Delivering a better future

Environmental, Social and Governance **Report 2024**

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Focussing on our ESG targets

The acquisition of DX by HIG Capital in January 2024 marked a new chapter in the Group's 50-year anniversary, providing market-leading delivery services to customers across the UK, Ireland and further afield.

The acquisition of DX by HIG Capital in January 2024 marked a new chapter in the Group's 50-year history, providing market-leading delivery services to customers across the UK, Ireland and further afield. The acquisition is testament to the effort and commitment of our talented, dedicated, hardworking colleagues, who were all instrumental in turning the fortunes of DX around and have now established a solid foundation for continued future growth. Working alongside our new owners, DX will continue to focus on our strategy to provide market-leading delivery services to our customers and to deliver on our commitment to achieving "Net Zero" by 2050.

Since the acquisition this is our first separate ESG report and in it we aim to highlight the action and progress made over the last 12 months.

It was another successful year for the Group delivering record levels of growth, with revenues increasing by 16%, leading to the opening of 20 new depots and the onboarding of 678 new colleagues.

Reflecting the significant growth across the business, both in terms of physical footprint and activity levels, total net emissions were 12% higher. However, when normalised against revenues and property, our progress on reducing our net emissions is much clearer and I am pleased to report that we have seen an improvement for the second consecutive year.

As a business committed to "Net Zero" by 2050 and with an interim target of 20% by 2035, it is crucial that we identify the pathways and technologies that will help us to achieve these targets. We operate in a sector heavily dominated by heavy goods vehicles currently using diesel fuel with few alternatives in the market as it stands, so the transition to a zero or low carbon fleet will not be easy. We continue to debate these topics internally with our vehicle suppliers, other companies in our sector and with our customers to ensure we are up to date with any potential new innovations. Whilst recognising these challenges, DX has its EV van delivery fleet, our 2021 Company car policy is on track to phase out all internal combustion engine cars only in favour of EVs and plug-in hybrid electric vehicles (PHEV) by the end of FY25. Alongside this, we continue to significantly invest in improved lighting across our network by upgrading to LED and introducing sensors, where appropriate. During the year, we also instructed a new waste management contract, which is designed to ensure that our waste management continually improves. Our efforts and focus on "Net Zero" are aligned with our customers priorities, with carbon reporting an ever-increasing priority.

We have continued to 'grow our own' talent, promoting 356 colleagues into new roles across all levels of the business during the last year. We launched a new driver apprenticeship programme in 2024, sourcing the drivers for the future of DX. The training and development of our colleagues is key to our continued success with role-specific training, ensuring our colleagues are equipped with the skills to learn and deliver on our service commitments to our customers.

Alongside making DX a place to develop a career, we are very proud to have been able to make an investment this year, providing a new healthcare scheme, that is free to all colleagues. This comes during a period when times have been challenging for our colleagues.

Finally, be assured that we are not standing still. Over the next 12 months, through our Sustainability Committee, we will continue to debate, discuss, identify and deliver opportunities to further reduce our environmental impact. Everyone at DX is committed to this change.

Paul Ibbetson
CEO – DX Group

As a business committed to "Net Zero" by 2050, and with an interim target of 20% by 2035, it is crucial that we identify the pathways and technologies that will help us to achieve these targets.

What is important to DX

Our ESG strategy is important both internally and externally. As well as helping us to contribute socially and environmentally, it advances the business and drives new growth opportunities across existing and prospective customers.

As a responsible business, we listen to the voices of our colleagues, customers and wider stakeholders. This has been fed into our business development plans, which have been the foundation of our successful year-on-year growth. Hand-in-hand with this, we need to ensure that we have plans in place to address ESG risks and opportunities.

This inaugural ESG report has drawn on the knowledge of our Key Account Managers and colleagues who manage the Group's relationships with our largest customers. With the support of the DX Sustainability Committee, we have also developed a scoring matrix to assess 28 ESG topics. This is a significant expansion against our previous areas of focus.

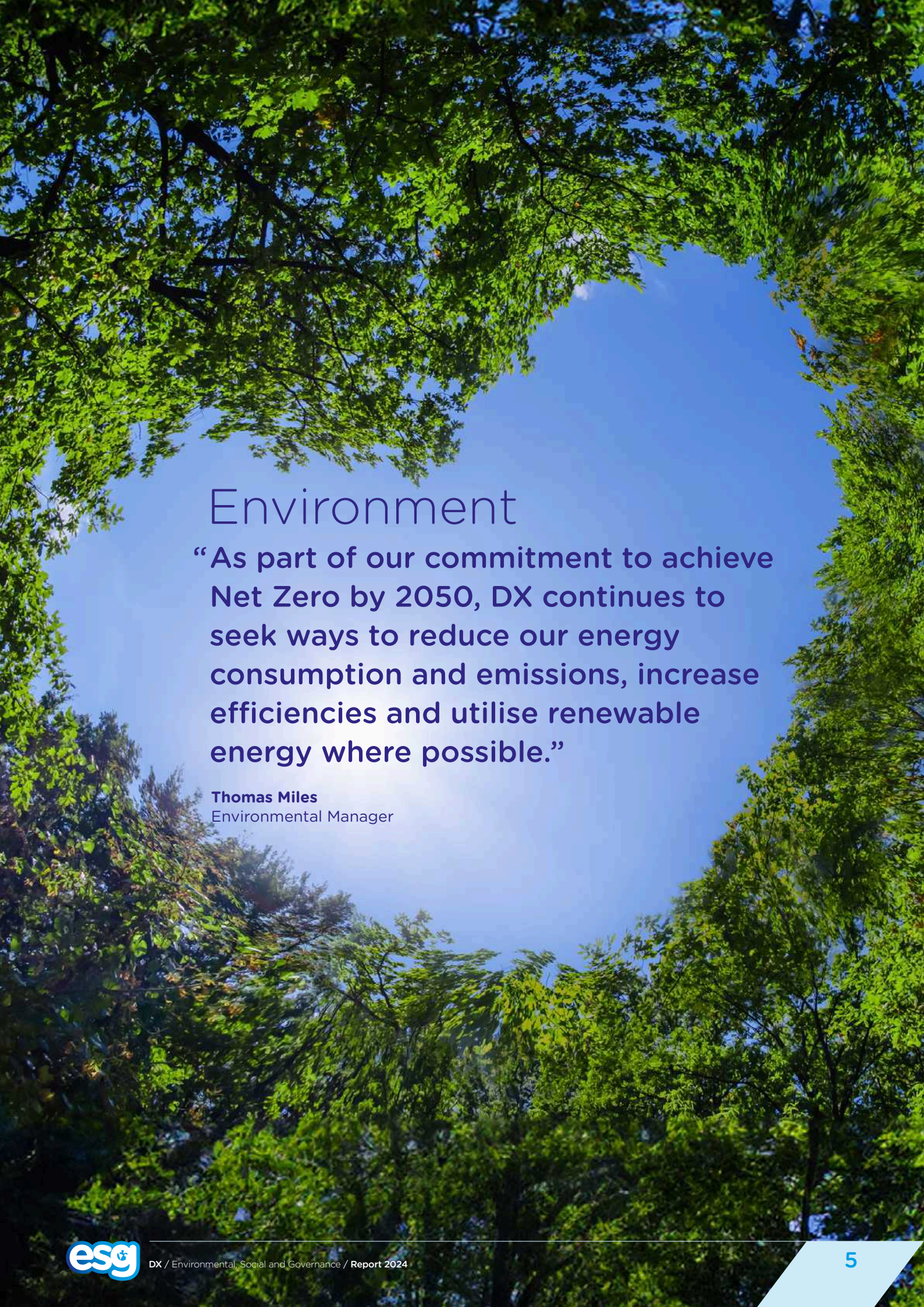
Business ethics and employee benefits are also crucial components that are essential to the continued success of our business and ensuring high standards of conduct and looking after the welfare of our people remain key pillars for us.

