



SUSTAINABILITY AT OUR CORE

THE GYM GROUP PLC
SUSTAINABILITY REPORT 2020

EXTRACTED FROM
ANNUAL REPORT AND ACCOUNTS 2020

STRATEGIC REPORT

**SUSTAINABILITY
AT THE GYM****SUSTAINABILITY
REPORT**

I am pleased to present our Sustainability Report for 2020. While this has been a year of significant disruption for our business, our purpose and our passion have not changed. Sustainability has always been at the core of The Gym Group, and these pages set out our approach to and actions on sustainability through 2020 and as we move into 2021. Our strategy and activities are aligned with the United Nations SDGs in several areas, as set out in the table opposite and described through this report.

Our purpose is to 'Break Down Barriers to Fitness for All', and fitness has a vital role to play in the UK's recovery from COVID-19. The social value generated through exercise now sits at the heart of the Government's investments into sport and physical activity. Improving people's physical and mental health are the most established reasons for this focus, but engaging in regular exercise can also help individuals steer clear from crime and improve educational attainment. Our purpose naturally aligns us with SDG 3 – ensuring healthy lives and promoting wellbeing for all. For the first time, the social value generated by The Gym Group over the past five years has been analysed; this is explored further on page 32.

Good jobs, quality education and life-long learning for the benefit and development of our people remain central to The Gym Group and, throughout the pandemic, we have maintained our commitment to supporting our people. For example, we launched our communications platform, CORE, to ensure our employees – whether working or furloughed – remained connected, and that they understood what and how the business was doing. We are glad to report on our efforts in this area on page 34.

Although our Gender Pay Gap has increased slightly, our gap is still low in comparison to the national average of 15.5% in 2020 (from Office of National Statistics), which is detailed on page 37 and in our Gender Pay Gap Report, available on our website: www.tggplc.com. We continue to take action through improvements in recruitment and training, and through our focus on diversity and inclusion. We have made progress in this area by launching The Gym's Diversity and Inclusion Manifesto, which sets out our commitment to celebrating diversity and making our gyms more inclusive, accessible places to be. Our members, as well as our people, are key to ensuring this, and our manifesto has been shared on our website. You can read more about our work on diversity and equal opportunity on page 36.

We also acknowledge and commit to understanding and addressing the immediate and longer term challenges to our business and public health posed by climate change. We are committed to further improving our environmental performance and promoting the good health of our communities through sustainable practices, and we discuss this in detail on page 38.

In the area of charitable contributions, we continued to partner with Movember, this year supported by our digital fitness partner, Fiit. Despite the restrictions of national lockdown in Q4 2020, we raised £32,500. Separately, over £23,000 was also donated by members to various causes during the joining process.

As CEO of The Gym Group, I have ultimate responsibility for sustainability performance, and we have strengthened our governance arrangements with the introduction of the new Health & Safety and Wellbeing Board Committee, which I chair. ESG matters are regularly discussed by the Board and its Committees (for example, diversity matters are considered at the Nomination Committee). More information on our sustainability governance is on page 36 and in our Corporate Governance Report on page 59. This is our first full sustainability report to be prepared to the GRI Standards – the global standards for sustainability reporting. Last year, we reported our commitment to continually improve our sustainability reporting, and we are pleased to build on that with this significant step to ensure our reporting is clear, accessible to our stakeholders, and reflects our commitment to sustainable business. As we continue to develop our reporting, we welcome feedback on this report and our sustainability performance, and are happy to continue to engage with our stakeholders and interested parties.

Richard Darwin
Chief Executive Officer
18 March 2021

OUR PURPOSE: TO BREAK DOWN BARRIERS TO FITNESS FOR ALL.

OUR FOCUS AREAS	GOOD HEALTH AND WELLBEING	GOOD JOBS, QUALITY EDUCATION AND LIFELONG LEARNING	DIVERSITY AND EQUAL OPPORTUNITY	RESPONSIBILITY TO THE ENVIRONMENT
THE SDGS WE ADDRESS		 		  
WHO THIS IMPACTS	MEMBERS AND EMPLOYEES	EMPLOYEES	COMMUNITY, MEMBERS AND EMPLOYEES	SHAREHOLDERS, ENVIRONMENT AND COMMUNITY
WHY IS IT IMPORTANT?	<p>We break down barriers to fitness, which contributes to promotion of good physical and mental health and wellbeing.</p> <p>The safety of our members is of paramount importance. We operate according to our COVID-secure operating protocols in all our sites.</p>	<p>The wellbeing of our people is vital for success and is at the heart of our decisions.</p> <p>We invest in our people, with increased employee engagement through new forums and an online communication platform for both furloughed and working teams, and schemes such as Kickstart to support young people in their fitness careers.</p>	<p>We make a positive contribution to our community by being a fair and inclusive space.</p> <p>Our Diversity & Inclusion Manifesto sets out our commitments to listen, commit and act.</p>	<p>We continually seek out opportunities to improve our environmental performance and to contribute to the wellbeing and sustainability of the communities in which we operate.</p>

To expand our reporting for 2020, we have detailed our key focus areas in the table above. This explains why we consider these goals to be of material importance to The Gym Group and how we work to promote them within the business. We have also included the stakeholder groups most significantly impacted – though naturally many of the issues are key to several stakeholder groups.

