

Environmental Statement for FY1819



About Us

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 provides a wide range of delivery services to 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 items of value. It also operates a private members delivery network, DX Exchange, catering mainly for the legal, financial and public sectors. Its reliance on Courier activity means environmental reporting does not include data for vehicle consumption as this is outside of our reporting scope.

DX Freight provides next-day or scheduled delivery services for parcels, and irregular dimension and weight items, as well as comprehensive logistics solutions, including warehouse management and the operation of customer-liveried vehicles. Freight's use of employed drivers and our own vehicles means we can report at Scope 2 level for this part of our business.

Our Environmental Approach

DX use an Environmental Reporting Protocol (aligned with the internationally recognised Green House Gas Protocol (GHG)) to ensure an accurate, consistent and transparent approach to measuring our impact across the Group (this includes our Freight and Express Divisions and the various service offers that fall within these). We measure our impact in line with our financial year which runs from 1st July to 30th June each year. At the end of each financial year we collate environmental data and validate this data before we create a summary statement, which is reflected in our Annual Report. Our Annual Report is available from the Investors section of our web site and this details our current status - <https://www.dxdelivery.com/investor/reports-and-results/>

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Our approach to improving environment performance uses the ISO14001 management system, where we hold formal UKAS certification (Certificate Number 6022, expires 14/06/22). We set annual objectives and targets against our significant environmental aspects, which are predominantly focused around 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).



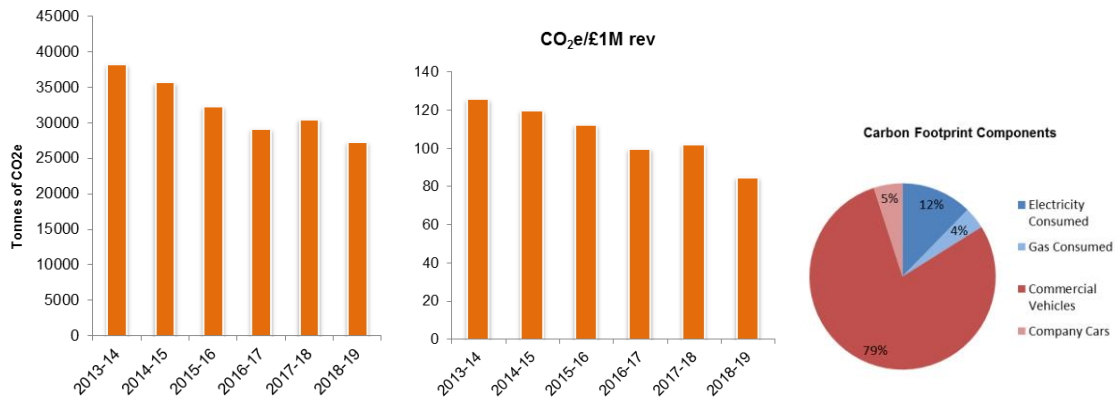
How are we doing so far?

- Our Environmental Reporting Protocol is now into its third year and is proving to be an effective way of benchmarking performance consistently year on year. This year we have now captured Express, Freight and the consolidated group data with the aim of ultimately having a better quality conversation with our customers about the carbon footprint attached to their actual service
- Our Group Carbon Footprint reduced by 10% (It has reduced by 29% since we started reporting in FY1314 over a 6 year period)
- Our Electricity Consumption increased by 36%, primarily due to an increase in the property footprint
- Our Gas Consumption Reduced by 36%, generally this was due to less reliance on gas and a natural migration to electricity
- Waste data is continuing to prove too difficult to capture with integrity and we have exposed a potential underreporting issue for previous years. Whilst we capture waste data we are not confident that the increases are realistic and this is more likely due to a fragmented approach of using local waste contracts, which we have recently consolidated
- Diesel Consumption for commercial vehicles reduced by 8% due to route efficiencies and vehicle specifications and load capacity
- We have been unable to capture consumption for company cars through the claims process, an area where we need to improve
- 207 people completed our new online energy awareness training
- 184 people completed our new online safe and efficient driver training
- ISO14001:2015 Certification for our Express Division was maintained with our best ever result, no issues raised at all, showing an improved maturity
- Priorities for 2019 include aiming to install half hour meters for all locations to improve our ability to target property energy reductions, a review of electrification opportunities, a potential expansion of ISO14001 into other parts of our business, enhancing the use of the energy awareness and safe and efficient driver training, and improving reporting at service level so that we can provide more accurate carbon data to customers, especially for our

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Express Division where they are disadvantaged by the Scope 2 component of diesel consumption from Freight despite not having a direct vehicle fleet.