This report provides a summary of our progress in tackling material ESG topics and other areas of investment that create ESG value across our operations.

- Carbon reporting
- Net Zero
- Transition to EV
- Energy efficiency
- Waste Management

- Colleague H&S
- Right to work
- Employee benefits

- Information security
- Risk management
- Modern Slavery
- Business ethics training



Environment

"As part of our commitment to achieve Net Zero by 2050, DX continues to seek ways to reduce our energy consumption and emissions, increase efficiencies and utilise renewable energy where possible."

Thomas Miles
Environmental Manager

Network Energy

In alignment with our commitment to achieve Net Zero by 2050, DX is seeking ways to reduce energy consumption, improve efficiencies, and utilise renewable energy.

Energy efficiency

During FY24, DX significantly expanded the footprint of its network, adding 20 new depots and increasing square footage by 11%. Before becoming operational, the new locations were comprehensively refurbished to bring them up to the expected safety, operational and efficiency standards. Refurbishments included upgrading lighting systems to energy efficient LEDs and incorporating sensor controls, where appropriate, to reduce energy consumption and generate efficiencies.

During the year, we conducted internal energy surveys across our network in conjunction with an external ESOS audit. Based on the findings, DX invested a further £200,000 across 12 depots.

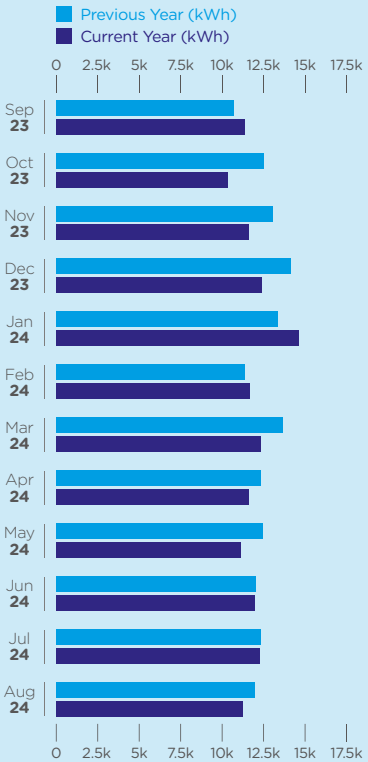
This resulted in over 1,400 lights being upgraded to LED and/or sensors during the year. Over a 12-month period, we expect the delivery of these projects to eliminate in excess of 104t CO_{2e}. This brings the rolling total of CO_{2e} savings per annum to in excess of 226 tCO_{2e}, all the result of efficiency investments across our network.

DX Freight Crewe – We invested £13,000 to upgrade 58 lights to LED and/or sensor controls. This project was modelled to save 46 MWh of electricity and eliminate 12 tCO_{2e} per annum. The main benefits have been the 31 modern 100W sensor-controlled LED lights, which monitor movement and natural lighting levels, and link energy consumption to depot operations.

Lighting upgrades at DX Crewe before & after.

DX Express South London – This depot was partially upgraded to LED. However, after reviewing the energy data, it was clear that there were opportunities to further improve efficiency. We invested £12,000 upgrading fluorescent office fittings with LEDs and movement sensors and retrofitted sensors to the existing warehouse LED's. This resulted in efficiency gains over the year totalling 7 MWh, equating to a 5% reduction in electricity consumption compared to the previous year. These energy gains more than offset the increase in electricity consumption from expanding the EV delivery offering from this depot.

South London (kWh)



Total
142,841 kWh
Previous Year **149,872** kWh
↘ **-5%**

Average
11,903 kWh
Previous Year **12,489** kWh
↘ **-5%**

Network Energy (continued)

Energy Mix

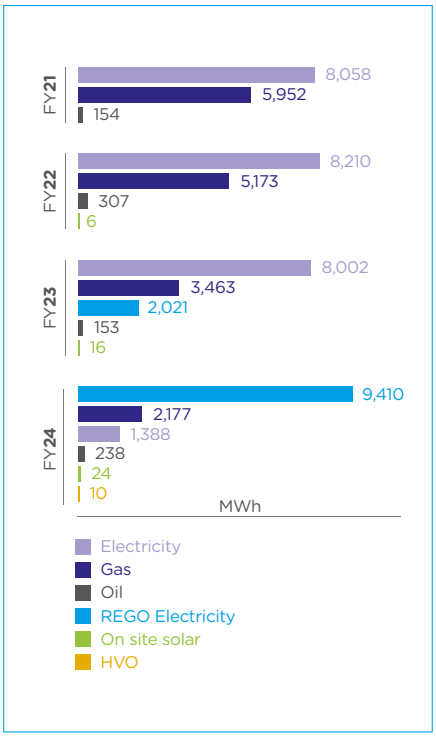
This year marked the first complete year in which all the electricity that DX is directly responsible for procuring was entirely covered by REGO (Renewal Energy Guarantees of Origin) certificates. As a result, we reduced market-based scope 2 emissions by 1,800 tCO_{2e}. REGO-backed energy accounted for 88% of the electricity consumed by the business during the year. The remaining 12% reported as standard UK grid mix included landlord-billed energy and offsite EV charging. We have extended our commitment to this renewable strategy with a new REGO-backed electricity contract that extends until 2026.

We decommissioned an inefficient gas-powered hot-air heating system at one of our warehouses, which previously accounted for 16% of the business' annual gas consumption. Replacing this large inefficient system for more efficient localised welfare solutions, featuring push buttons and thermostat controls, resulted in a 93% reduction in energy consumption eliminating 522 MWh of inefficient gas usage, equating to 111 tCO_{2e} over the year.

During the year, the business leased a new Freight depot in Sheffield with a 13 kWp solar array, bringing the total installed solar capacity to 30 kWp. This capacity generated 24 MWh of on-site electricity, avoiding the equivalent of 6.7tCO_{2e} per annum when compared to standard UK grid energy.

The new Freight Nottingham regional hub and depot, which opened in December 2024, was developed to meet the latest efficiency standards and an EPC rating of A. This depot will contribute an additional 45 kWp of solar energy generation capacity.

Energy Mix (MWh)



Highlights

- **88%** renewable electricity (DX & Landlord supplied)
- **1,400+** lighting efficiency upgrades
- **£200,000** investment into efficiency upgrades
- **37%** reduction in annual gas consumption
- **2.6%** reduction in energy consumption per m^2 compared to FY23
- **20** efficiency-related improvement projects delivered

Targets

- **A 20% reduction in network energy consumption per m^2 by 2035 against 2022 baseline**
- **An increase in installed solar capacity to 180 kWp in FY25**
- **100% of depots under DX's direct control for electricity procurement to use smart meters**

Data

DX is working in partnership with our utility broker and suppliers to centralise and increase the availability of smart energy data with the rollout of new meters. During the year, DX centralised all the smart electricity and gas meter data under single contracts. This has improved access to real-time and actual meter reads, which will facilitate further reductions in energy consumption.

