



# 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>Historical scope 1 &amp; 2 emission reporting dates back to FY12 and can be reviewed within the <a href="#">DX annual report</a>. The baseline reported below for FY22 has been updated to reflect improved data quality, methodology and corrections which has resulted in a 22% increase in the FY22 baseline compared to the previously reported value. Emissions between the updated FY22 baseline and FY23 reported within the limited scope 3 below increased by 3.8% largely as a result of business growth.</p> <p>Established in 1975, DX 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 deliveries. As a result, a significant element of scope 3 emissions relate to subcontracted vehicle movements which are captured in category 4.</p>	
Baseline year emissions:	
EMISSIONS	TOTAL (tCO <sub>2e</sub> )
Scope 1	<b>33,860</b>
Scope 2	<b>1,588 (location based)</b>
Scope 3 (Included Categories)	<b>74,997</b> 3. Fuel and energy related activities – 18,067 (supplementary disclosure) 4. Upstream transport and distribution – 47,272 5. Waste generated in operations – 240 6. Business travel – 88 7. Employee commuting – 9,329 9. Downstream transportation and distribution - 0* *Outbound transport and distribution are purchased by DX as such is included in category 4.
Total Emissions	<b>110,444</b>



## Current Emissions Reporting

FY23 is the second year DX is reporting against the PPN 06/21 requirements. In addition to the five mandatory categories, we disclose category 3 Fuel and energy related activities due to the size and relevance to our business operations.

FY23 emissions:	
EMISSIONS	TOTAL (tCO <sub>2e</sub> )
Scope 1	<b>33,974</b>
Scope 2	<b>1,611</b> (Market based REGO's commenced partially through reporting the year)
Scope 3 (Included Categories)	<b>79,041</b> 3. Fuel and energy related activities – 17,946 (supplementary disclosure) 4. Upstream transport and distribution – 48,372 5. Waste generated in operations – 208 6. Business travel – 74 7. Employee commuting – 12,441 9. Downstream transportation and distribution - 0* *Outbound transport and distribution are purchased by DX as such is included in category 4.
Total Emissions	<b>114,626</b>