Our Carbon Footprint



	2014	2015	% Change	2016	% Change	2017	% Change	2018	% Change	2019	% Change
CO ₂ emissions (tonnes)	38,259	35,692	-7%	32,346	-9%	29,146	-10%	30,529	+5%	27,338	-10%

DX remain committed to reducing our carbon footprint as the primary area where we can make the greatest difference to climate change impacts. We continue to maintain our ISO14001 certification to underpin the approach we take and ensure a consistent and targeted approach to improving our environmental status.

DX continue to measure, report and focus on our Scope 2 Carbon Footprint as this is the scope we are able to control and influence. Our Scope 2 Carbon Footprint, measured as an equivalent (CO₂e), has reduced in FY1819 by 10%. The reduction is reflected both in the overall consumption and also as a performance indicator against revenue (now at 85 Tonnes of CO₂e per £1M revenue). Since we started measuring this in FY1314 we have seen a 29% reduction in the period of the amount of CO₂ generated.

The consumption of diesel for our commercial fleet represents by far the most significant aspect, with 79% of our Carbon Footprint associated with this issue.

There are a few key changes that have enabled this reduction.

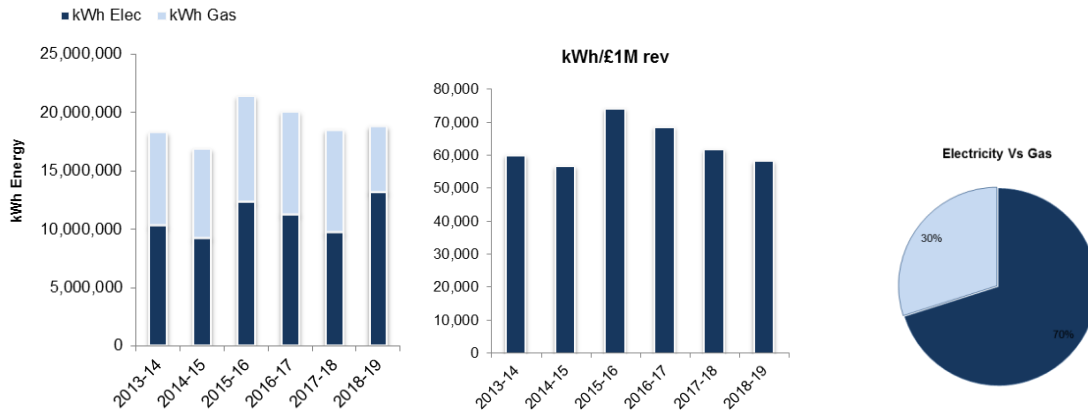
- In the last financial year we have reviewed our Fleet Mix with a move to more 7.5 Tonne vehicles with a higher load capacity and improved Euro 6 specifications, allowing us to reduce reliance on smaller vehicles by injecting increased efficiency.
- Our telemetry program continues to expand allowing a more focused road risk strategy which improved driver efficiency. Our expansion program has also facilitated improved route efficiency.
- In terms of Company Cars we have now included an extensive range of plug in hybrid vehicles and colleagues are actively adopting this opportunity.



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- In addition, we have invested in new training systems, including a new on-line academy which includes training on efficient driving and on energy awareness.
- We have continued to focus on lower carbon solutions, such as LED lighting, proximity sensors and efficient heating systems when we open new sites as well as the ongoing upgrade of our facilities.