93% of direct electricity spend is covered by smart meters.

We are retargeting 100% of depots to be upgraded to Smart or SMET2 meters by FY26. In delivering against this target, we will be better equipped to identify efficiency opportunities and track the benefits both environmentally and financially.

Environmental training

All new colleagues are required to undertake job-specific training through our e-learning platform. During the financial year, colleagues completed 1,301 training sessions relating to environmental topics, representing a 51% increase compared to the previous year. This substantial increase is a reflection of the business significant expansion, including the relocation of depots, which led to an increase in new colleagues.

Completed training records

Safe and efficient driving: **556**
Energy efficiency: **745**

Building for the future

In December 2024, DX will open its newest Freight regional hub and depot, on New Stanton Park, Nottingham. It is a major £12m investment and was a central part of the Board's three-year investment programme aimed at supporting future growth, increasing operational capacity, improving efficiency, and enhancing customer service.

This new location is a 20,500 sq ft purpose-built freight depot, equipped with a raised dock, mechanisation and the latest technology to reduce carbon emissions.

This flagship hub and depot supports the business' commitment to Net Zero by 2050. A 45 kWp solar array to the roof has been installed, which is expected to generate an estimated 34 MWh of renewable energy, eliminating 9.4 tCO_{2e} per annum. The remaining energy requirements will be provided by a renewable REGO-backed electricity supply.

It is important that we optimise energy consumption and the new development benefits from the following measures to increase energy efficiency:

- LED lighting throughout the facility, including LUX/PIR sensors, where appropriate, to link lighting to operational and environmental requirements
- External lighting has built-in solar panels, which charge during the day, reducing evening power demand and associated carbon emissions
- Large skylights flood the warehouse with natural light during daylight hours, which helps to ensure that the automated lighting system minimises the need for artificial light
- Heating, venting and air-conditioning controls, including thermostats and timers, have been set to maintain an optimal working environment while optimising energy efficiency
- Four EV charging points have been installed to support the transition to EV/PHEV. This investment supports DX's wider company car policy, which since 2021 has included EV/PHEV only
- A rainwater attenuation tank has been fitted to alleviate pressure on the local drainage network and reduce the risk of flooding.

Carbon

DX reports its carbon footprint in accordance with the Greenhouse Gas protocol (GHG). In FY24 DX worked to ensure it was documented in accordance with ISO 14064 and was successfully verified in October by a UKAS Accredited Certification Body.

The Verification process has provided the assurance that the processes established over recent years to track Scope 1, 2 & 3 emissions are free of material errors.

The Group has expanded significantly over the year and the key measures below illustrate this:

- while item counts remain consistent, parcels and freight volumes have replaced lighter mail and exchange items
- the network footprint has increased by 11% with the addition of 20 new depots;
- revenues have increased by 16%
- employee headcount has risen by 14%
- vehicle fleet has increased by 130 vehicles.

The rapid expansion of the business has resulted in a 12% increase in total emissions compared to FY23. However, in order to track the business emissions performance, we have normalised our carbon footprint against our revenue.

This shows a year-on-year improvement.

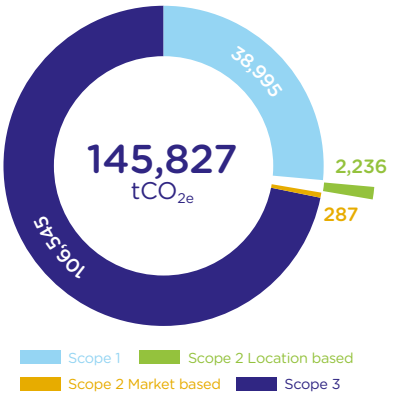
Diesel emissions resulting from the movement of DX fleet (Scope 1 & 3) and sub-contractors (Scope 3) accounted for 76% of DX's carbon footprint. Diesel consumption increased by 2.1m litres (17%) compared to FY23. Our activities to decarbonise our fleet are disclosed later within this report.

While our network footprint increased in FY24, investment in energy efficiency and procuring renewable electricity resulted in an 82% reduction in Scope 2 (market-based) emissions. Location-based Scope 2 emissions are 8% higher year-on-year. Total estate energy (market-based electricity + other energy sources) emissions are 2,044 tCO_{2e} lower compared to FY24, even with the opening of 20 new depots during the year and increased electricity demand for EV charging. The key contributing factors to this reduction were the REGO-backed energy tariff and a significant reduction in gas consumption.

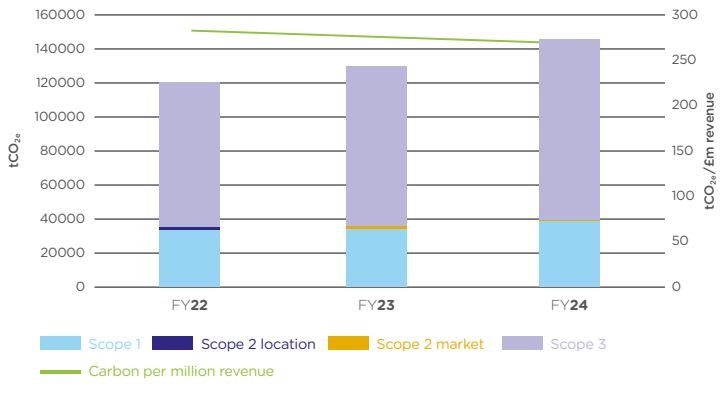
Highlights

- **ISO 14064** external verification
- **Per delivery footprint** by division available for customer carbon reporting
- **267 tCO_{2e} (-3%) carbon** per million revenue
- **+103 tCO_{2e} of carbon** avoided through **LED lighting projects**
- **82% reduction** in market-based Scope 2 emissions

DX Carbon footprint FY24



Carbon trend tCO_{2e} (scopes 1-3) per million revenue



Carbon resources

- Full carbon footprint and SECR reporting available within annual report
- ISO 14064 inventory available for customers
- PPN 06/21 carbon reduction plan

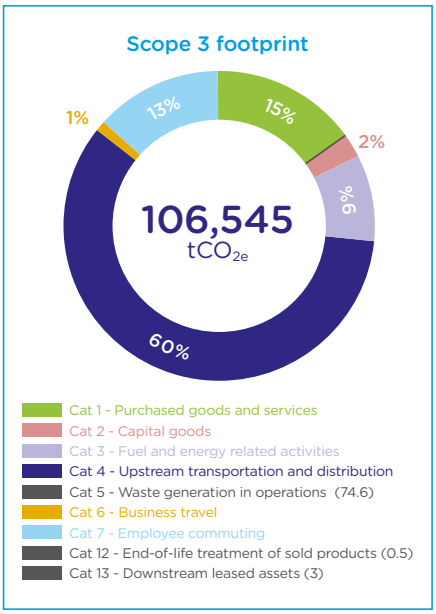
Carbon (continued)

Scope 3

Supply chain emissions represent 73% of the business total carbon footprint, with 60% of this in turn represented by upstream transport and distribution. Supply chain emissions include the master sub-contractors we use across our network to provide the additional flexibility required to meet our customers' delivery requirements.

