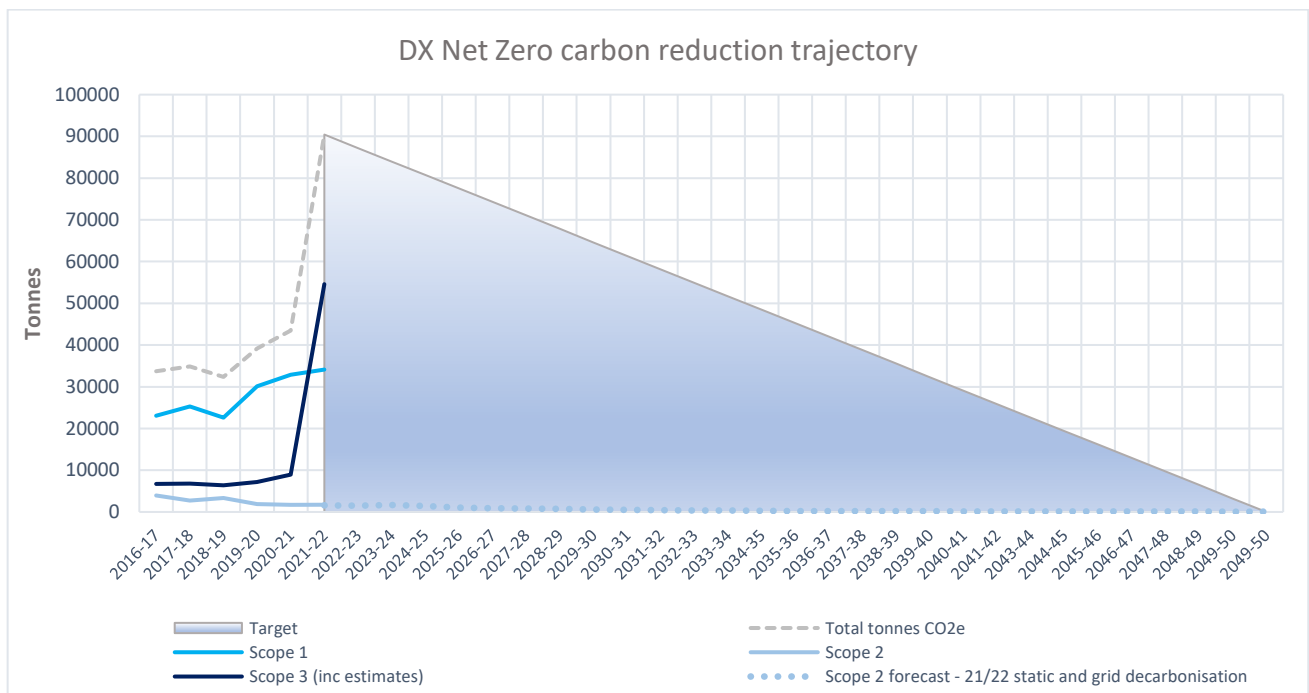
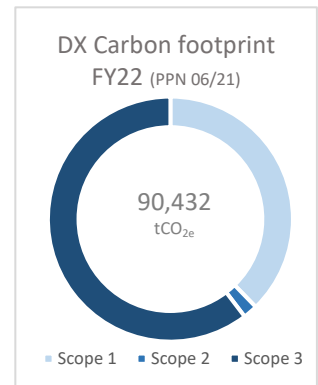
FY22 is the first year DX is reporting against the PPN 06/21 requirements, with this year acting as the baseline.

Emissions reduction targets

DX uses an Environmental Management System, which has set two intensity targets covering the significant elements of the DX Scope 1 & 2 footprint against revenue. As this is the inaugural year for DX baselining the Scope 3 emissions, targets currently reflect the prior year's environmental management system outputs. The targets are to:

- Reduce CO₂ /£M revenue resulting from fuel consumption for commercial vehicles by 5% based on a FY22 benchmark
- Reduce CO₂ /£M revenue resulting from energy consumption for operating sites by 5% based on a FY22 benchmark

DX have outlined below, the emissions journey and future trajectory to achieve Net Zero. The recent spike reflects the DX effort to expand Scope 3 recording.