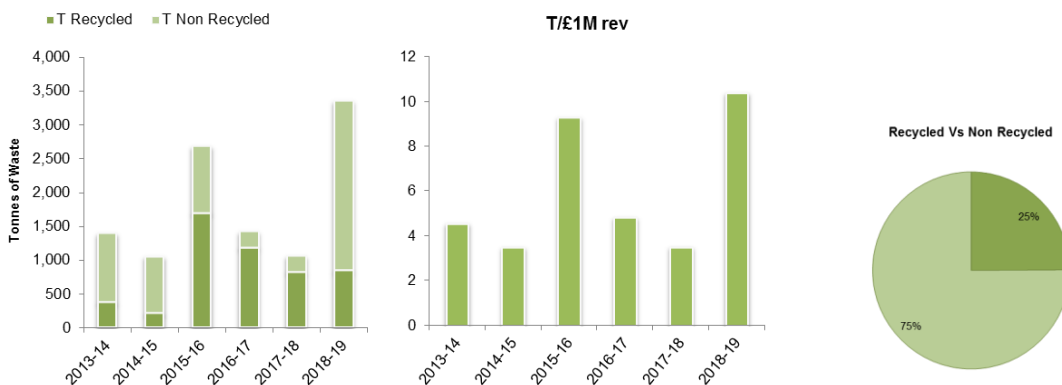
Our Energy Consumption



Our electricity consumption has increased by 36%. Our gas consumption has reduced by 36%.

An increased consumption of electricity overall almost certainly reflects the increase in the number of operating sites across the business compared to previous years. This is not an immediate cause of concern and we continue to deploy low carbon solutions for our heating and lighting with new builds where we can. The performance benchmark has shown an improvement against revenue for this year. 70% of our energy comes from electricity, in previous years this was more evenly split. The challenge we have with this aspect is that billing is still heavily reliant on estimated readings and we have a number of sites where the landlord assumes control of the energy supplier which means a reliance on extrapolation for gaps in data.

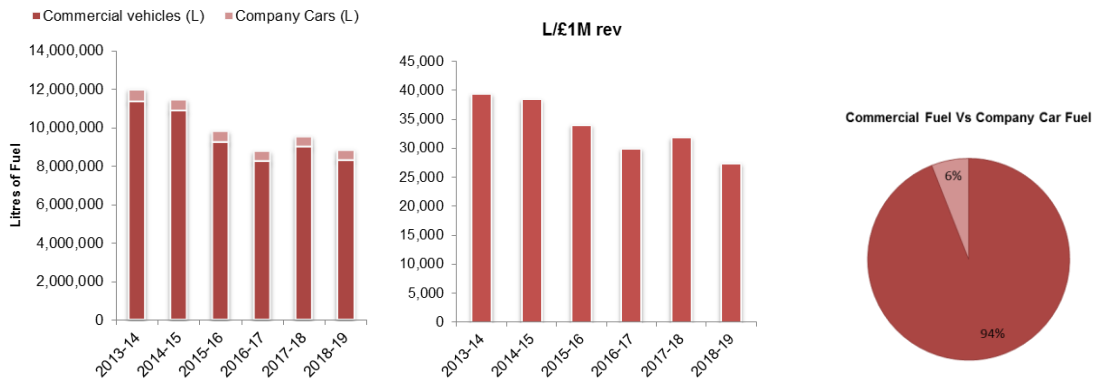
Our Waste Consumption



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The data verification and validation has again proven very difficult given the ongoing fragmented approach to waste management across the group. Going into the new financial year we now have a single supply contract and this should now mean much more robust and accurate data going. Whilst the volume of waste appears to have increased significantly we are confident that this is a result of a major data error in previous years. The current report we feel more accurately reflects waste consumption.

Transportation



Diesel consumption for commercial vehicles remains by far our most significant impact and consumption this year has reduced both in terms the actual levels by 8% and the performance against revenue (now at 27,464 Litres per £1M revenue). This is encouraging given the growth in business volume and additional routes. As we report on Scope 2 performance this data excludes any third party trunking activity and consumption attached to Couriers and Subcontractors, in which case the diesel consumption is almost exclusively attached to the Freight division.

From a customer reporting point of view this does disadvantage the Express Division and is the reason why we have been unable to verify carbon footprint performance for our Express customers with any accuracy.

Environmental Training



207

ENERGY AWARENESS

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184

SAFE & EFFICIENT DRIVING

We launched the Safety Academy e-learning system in FY1819 and by end of the year 207 people had completed the energy awareness training and 184 people had completed the safe and efficient driving module. In both cases actual numbers may be much higher as often sites will run group training sessions.

Further Information

For further information about our Environmental Performance please feel free to contact us at she.team@thedx.co.uk