Where possible, we utilise actual data and the relevant DEFRA emission factors across Scope 3 to convert available data into emissions. Where data is not available, predominantly for purchased goods and services, elements of upstream transport and distribution, we use UK Government EEIO (Environmentally Extended Input-Output) spend-based emission factors.

During the year, we set out to engage with our top 25 suppliers to advance reporting with supplier specific data. It was quickly apparent that the supply chain, as yet was not mature enough to provide the relevant information as per the GHG protocol. Across our top 40 suppliers, only 10 either directly, or through their annual report, disclosed information suitable for Scope 3 reporting. We worked with our labour provider to calculate a hybrid emission value representative of their activities and the associated commuting of agency employees. A further 14 suppliers had disclosed basic SECR carbon information however, this was insufficient for Scope 3 reporting. We will continue to work with our supply chain partners to identify opportunities to improve supplier Scope 3 reporting.



*In FY24 we removed Well-to-Tank (WTT) emission associated with master sub-contractors and business travel from Category 3 and aligned these emissions with the relevant Scope 3 emission category. We removed VAT from spend-based calculations and retrospectively applied this to past Scope 3 disclosures. Category 2 capital goods is only partly split from Category 1 purchased goods and services. We are working to improve this for future disclosures. Grey fleet emissions have been split from Scope 1 and placed into Category 6.

The organisations GHG Inventory is inclusive of all Freight, Express and Logistics operations within DX's financial control boundary. However, within the smaller footprint of DX Exchange which comprises mailboxes, 88% of these smaller unmanned exchange locations are excluded from this footprint.

Future decarbonisation

Fleet decarbonisation will play an important part in DX meeting its Net Zero target by 2050 and our 2035 interim 20% reduction target. At present, fleet decarbonisation is being undertaken in a selective and scaled manner, appropriate to the size of DX (see Fleet section). We estimate that by the end of FY25, the growth in our EV fleet should eliminate the equivalent of 1,915 tCO_{2e} per annum and our REGO- backed electricity supply (1,900 tCO_{2e} annually) and newly installed solar generation will eliminate an additional 37.5 tCO_{2e} (Scopes 2 & 3) annually.

We will continue to address energy efficiency across our network, including further lighting efficiency projects in FY25. With access to real-time gas usage data now available, we will be in a better position to analyse usage and identify opportunities to improve heating efficiency.

Per delivery footprints

We split our carbon footprint by division to more accurately represent the diverse range of items moving through our delivery network each day, which include boilers, tractor tyres, doors, mattresses, lengths of metal, smaller parcels, jewellery, tracked specimens, and mail. The below-average footprint-per-item that we achieve follows the GHG protocol minimum boundary requirements for Scope 1 & 2. In order to fairly reflect the direct relationship between our delivery services and master sub-contractors we have included Scope 3 Category 4 Upstream Transportation and Distribution.

Freight
1,669 gCO_{2e}

Express
1,138 gCO_{2e}

Logistics
869 gCO_{2e}

Exchange
78 gCO_{2e}

Per footprint items are based on verified scope 1, 2 & 3 emissions, however these intensity measures are not externally verified.
Divisions are split based on item weight and volume, Exchange utilises the DX Express depot infrastructure.

Targets

- Net Zero by 2050
- 20% reduction in absolute carbon emissions by 2035
- Reduce SECR intensity carbon footprint per million revenue by 10% year on year
- Deliver 8 estate lighting efficiency projects by FY25
- Investigate offsets as an interim stepping stone to Net Zero

Fleet

DX directly operates a fleet of over 1,000 delivery vehicles, with a similar number sub-contracted through preferred partners. From a carbon emission perspective, the operation of this fleet is DX's single biggest environmental impact.

The DX fleet consumes 15m litres of diesel per year, which accounts for over 37,000 tCO_{2e}. To mitigate its impact, the business operates one of the youngest fleets in the industry, with an average age of three years and is also investing in EV solutions, which further reduces diesel consumption. Delivery miles completed by zero/low carbon solutions are increasing monthly across the DX and sub-contracted fleet and in FY24 we eliminated 2m diesel miles.

To date, the DX EV fleet has covered 1.7 million miles, enough to circumnavigate the world 69 times, with CO_{2e} totalling 264 tCO_{2e} from electricity consumption. By comparison, an equivalent diesel fleet (DEFRA, 2024) would have emitted 222% more carbon. Further supporting our EV decarbonisation, DX's REGO-backed electricity supply ensures that when charged at a DX depot, a zero-emission factor can be applied, further reducing the 264 tCO_{2e} in a market-based calculation.

In 2024, the business piloted a range of box-chassis electric vehicles. As well as a standard EV model, the pilot included models with integrated solar and specialist devices that optimise driving performance and extend battery life and range by approximately 50 miles per charge. The shape of the vehicle also improves loading capabilities, creating operational benefits for both DX and their customers.

Highlights

- **EV/PHEV-only** company car list
- Average company car emissions **33.5 gCO_{2e}** per km
- **2m** low or zero emission delivery miles
- **57 EV chargers** supporting zero tail pipe emission deliveries

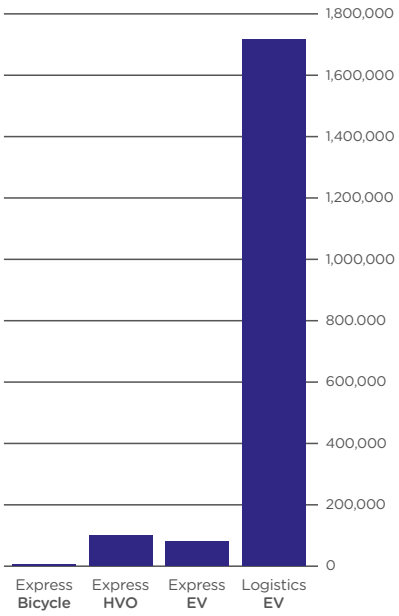
Targets

- **100% of company car vehicles EV/PHEV by the end of FY25**
- **Trial innovative new box chassis EVs**
- **2.2m EV delivery miles in FY25 (based on 88 vehicles)**

Fleet (continued)

Express

Within our Express division, we make significant use of our preferred master sub-contractors. Over the course of 2024 we have transitioned 24 routes with our UK based partners to EV. In Ireland, nine long distance routes have been transitioned to HVO (hydrotreated vegetable oil), which reduces CO_2 emissions by approximately 90%, while also tackling air-quality emissions, including NOx, PM (particulate matter) and CO. Coupled with a small element of zero emission bike deliveries, these low carbon solutions avoid 80 tCO_{2e} per year, and provide a 73% reduction when compared to a diesel equivalent (DEFRA, 2024).



Supporting master sub-contractors

Working with our preferred fleet supplier, we developed the 'van-in-a-box' scheme. The scheme, which operates with no financial gain to DX, is designed to provide DX-compliant vehicles for our master sub-contractors at preferred flexible rates.