Carbon Reduction Projects

Completed Carbon Reduction Initiatives

In FY22 DX did not track carbon at the required level to monitor the impact of initiatives, thus reducing carbon emissions. In late FY22 DX appointed an Environmental Manager to support the development of the business' environmental performance, carbon reduction plan and to ensure the future tracking of environmental initiatives for inclusion and disclosure.



DX expect modest improvements in the short-term as technology, availability and feasibility improves. During the coming year, DX are undertaking plans to partner with depot landlords and fleet suppliers, as leases and contracts are renewed, this will provide the opportunity to reduce emissions over the coming decade.

- Vehicle telematics are installed throughout most of the DX directly operated fleet and monthly reports are provided to enable management teams to engage drivers on driving behaviours and performance. Since the introduction of the report (and new fleet vehicles); MPG has improved by over 3 miles per gallon since tracking began in February 2020.
- DX operates circa 750 semi-trailers, 87% of which are designed with aerodynamic performance in mind to improve fuel economy and reduce carbon emissions. DX continues to replace older trailers with more aerodynamic models.
- DX continues to refresh the directly operated fleet with more efficient vehicles, which also helps reduce maintenance requirements. Since 2021, 274 vehicles have been replaced along with 122 trailers.
- Route optimisation programmes have taken place in the DX depots to reduce stem mileage from depots and delivery points. The programme considers delivery and collection routes taking location, traffic, total route times and vehicle capabilities; Planning of multi-drop, multi-depot and multi-vehicle routes ensuring the best possible utilisation across the network.
- Since July 2021 DX ordered PHEV (Plug-in hybrid electric vehicle) vehicles for the company car fleet resulting in a reduction of 8% in ICE vehicles (Internal combustion engine). Hybrids and PHEV have increased by 1% and 7% respectively across the fleet as vehicles reached end of lease and subsequently replaced.
- Across the DX estate, there is a programme in place to upgrade existing sites and switchover to LED lighting including proximity sensors, which reduces energy consumption. When a new site is opened, LED lighting and proximity sensors are installed as standard.
- In the DX Freight depots in Durham, Coventry, and Paisley, 105 large sodium lights were upgraded to efficient LED equivalents.

Planned Carbon Reduction Initiatives

The greatest element of the DX direct footprint is associated with Scope 1 transport fuel emissions. The current DX 5% reduction target is the equivalent to a 2,028 tonnes reduction over 12 months.

From late FY22, DX have plans in place to transition 110 DX Freight final mile delivery vehicles to EV by 2025. It is expected that, in FY23 part of the mobilisation of this fleet will reduce emissions by 893 tCO_{2e}, with the project delivering an annual reduction of 1,637 tCO_{2e} once completed.

Upstream transport and distribution accounts for the largest element of the reported footprint within this plan. DX Express division is partnering with selected suppliers to introduce 20 EV final mile delivery routes in FY23, and it is expected that this will reduce emissions by 144 tCO_{2e} over the year.

Across the DX Group 88 locations, energy surveys are being undertaken, in addition to ESOS (Energy Savings Opportunity Scheme), to identify and quantify further opportunities to support the progress towards energy and carbon reduction targets. DX expect a 50% reduction in lighting energy demands at the DX sites through LED upgrades, and automation of controls.

DX acknowledges that tackling carbon requires a collaborative approach from within the DX Group and externally to our business with multiple opportunities and challenges to overcome to achieve Net Zero. To



support progress towards this goal, DX will continue to develop our carbon reduction journey through a “Sustainability Committee” with key individuals and colleagues from across the business.

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard¹ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting².

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard³.

This Carbon Reduction Plan has been reviewed and approved by the DX Group Board of directors (or equivalent management body).

Signed on behalf of the Supplier:

David Mulligan
Chief Financial Officer

Date: 14/12/2022

¹<https://ghgprotocol.org/corporate-standard>

²<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

³<https://ghgprotocol.org/standards/scope-3-standard>