

Conclusion of Corporate Governance Investigation

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DX (Group) PLC
20 September 2022

AIM: DX.

**DX (Group) plc
("DX", the "Company" or the "Group")**

Conclusion of Corporate Governance Inquiry and Investigation

Further to the announcement made on 5 July 2022, the Board of Directors of DX (the "Board") announces the conclusion of the corporate governance inquiry (the "Inquiry") raised into an internal investigation (the "Investigation") first announced on 25 November 2021. This follows the completion of further work led by the Company's Audit and Risk Committee ("ARCo") in conjunction with the Group's legal advisors.

Inquiry and Investigation

The Investigation was into an allegation of bribery and related issues arising out of the incident. The allegation involved certain employees of a Group subsidiary who sought to obtain confidential information from another company. The Inquiry related to the conduct and process of the Investigation.

The Investigation identified evidence that confidential competitor information was obtained over a period of time and that an isolated offer of payment (of de minimis financial amount) for such information had been made by employees. As such, the Investigation concluded that there may have been a breach of the Bribery Act 2010 by the employees concerned and that remedial work was required by the Group to improve compliance procedures and to mitigate the risk of potential future incidents.

Corporate Governance

In the course of examining and reviewing the Investigation, certain actions were highlighted as falling short of good corporate governance. Insufficient importance was attached to ensuring that the Investigation was conducted according to best practice and to its fullest extent, in particular with the Investigation being curtailed and information flows restricted. Insufficient disciplinary action was taken at the time in respect of the employees involved in the allegation of bribery. These issues and management failures were identified as barriers to achieving an appropriate outcome for the Group and in a timely manner.

Conclusions

The Board recognises that running both an Investigation and an Inquiry in the way it did resulted in a process far more complex and protracted than had been originally expected. The resultant time taken to deal with the

matter has seen the Group unable to file its Annual Report and Accounts for the year ended 3 July 2021 with the Registrar of Companies within the required deadline, the Company's shares suspended from trading on AIM, and the resignation of its previous auditor and of two non-executive directors. As the Investigation and Inquiry have now concluded, the necessary actions have been, or will be taken, to resolve the matters identified.

The Board is clear in its objective of ensuring the highest standards of corporate and individual conduct. Further disciplinary action is being taken with certain staff involved in the relevant events, and the Board is taking additional corrective actions to improve management protocols, internal processes, and training in specific areas so as to ensure best practice in corporate governance. The Board's objective is to ensure that all appropriate improvements to its processes are made, not least so that any future internal investigations are completed in full and to appropriate timescales.

In light of its review of the Investigation and Inquiry and having taken advice from its advisors, the Board has commenced or is commencing the following key initiatives:

- the appointment of three independent, non-executive directors to the ARCo (two of which have already been appointed) with an amendment to the ARCo's Terms of Reference to reflect the numerical composition;
- clear communication of the fact that any matters relating to compliance, whistleblowing or fraud should be brought to the attention of the ARCo at the earliest opportunity, the members of which will independently assess the necessary steps to be taken and retain conduct of any investigation;
- matters reserved for the Board and the Terms of Reference of the ARCo will be updated to provide that any matters relating to breaches or suspected breaches of DX policy by any member of senior management will be addressed in the first instance by the ARCo;
- the clear assignment to the Chief Executive Officer and the Chief Financial Officer of responsibility for ensuring that matters that pose or may pose a risk to the Company's performance or reputation, or put any Group entities at risk of criminal liability, are escalated to the Board at the earliest opportunity;
- amendment of the Company's Fraud Policy Statement and Fraud Response Plan to ensure that all Group employees understand their responsibility to raise any matters of concern with the appropriate line manager and that line managers are aware of their obligation to notify the ARCo of any incidents of fraud or bribery;
- the appointment of a "Big Four" professional services firm (the "Firm") to review the Group's compliance policies and procedures, with the Company being committed to implementing any subsequent recommendations to the fullest extent reasonably possible;
- a detailed risk assessment by the Firm of DX's exposure to bribery, consistent with UK Government guidance on compliance with the Bribery Act 2010. The Company will

review this risk assessment annually and update the Group's policies and procedures accordingly. Internal policies, including employee induction policies, will be updated accordingly, in order to ensure that DX adopts best practice;

mandatory training in the Group's compliance policies and procedures for all Group employees, including by way of induction for new employees. This will cover, but will not be limited to, fraud, anti-bribery and corruption, whistleblowing and general ethical business practices. In particular, the Board will seek to ensure that:

- o there is clear and regular communication of its commitment to anti-bribery and ethical business practices so that all Group employees have a good understanding of what is suitable behaviour, particularly in relation to competitor information;
- o the Company's whistleblowing policy is known to all employees so that any suspected incidents can be reported promptly and dealt with quickly and appropriately; and
- o all employees are aware of the Company's Inside Information Policy, understand what constitutes Inside Information, and follow notification policies accordingly.

Reflecting the Board's commitment to seek the lifting of the suspension of trading in the Company's shares on AIM as quickly as possible, the Board will also take such further steps as may be required to improve its internal processes and to meet its corporate governance objectives. In the meantime, trading in the Company's shares will remain suspended, with further updates to be made in due course.

The Board now considers both the Investigation and the Inquiry as concluded. An update on the initial key initiatives and any other steps taken to improve the Group's internal processes will be provided in the Annual Report and Accounts for the year ended 2 July 2022, when it is published later this year.

Ronald Series, Executive Chairman of DX (Group) plc, commented:

"This period has been highly unsettling for shareholders and for the Company. We are pleased to draw a line under past events and to focus on DX's ongoing development and growth. We are also implementing changes to strengthen the Group's corporate governance policies and procedures.

"Trading continues to be encouraging, and we remain ambitious in our growth plans."

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

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About DX (Group) plc:

DX is a well-established provider of a wide range of delivery services to both business and residential addresses across the UK and Ireland. First established in 1975 as a Document Exchange service to the legal sector, DX now provides one of the widest ranges of overnight delivery services in the market, as well as logistics services. Items that DX transports range from confidential documents and valuable packages to large, awkward-to-handle freight, unsuitable for automated conveyor.

DX Freight: comprises DX 1-Man, DX 2-Man and Logistics. The Division specialises in the delivery of irregular dimension and weight freight ("IDW").

DX Express: comprises DX Parcels and DX Exchange and Mail. The Division specialises in the express delivery of parcels and documents.

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