The scheme addresses some of the operational and financial barriers associated with operating a new and cleaner fleet. Since implementing the scheme, 53 vehicles have been leased and over 300 applications have been made.

Company cars

Wherever possible, we use online meeting technology to reduce the requirement to meet in person. However, a proportion of employees use company cars. DX operate a fleet of 167 company cars and since 2021 the company car list has only offered PHEV or EV's. Older vehicles are replaced at contract renewal and 96% of the fleet have now been transitioned in this manner. As a result of these newer lower emission vehicles, the average emissions for the company car fleet have reduced from 110 gCO_{2e}/km in FY21 to 33.5 gCO_2/km this year. We anticipate the remaining internal combustion only engines will be fully phased out by the end of FY25.

Delivery fleet vehicle count
1022

DX Delivery EV's
75

Sub- contractor EV
24

Charging facilities
57

Company cars EV/PHEV
96%

Diesel consumption
14,959,566 litres

Waste

During the last financial year, DX commenced a new waste management contract with Flame UK. The new contract was designed to ensure that the business waste management continually improves.

Service level agreements have been created that reflect DX's priorities, including:

- Zero waste to landfill
- Recycling across all depots
- Optimising compactor weights to reduce unnecessary transport emissions.

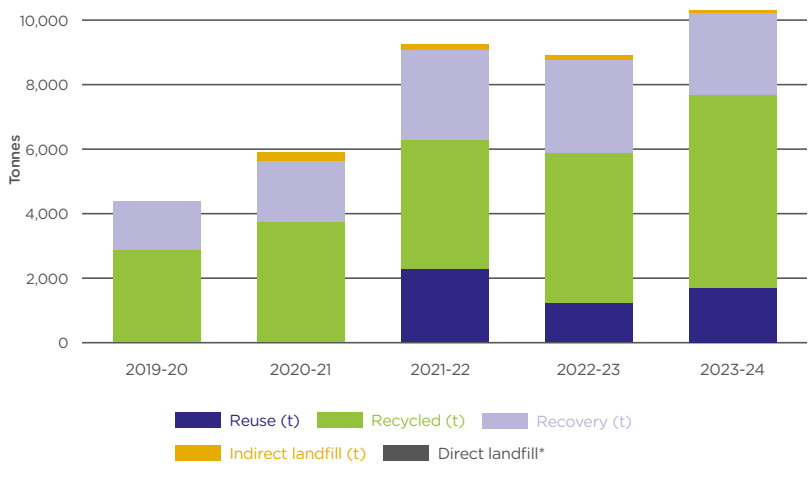
DX generated 10,991 tonnes of waste in FY24, the majority of which is packaging we remove from customers deliveries as part of our service. While this was an increase of 23% compared to FY23, it is largely due to the 11% growth in the business network, the clearance of 15 newly-leased depots, and the centralisation of waste movements which has improved visibility and tracking across the Group.

Working with our waste broker and depots, we report the offsite treatment process. This new approach, coupled with the change of broker and sub-contractors operating under their remit, has led to an overall increase in the business recycling rate from 53% to 58%.

We have centralised and increased pallet segregation for repair and reuse, and the improvement in process, communication and transparency during the year resulted in approximately 487 tonnes of additional pallets being collected for reuse through our broker, compared to the previous year. In total, we estimate that over 103,000 pallets were collected for repair or reuse. We also returned pallets directly to our customers to support the delivery process. In total 15% of the waste generated by the business was collected for reuse.

We continue to work to eliminate waste going to landfills. While none of our standard operational waste was sent directly to landfill, there was a small amount of indirect landfill, resulting from the average treatment process reported by our waste contractors. It is estimated that 0.3% of the operational waste generated was indirectly sent to a landfill after the main treatment process had been completed. We are working with our broker to reduce this.
A negligible (0.0003%) amount of waste went direct to landfill resulting from the activities undertaken by our bathroom services provider.

Waste by treatment process



Waste (continued)

Optimising waste movements

After opening the new Freight depot in Northampton, we quickly identified that the volume of pallets for reuse, repair and scrap was significantly higher than expected. In partnership with our waste brokers, we ensured pallets were regularly collected for reuse and repair, and we leased an electric roto crusher to deal with the volume of scrap wood, significantly reducing the collection requirements. These measures have improved operations and reduced the transport emissions associated with collecting scrap wood.

The new electric Roto Crusher is 68% more efficient than a standard hydraulic roto crusher.

Reducing transport emissions

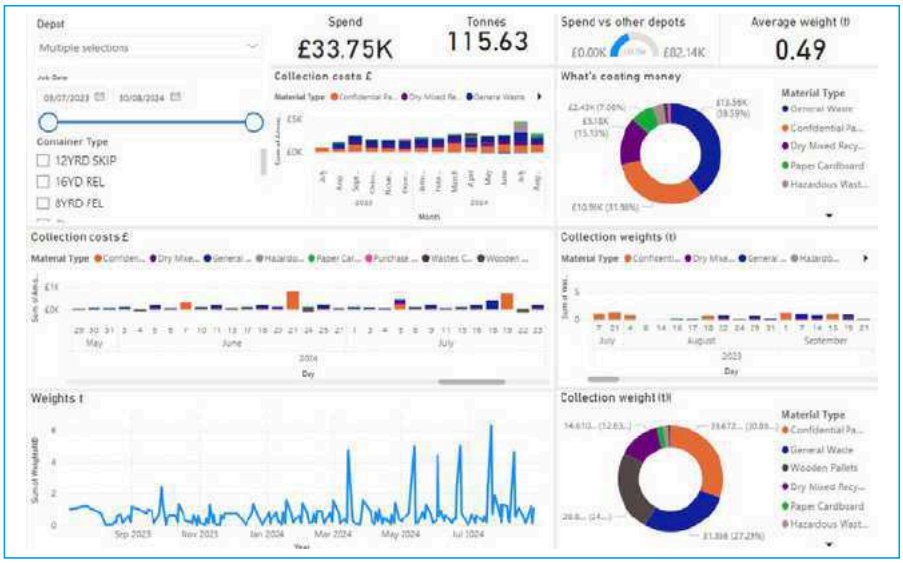
In partnership with Flame UK, our waste broker, we have worked to improve container weights and have reduced costs while optimising transport emissions across several depots. At our Freight depot in Manchester, we installed Smart Trash, which provides real-time telematics from the compactor. The system is linked to our account management team at Flame UK, whose insight has resulted in a 107% increase in average weights from 2.0t to 4.2t. Over the course of the coming year, we expect this technology to eliminate unnecessary collections and the associated carbon emissions at this depot.

Highlights

- Zero waste to landfill (indirect) rate: **0.34%**
- Recycling rate (offsite): **58%**
- Recycling & reuse rate: **75%**

Targets

- **Zero waste to landfill**
- **All depots to have recycling arrangements in place by FY26**

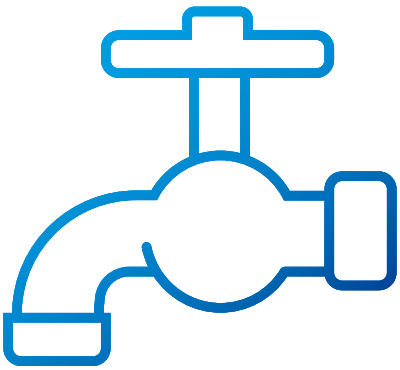


Waste insights

We have developed a Power BI dashboard to collect and review our waste data more effectively and to help drive further improvements in waste management. The analytical solution enables the business to interrogate quickly thousands of data points each month and anomalies and opportunities for improvement are now much more readily identified and communicated.