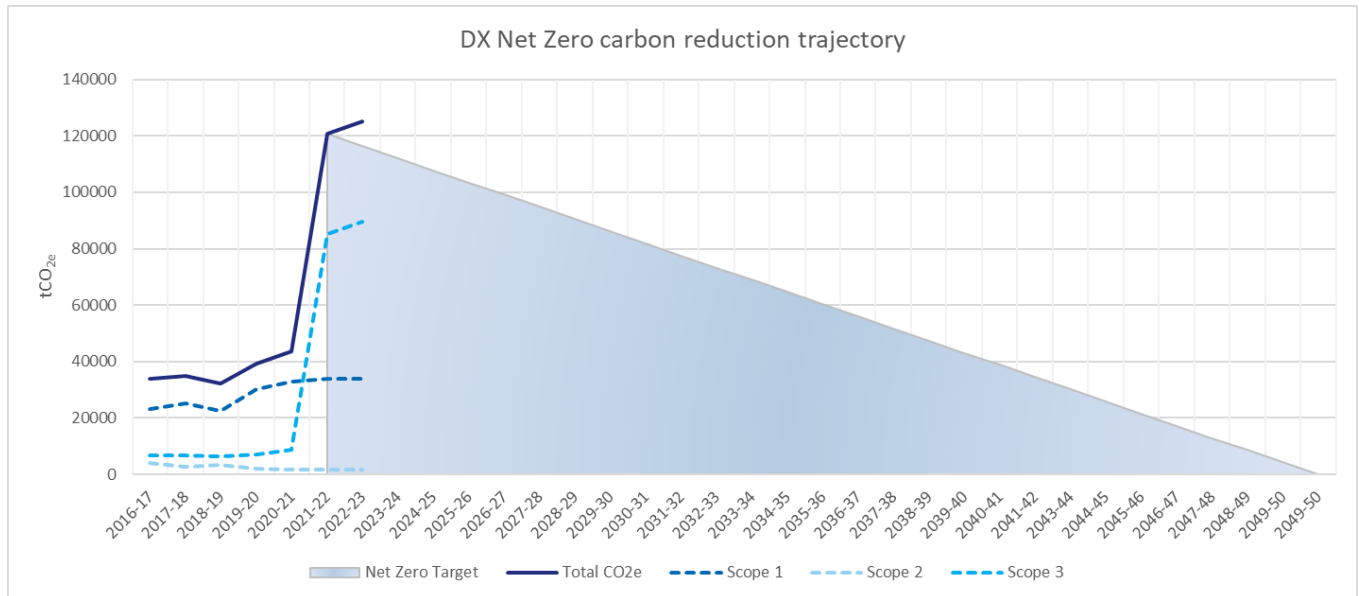
## Emissions reduction targets

The following carbon targets are established within the business' Environmental Management System. Alongside our growing carbon knowledge and awareness, we have created targets which focus on key business areas that will help drive decarbonisation in parallel with the recent expansion of the business.

Goals	Carbon target
Develop carbon reduction strategy outlining DX's approach and focus areas.	On track
Reduce scope 1 tCO <sub>2e</sub> YOY emissions by 3% by FY25.	1020 tCO <sub>2e</sub>
Reduce scope 2 tCO <sub>2e</sub> YOY emissions location based by 3% by FY25.	60 tCO <sub>2e</sub>
Maintain scope 2 tCO <sub>2e</sub> market-based emissions with a REGO backed renewable electricity supply.	0 tCO <sub>2e</sub>
Reduce SECR intensity carbon footprint per million revenue by 10% YOY.	84 tCO <sub>2e</sub> / £million revenue
Engage the top 25 scope 3 purchased goods and services suppliers to improve carbon reporting relating to those relationships.	25 suppliers



The below trajectory assumes a fixed annual reduction in carbon to achieve Net Zero by 2050. We acknowledge that it is not currently a realistic trajectory, with industry-wide challenges associated with fleet decarbonisation. DX has announced investment into fleet decarbonisation; however, this will take some time before it delivers a material impact on emissions associated with fuel. This year we recorded a small 3.8% increase in emissions. This was coupled with an 8.8% uplift in PAYE colleagues, 10% increase in estate footprint, 14% increase in the DX directly managed fleet, a 15,000t increase in Freight / Logistics parcels and 2% decline in Express parcel counts.



## Carbon Reduction Projects

### Completed Carbon Reduction Initiatives

Below we outline some of the key activities undertaken by DX since the baseline year, we only began to track the carbon benefit of these projects during FY23. As a result of our tracked projects, we estimate a carbon reduction in excess of 780 tCO<sub>2e</sub> in FY23.

- During the reporting year within our Freight division we announced [£3.75 million investment into our electric vehicle \(EV\) fleet to support our IKEA partnership](#). Since the announcement we have expanded our EV charging infrastructure across key depots which support this contract and have delivered 63 vehicles towards this fleet. During FY23 our Ikea EV fleet avoided in excess of 30 tCO<sub>2e</sub>, with this value increasing alongside the fleet expansion in FY24.
- [The introduction of Electric Vehicles \(EV\) in London](#) is seeing an initial fleet of 20 Vehicles and the relevant infrastructure delivered to our Express North and South London depots. Our Express colleagues are actively engaging delivery partners and suppliers to understand how this can be expanded to meet the growing demand. We recently installed a further two EV chargers at our North London Depot to support additional EVs. During FY23 these vehicles covered over 39,800 miles, this initial EV transition reduced the delivery emissions compared to a diesel vehicle by 12.7 tCO<sub>2e</sub>.
- In June 2023 our Express business announced to our master subcontractors, a new scheme “Van in a Box”. This is aimed at introducing our partners to a commercially competitive vehicle solution that helps overcome the barriers to updating their vehicles when looking at newer, more efficient and EV vehicles.



