

# **GXO Logistics FST Limited (formerly XPO Logistics Holdings Limited and Pluto Holdings Logistics Limited)**

## **Directors' Report for the Period from 8 November 2019 to 31 December 2020 (continued)**

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### **Streamlined energy and carbon reporting (continued)**

#### *Energy innovation (continued)*

Furthermore, GXO utilises an advanced Portal, which is GXO's window into each sites energy activity, delivering dashboards to display the scheme revenues, energy & carbon savings and operational performance. Unique analytics, benchmarking and reporting into energy activity and DSR participation are accessible. Advanced monitoring and analytics means GXO has access to in-depth insights into each sites energy activity.

In addition, GXO employs automated Peak avoidance strategies ensuring further reductions in energy costs and carbon savings during the DUoS daily "red bands", seasonal Triads and other demand related price peaks throughout any given day.

GXO is leading the way in deploying pioneering strategies to improve a range of energy-related cost efficiencies across all their sites. Acting as a Virtual Energy Manager GXO engineers track various critical parameters to optimise a sites overall performance & reliability. The engineering team interpret the data and how this may best be used to improve GXO both operationally and commercially.

#### *Green utilities*

GXO will be procuring Tier 2 green electricity for 25 sites from 1 April 2021, reducing CO2 by circa 1706 tCO2e.

GXO is currently scoping two large solar installations with a proposed combined power generation of 452,000 kWh.

#### *Euro VI D - Lower Emission Trucks*

To comply with the increasing number of 'Low Emissions Zones' across the UK, all GXO vehicles purchased are now Euro VI (D), ensuring tailpipe emissions comply with the more stringent thresholds. This help to improve the air quality in the towns and cities we operate in.

#### *Low Carbon CNG Vehicles*

40 additional lower carbon vehicles carbon CNG lorries are now being operated for the newly acquired Waitrose contract (owned by Waitrose but operated by GXO). This is in addition to the six vehicles in place, meaning 49 vehicles, 46% of this Waitrose Fleet are now lower carbon. An on-site CNG station ensures there are no disruptions to fuel supply.

#### *Contract Collaboration and Back Haul*

GXO work hard on collaboration between contracts to help reduce the number of empty running vehicles on the road. Collaborating on the backhaul of products for other contracts by utilising more 'return legs' and avoiding empty 'outward legs' prevents the need to use 3rd party contractors and reduces CO2 emissions.

#### *New Vehicles*

Replacing vehicles on specific contracts has improved fuel efficiency, improving efficiency by 2-3 mpg per vehicle so reducing CO2 by reducing diesel used.

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### Streamlined energy and carbon reporting (continued)

#### Telematics

Telematics systems are being used to monitor driving styles for fuel-efficient driver training and have been retrofitted to 250 vehicles during 2020. Incentives for drivers to improve driving styles will be used to encourage efficiency.

#### Emissions

This is the first year that the company has been subject to the Streamlined Energy and Carbon Reporting requirements and, as allowed by the guidance, no comparatives are given. This report only considers the emissions of the GXO companies in the UK.

An 'operational control' approach has been used to define the Greenhouse Gas emissions boundary. This approach captures emissions associated with the operation of all buildings such as warehouses, offices and manufacturing sites, plus company-owned and leased transport. This report covers UK operations only, as required by SECR for Non-Quoted Large Companies. This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019. Emissions have been calculated using the latest conversion factors provided by the UK Government. There are no material omissions from the mandatory reporting scope. The reporting period is January 2020 to December 2020, as per the financial statements.

*Figure 1 Greenhouse gas emissions by year (tonnes CO2e)*

Emissions source		Share %
Natural Gas	208	7.0
Transportation Fuel	1,670	56.0
Electricity	1,105	37.0
Total emissions (tCO2e)	<b>2,983</b>	100.0
Revenue (£m)	112	
Intensity: (tCO2e per £m of revenue)	<b>26.63</b>	

*Figure 2 Greenhouse gas emissions by scope (tonnes CO2e)*

Emissions source	Scope 1	Scope 2	Scope 3	Total
Natural Gas	208	-	-	208
Transportation Fuel	1,670	-	-	1,670
Electricity	-	1,018	87	1,105
<b>Total</b>	<b>1,878</b>	<b>1,018</b>	<b>87</b>	<b>2,983</b>
Share of total	62.96%	34.13%	2.91%	

*Scope 1: Natural gas and company-operated transport. Scope 2: Electricity. Scope 3: Losses from electricity distribution and transmission. This only includes emissions reportable under SECR and may not reflect the entire carbon footprint of the organisation.*