Water

Historically, water consumption was not monitored to the same detailed extent as energy usage. This was due to the poor availability, frequency, and reliability of data. Over the course of FY24, we worked with our utility broker to centralise our water supplies under a single provider.



This has improved the accuracy of data and will improve the availability of data in the future. In FY24, 87,337 m^3 of water was reported as consumed.

We plan to conduct a review of our water consumption across our depot network to identify those depots with high water consumption, which could indicate a leak or the requirement for efficiency improvements.

FY24:

87,337 m^3

water consumed across our depot network

DX water meter

Social

"Our ethos is to 'promote from within' where possible, over the last year we have promoted 356 of our hard-working colleagues. We have introduced several new benefits to our colleagues this year and we have recently sent a colleague survey, to get their views on our benefits structure.

We continue with our desire to assist local communities by gifting some of our levy to charities and organisations that help the most vulnerable adults and children in our society."

Jill Jenkins
Personnel Director

Our Colleagues

Our colleagues are key to what we do at DX and we are incredibly proud of the dedicated teams we have built. They are the heartbeat of our business, helping us to provide service excellence and 'Deliver Exactly' to our customers' requirements.

We are committed to ensuring equality of opportunity for all, irrespective of race, gender, disability, belief, sexual orientation, age, or socio-economic background. We aim to maintain an environment where our colleagues feel valued and appreciated.

We communicate monthly with our colleagues via an e-mail newsletter (eDespatches) and, twice a year, we issue a printed magazine (Despatches), which is available to all our colleagues at their work locations. In Despatches, we give divisional business updates and celebrate successes, such as long service, new starters, weddings and births. Colleagues are encouraged to participate in Despatches by supplying stories for inclusion in the magazine.

Senior Management participate in regular calls, meetings and conferences to ensure cohesive engagement throughout the Group and to raise awareness of the financial and economic factors affecting the Group's performance.

Grow your own

DX has experienced significant growth over the last 12 months. Due to this, 356 well deserved promotions have been made across all areas of business, which is the largest number of colleagues to have been promoted in a single year.

DX Development

We continue with our 'grow our own – promote from within' ethos, with talent being spotted early on and coaching/mentoring being offered .

We are developing an internal training programme to support the Group's growth and to facilitate our desire to promote from within, where possible. The programme will be aimed at colleagues who have been identified as the next in line for management positions and will help to prepare them as they advance to the next step in their career development.

We are delighted that 10 of our management colleagues recently completed a Chartered Management Institute (CMI) affiliated Level 5 course in managing people. The course provides colleagues with essential management techniques and strategic insights, which support their career progression with DX.

Colleague Wellbeing

We acknowledge that our colleagues are staying with us longer than in previous years, with the average length of service now being 4 years. To help us continue to grow this average, we have reviewed our benefits offering and introduced the following additional benefits to support the wellbeing of our colleagues:

- Enhanced maternity and paternity benefits
- 'Length of Service' awards, giving our colleagues more holiday and a financial reward to spend on themselves
- Automatic enrolment after six months' service into our health care cash plan, fully funded by DX, which supports colleagues with optical costs and dental treatment as well as other benefits.

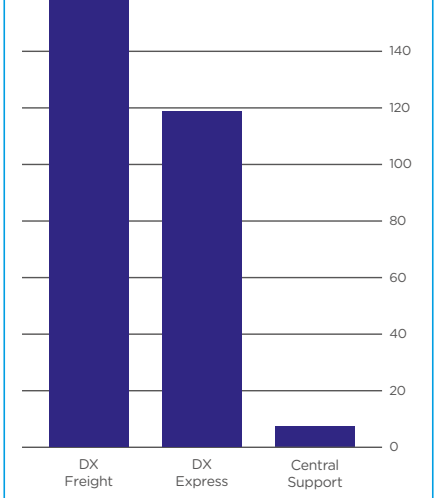
Our existing benefits discount platform, WeCare, gives all our colleagues and their families access to online doctors, mental wellbeing assistance, and financial advice.

WeCare

Our Colleagues (continued)

Growth

In FY24, the total number of employees grew from 4,718 to 5,396. Reflecting this growth, we have created more line manager positions, and we are delighted to confirm that 356 colleagues in our talented work force were rewarded with well-deserved promotions.



Apprenticeships

A fundamental role within DX is 7.5t drivers, which in recent times is an area we are finding more challenging to recruit for. To combat this, we have launched our driver apprenticeship programme aimed at attracting and retaining new talent. The apprenticeship is open to all suitable candidates who hold a driving licence.

Over the last 12 months, we have also supported over 20 apprentices, in areas such as customer service, business administration, and managing people.

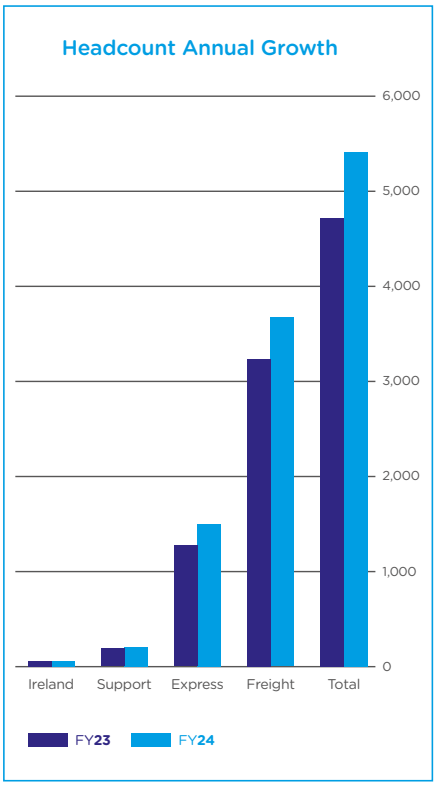
Martin Warburton has worked for DX for 20 years. Martin started as an agency driver and then was recruited by DX as a permanent driver. From then, he steadily climbed the career ladder within DX, becoming a Supervisor, a Trouble-shooting Roaming Supervisor, a Contract Manager and, most recently, following the success of his CMI Level 5 course, he has been promoted to a Regional Contract Manager, within our Logistics division.

Martin is a brilliant example of how DX aims to promote from within, recognising talent, commitment, and hard work.

We have also introduced a 'Warehouse to Wheels' initiative, aimed at encouraging our warehouse colleagues to embark on a driving career with DX.

Training

DX has developed a suite of Corporate Governance Training Modules covering important ethical topics. The modules are delivered digitally through a selection of videos, policies, and interactive questionnaires. It is mandatory for all new colleagues to complete these modules, as part of their onboarding process. It is then refreshed on an annual cycle, with managers receiving weekly training reports to consolidate and refresh their training. The training also embeds a culture of responsible citizenship within the workforce, outlining the Group's expectations and the requirements of relevant regulatory bodies.