- Across our estate, in the build-up to ESOS (Energy Savings Opportunity Scheme) phase 3 we conducted energy surveys to facilitate the delivery of efficiency projects. This primarily includes LED lighting and sensor upgrades to improve lighting systems, but also includes heating appliances at some locations. As a result of these surveys, by the end of June 2023 we had upgraded over 1200 light fittings for more efficient LED's and/or installed occupancy /LUX sensors where appropriate to automate lighting control. We have continued to identify opportunities to further improve efficiency across our estate into FY24 and continue to deliver efficiency projects. The delivered projects to date should see an estimated 123 tCO<sub>2e</sub> carbon reduction over the year. With the changing EPC regulations for new and existing leases, further improvements by DX and in partnership with our landlords will be expected over the coming years as we renew / expand our estate.
- In April 2023 we commenced a new 100% renewable electricity supply for our depots where DX is responsible for the electricity supply. Implemented partially through the reporting year; this contract backed by REGOs eliminated 557 tCO<sub>2e</sub> from scope 2 and 3 (WTT / T&D) and will continue into FY24.
- In 2021 we removed traditional internal combustion only engines (ICE) and Hybrid models from the company car list. Instead, we have focused on Plugin Hybrid (PHEV) and Battery Electric Vehicles (BEV). At the time of reporting these lower emission vehicles represent 61% of the car fleet, with an additional 31 vehicles currently on order for delivery into early 2024 to replace existing ICE / Hybrid vehicles as leases renew.
- We continue to work with our waste management brokers to identify routes to further reduce the impact of waste management. In addition to increasing reuse (pallets), recycling, and avoiding landfill; we have worked on optimising our collection schedules which is helping to reduce waste transport distances and the associated carbon footprint.

#### Planned Carbon Reduction Initiatives

Building on a successful FY23, in FY24 we are continuing to deliver estate efficiency projects with over 800 light fittings upgraded to LED and / or sensor controls in early FY24. This should eliminate an additional 58 tCO<sub>2e</sub> from our location-based footprint on top of the aforementioned reduction total.

Below we outline some key activities the business will be undertaking or investigating to help reduce the footprint of our delivery solutions.

- We will continue to develop our EV fleet with the goal of achieving zero tail pipe emission deliveries for our key logistics customer IKEA by 2025. This will see further investment into infrastructure and technology over the next 12 months.
- Within our Express division we will continue to work with our master subcontractors to promote EV within the delivery network.
- We will investigate and trial HVO as an alternative low carbon fuel for fleet vehicles.
- Across our estate we will maintain our REGO backed electricity supply (subject to market conditions).
- We will investigate opportunities to decarbonise the gas we consume.
- Investigate opportunities and review the feasibility for solar energy at key locations.
- Install a new HVO boiler, reducing the need for carbon intensive kerosene at our Dewsbury depot.



- While we have significantly improved our carbon reporting over the last 12 months. We acknowledge the requirement to develop this further. We will investigate additional resources or verification to take reporting to the next level in FY24.
- Except for spot hires to cover new starters, we anticipate all company car internal combustion only engines being replaced by June 2024 with lower emission PHEV and EV.

A key focus moving into FY24 will be the development of the business' decarbonisation road map. This will expand on the commitment to Net Zero, establish activities and a programme of works to ensure the business continues to decarbonise and assess the opportunities available.

\* Please treat this report as the most up to date DX FY23 carbon footprint publication, updates will be frozen until the next publication in the FY24 annual report.

## 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 standard<sup>1</sup> and uses the appropriate Government emission conversion factors for greenhouse gas company reporting<sup>2</sup>.

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) Standard<sup>3</sup>.

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

### Signed on behalf of the Supplier:

David Mulligan  
Chief Financial Officer  
Date: December 2023

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

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

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