Leavers

From time-to-time colleagues leave us to pursue careers elsewhere. We have established an anonymous Exit Survey so we can better understand the reasons for leavers and gain valuable insights into how we can improve aspects of what we do and how we support our colleagues. This can be anything from making small adjustments to the recruitment process to dealing with isolated site issues

Helping others

We recently gifted some of our Apprenticeship Levy to Hospice UK to help them develop five of their personnel and we are currently supporting another charity called Roundabout, which supports homeless young people.

We continue to advocate for apprenticeships as a career choice and are also embarking on a relationship with Involve Care, which provides care and support to individuals with learning disabilities, mental health conditions, and autism. We are supporting 20 apprenticeships, which will help the organisation's work in providing care to adults across the country.

HospiceUK

Keeping our colleagues safe

and looking after their well-being

Keeping our colleagues safe and looking after their well-being is critically important. Over the last financial year, we have enhanced the tools and resources available to our Health & Safety and Personnel teams to ensure that we can continue to uphold high standards of care

We operate a safety management system that is consistent with international standards. The embedded 'Plan, Do, Check, Act' improvement cycle provides the framework to ensure that colleagues safety is central to everything we do at DX.

The business footprint expanded during the year, with 20 new depots opened. Reflecting this growth, we created an additional Regional Health & Safety Advisor role, which has strengthened our team of dedicated professionals. It ensures that all depots have the local, specialist advice required to maintain a proactive approach to workplace safety.

Opening a new depot requires a cross-functional effort across the business. Specifically, from a safety perspective, all new depots go through a standardised process prior to their opening to ensure that safety issues are carefully considered through all phases of the opening process, including design, construction, and finally operation. In addition, within six months of opening, all depots are subject to an audit process to ensure operational safety standards have been properly embedded.

Keeping our colleagues safe (continued)

Safety approach

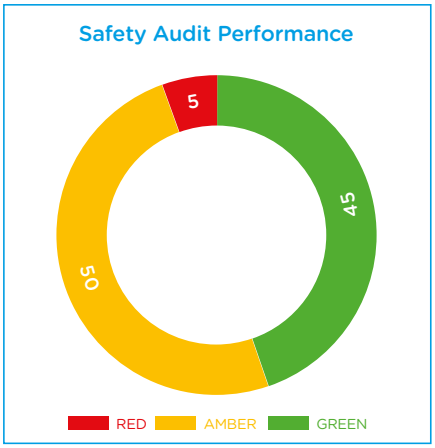
DX maintains a dedicated team of Regional Health and Safety Advisors who provide hands-on help, advice, and technical expertise for the depot network, support centres and hubs. Safety committees are in place at all our major hub locations and are chaired by the respective Health and Safety Advisor to provide a route for active consultation and dialogue with colleagues.

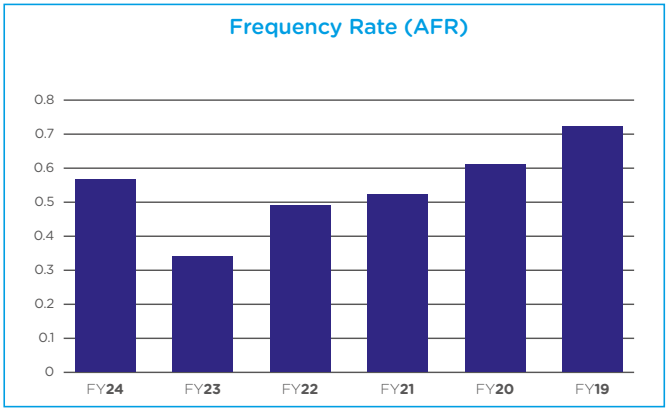
Our eLearning safety training platform, the DX Safety Academy, is designed to bring to life our Safe Systems of Work for colleagues and deliver meaningful key messages on how to avoid common accidents and injuries. During the year, 12,720 safety training courses were completed on the DX Safety Academy platform, a 37% increase on the previous year.

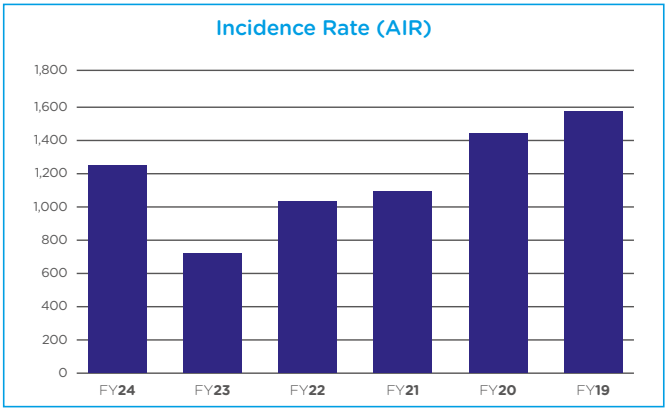
Our Safety Audit Programme has again demonstrated improved results year-on-year, with enhanced scores across all our divisions this year. It remains an effective tool to reduce and target those risks that are more likely to result in serious accidents. All operational sites are audited on a 12-month cycle. Approximately 45% of sites achieved a green audit score, which reflects a high achievement standard. Where sites do not achieve a satisfactory score, we intervene, and our regional safety advisors work with the relevant local depot management teams to develop improvement plans. These action plans are monitored at a senior level. All sites have risk assessments, which are completed by the DX SHE team and are reflective of the local activities. These are checked and reviewed annually through the Safety Audit Programme.

During the year, the overall number of RIDDOR (Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations) accidents and lost time has increased slightly compared to last year. However, we believe this reflects the business significant growth, both in the number of colleagues and the operational footprint.

12,720 safety training courses were delivered through our Safety Academy during the year on various topics related to our Safe Working Procedures. This is the highest number of training courses delivered in a single year since we launched our Safety Academy.







DX Group	FY24	FY23	FY22	FY21	FY20	FY19
Number of Minor Accidents	638	590	576	621	602	546
Number of RIDDOR Accidents	66	36	44	49	55	45
Total Accidents	704	626	620	670	657	591
Lost Time from Accidents (Days)	1816	1194	1353	1403	2041	1212
Incidence Rate (AIR)	1243	714	1026	1089	1426	1563
Frequency Rate (AFR)	0.57	0.34	0.49	0.52	0.61	0.72

AIR = Number of RIDDOR Accidents / Number of Employees over the reporting period x 100,000

AFR - Number of RIDDOR Accidents / Total Hours Worked over the reporting period x 100,000

RIDDOR ACCIDENT - Injuries resulting in more than 7 days absence and classified major injuries

Note that Hours Worked and Employees includes PAYE and Agency workers over the reporting period

‘Take 5’ Campaign - engaging safety training

Providing colleagues with the right skills and knowledge is an important part of ensuring the safety of our colleagues at work. During the year, we engaged an external safety training specialist to create a suite of 12 short and engaging safety videos. These were filmed on-site at DX, using our equipment and processes. They support our other programmes, which are aimed at ensuring that all colleagues have the relevant information to keep themselves and others safe at work.

New training materials covered key areas, such as preventing falls from vehicles, avoiding hand injuries, safe reversing and handling difficult items. The materials focused on the most common potential cause of accidents and highlighted behaviours that will significantly reduce risks.

A different safety theme is presented each month, aimed at communicating a specific safety message and complementing our existing safety training programmes.

Governance

"Strong governance is a key foundation of our approach to responsible business. Here at DX, we have a range of controls and measures in place across our business to assist in our responsible and ethical decision making. This governance system is complementary to our wider ESG strategy."

Simon Blunt
Head of Legal

Governance

Strong and effective governance forms the foundation of DX's responsible business approach, ensuring transparency, accountability and ethical decision making. Decisions are made in the best interests of the company, its customers and stakeholders while adhering to legal and regulatory requirements.

While the business was acquired during the reporting year, there has been no change in our commitment to governance and the role it plays in making DX and its colleagues responsible corporate citizens.

Governance is overseen by the Chair of the Board, who is responsible for ensuring that DX maintains high standards. This includes reviewing the corporate governance structure of the Board and its committees to ensure they are appropriate for the size and complexity of the business. At the start of the reporting year, the Board adopted the Quoted Companies Alliance Corporate Governance Code. Since returning to private ownership, DX has continued to comply with the principles of that code, while it transitions to a governance code for private companies. This will be updated in the next reporting year.

Within the governance structure, ESG matters are considered primarily through the Sustainability Committee and TCFD working groups. Chaired by the CFO and led by the Environmental Manager, these forums comprising of senior leaders from across the business, support the discussion and action plans that tackle the material ESG issues facing the business now and into the future.

Transparency and ESG disclosure

DX will continue to publish a separate ESG report on an annual basis. In addition to this, we will continue to disclose ESG-related performance information to external scorecards. In FY24, we provided the following supplementary disclosures in addition to the statutory requirements (which can be found within our Company accounts):

- EcoVadis – We have significantly improved our scores on the EcoVadis platform for each of the last two years and currently score a "good" rating. Through our Sustainability Committee, we are continuing to address the areas for improvement. This ESG document is a key resource for improving disclosure-related scores. We are currently targeting an EcoVadis 'Medal' rating for our next submission.
- CDP (the not-for-profit charity running the global disclosure system for companies and other entities to manage their environmental impacts)
- UK Government PPN 06/21. Each winter the business produces a carbon reduction plan that is compliant with PPN 06/21 requirements. This is disclosed within the CSR section of the Company's website.
- We disclose in alignment with the UK Government's mandatory climate related financial disclosures guidance. This can be reviewed within our statutory accounts.

Modern Slavery

DX is committed to upholding human rights and to combatting any form of modern slavery. We recognise that every supply chain is at risk of modern slavery and that it is our responsibility to ensure we understand these risks and work in partnership with our suppliers to ensure we have effective controls to mitigate the risks. A copy of our Modern Slavery Statement is available on our website. During the year 4,267 colleagues completed our mandatory training. We identified no cases of modern slavery in our business or supply chain.

Whistleblowing

DX is committed to operating in an honest, transparent and ethical manner. Our whistleblowing training and processes are important controls, to reinforce this commitment. During the year, 4,343 colleagues completed whistleblowing training. Whistleblowing information is displayed at all our sites. We use a highly regarded third party confidential whistleblowing reporting service to receive reports from concerned colleagues. The external service is available 24-hours a day, 365 days a year, with multiple languages available. We receive, on average, two reports per month.

Anti-bribery and corruption

During the year 3,954 colleagues completed our mandatory anti-bribery and corruption training. There have been no reported bribery or corruption incidents.

Procurement

The products and services we source from our supply chain can have both positive and negative impacts on the environment, our colleagues and wider communities. The DX Procurement Team has been working diligently to minimise these impacts, while maintaining or enhancing our suppliers' products and services.

During the year, we reviewed our approach to supplier sustainability, with the aim of enhancing the ESG elements. We have started to build a greater environmental element into our key contracts and tender process. This has since evolved to cover the wider ESG field, and we plan to roll out a Group-wide sustainable Procurement Policy to ensure that ESG requirements are considered for all contracts in excess of £500,000.

We have introduced our ESG Survey to our supply chain for the first time. We targeted suppliers with an annual spend greater than £100,000. At the time of reporting, approximately 30% of suppliers had responded, which represents 49% of spending by suppliers and contractors. This initiative will help provide us with a better understanding of our direct suppliers' maturity across a range of key themes, including:

- external certifications e.g. ISO14001, 9001, 45001, 50001, 27001
- Policies and process, including, Modern Slavery, Corruption and Bribery, ED&I (Equality, Diversity & Inclusion), Net Zero, Environmental Policy and personnel resources to support ESG themes.

Through our FY24 procurement process, we signed three key contracts and worked with existing partners to provide ESG benefits to DX.

The signing of a new cleaning contract with **Atlas** in 2024 will deliver more environmentally friendly solutions across the Group. We are engaging with our contract cleaning partner to develop ways to reduce the amount of chemicals used to clean our facilities and to reduce our carbon footprint associated with these activities. We have already begun rolling out new, more efficient machinery to select sites and are reducing the number of trips required to deliver cleaning consumables across the DX network.

- In 2024, we signed a new uniform and personal protective equipment (PPE) contract with **Veltuff**. Environmental requirements have been built into the contract and as a result, in FY25, we expect to be able to confirm that 50% of our top 10 highest volume garments are GRS-Certified (global recycled standard-certified) and feature recycled polyester made from PET (polyethylene terephthalate) plastic, one of the most recyclable and recycled plastics.
- Waste: We signed a new waste contract with **Flame UK** during the year, enabling the Group to consolidate its waste management reporting. This change has provided a significant increase in transparency across our operations and improved data quality. The contract also contains specific service level agreements that target better waste management in areas including recycling, landfills and compaction, to name a few.
- The business purchased over 55 tonnes of labels, envelopes, pouches and shrink wrap, which are used for customer deliveries. In prior years, shrink wrap gauge has been optimised to reduce plastic consumption. Our mail pouches already contain up to 50% post-consumer recycled content and working in partnership with **CCS McLays**, our supply chain consolidator, we are reviewing further opportunities to decrease plastic consumption and transport emissions associated with the various mail pouches consumed each year.

Our Key Procurement Partners

CCS McLAYS

VELTUFF

Atlas

flameUK Waste Management

Highlights

99% of suppliers have agreed to DX's Supplier Code of Conduct, which includes ESG clauses

30% of suppliers with spend of over £100,000 p.a. to date have completed the DX Responsible Supplier ESG Questionnaire, representing **49%** of spend

16% of suppliers who responded to the ESG Survey are procuring renewable REGO-backed energy

All major tenders issued by Procurement during FY24 included ESG questions within the tender process

A Group-wide Sustainable Procurement Policy was established

DX-supplied mail bags now use recycled materials

DX uniforms now use recycled materials.

Targets

- **75% of suppliers with over £100,000 of spending with us to have completed DX ESG Questionnaire by FY26**
- **Reduce mail pouch plastic weight by a further 5% by FY26**
- **Expand recycled uniform garments to master sub-contractors by FY26**

Delivering a better future

If you have any questions relating to this document, please contact us on **esg@dxdelivery.com**

Misrepresentation Act – The details provided in this document are believed to be accurate but cannot be guaranteed. All liability, whether in negligence or otherwise, for any loss arising from the use of these details is hereby excluded.

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