The table also shows how our goals align with the UN Sustainable Development Goals ('SDGs'). These 17 goals and related targets to achieve by 2030 aim to address the challenges we face as a global society – related to health, education, climate, environmental degradation, poverty, and peace and justice. Throughout this report, we show the actions we are taking to advance societal goals, with key SDGs and underlying targets highlighted where relevant.

Engaging with our stakeholders

Our stakeholders are key to the success of our business, and we engage with both internal and external stakeholders, around our goals, progress and performance, to improve our reporting. We use a range of methods to gather information about stakeholder expectations and feedback. See page 3 for a summary of our key stakeholder groups and engagement methods, and the 'Working with our Stakeholders' spread on pages 26-29.

We also explore how the Board considers the interests of stakeholder groups in decision making and promotes the success of the Company, with particular regard to the COVID-19 pandemic, on pages 26-29.

Sustainability governance

We continued to hold our Sustainability Working Group ('SWG') during 2020, adding new members and expanding its remit to include employee volunteering. The Committee is chaired by Cornelia Woschek, our Head of Sustainability and Business Development, and includes representation from the Executive Committee, through David Melhuish, our Development Director. The SWG draws its members from a number of business functions to lead the management of sustainability within the business and with our stakeholders. The SWG reports to the Executive Committee which is chaired by the CEO, ensuring that it has a Board-level reporting line.

The PLC Board shares The Gym Group's passion for a sustainable business and the delivery of affordable fitness for all. It regularly and formally discusses sustainability and ESG matters – as our product evolves, as the rollout of sites progresses and as our employee numbers expand. In 2020, the Board established a Health, Safety and Wellbeing ('HSW') Committee with direct oversight of relevant policies and procedures.

The HSW Committee is chaired by the CEO, and its activities, including frequency of meetings, are set out in the Corporate Governance Report on page 64.

Specific sustainability issues such as health, safety and employee engagement are also managed and overseen by issue-specific Committees reporting into the Board or Executive Committee as appropriate.

Reporting for the 2020 financial year

As part of our work to continually improve our reporting, in 2019 we began the process of adopting the Global Reporting Initiative ('GRI') Standards on sustainability reporting.

This report has been prepared in accordance with the GRI Standards: Core option. In aligning with these global standards, we ensure that we continue to provide our varied stakeholders with clear, concise information that demonstrates how we are progressing with our material topics. The GRI content index can be found on our website, www.tggplc.com.

All data included in this section was subject to internal validation and was prepared with support from specialist consultancy Simply Sustainable. All references to 'this year' in this chapter refer to The Gym Group's 2020 financial year from 1 January to 31 December 2020, unless otherwise stated.

STRATEGIC REPORT

SUSTAINABILITY AT THE GYM

CONTINUED

GOOD HEALTH & WELLBEING

Our strategic approach

Regular physical activity benefits both the body and mind. According to the World Health Organization, it can reduce high blood pressure, help manage weight and reduce the risk of heart disease, stroke, type 2 diabetes and various cancers, and increase mental wellbeing.

Our purpose at The Gym Group is to 'Break Down Barriers to Fitness for All'. Through the provision of affordable, high quality, well-equipped 24/7 facilities and a wide-ranging and growing gym network, we are breaking down those barriers to fitness. In doing so, we are supporting the Government's vision to get the nation active. We are also directly contributing to target 3.4 of SDG 3 – Good Health and Wellbeing: to reduce premature mortality and promote mental health and wellbeing.

The outbreak of COVID-19, the link between obesity and severity of the effects of the virus, and the importance of mental wellbeing throughout lockdown have further highlighted the crucial importance of physical exercise.

Inactivity is a threat to the UK's health with 63% of adults overweight or living with obesity¹.

The social impact of The Gym

In 2020, we commissioned 4Global, a UK-based data analysis company, to determine the social impact of our business over the last five years^{2,3}.

Using the Social Value Model created by Sheffield Hallam University, 4Global developed a Social Value Calculator including demographic data from Experian. The model determines the social value of regular exercise on communities, through reduced risk of non-communicable diseases; increased wellbeing; increased educational attainment; and reduced crime. This methodology is used extensively by Sport England, local authorities and Government.

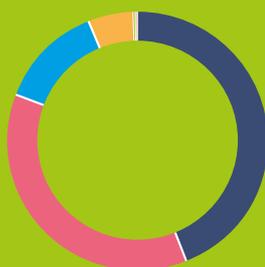
The analysis shows that the social value we delivered increased from £246 million in 2016 to £553 million in 2019. Our number of gyms almost doubled during this period, but this was not the only driver for the increased value; over the same period, the average value returned by each gym increased from £2.8 million to £3.1 million as participation levels grew. By 2019, over 1 million individuals were completing enough activity to elicit health and wellbeing improvements in our gyms, generating an average value of £490 per person.

One of the major factors in social value generation is the socio-economic status of our members. Those from more deprived communities are more likely to suffer from chronic conditions, and therefore the social benefit to keeping these members active will be higher than one from a less deprived community. 32% of The Gym Group's estate is located in the 20% most deprived areas in the UK – reinforcing our commitment to tackling inactivity in underrepresented and disadvantaged communities.

Prevention of non-communicable diseases through exercise is one of the contributors to social value as it significantly reduces treatment cost and GP visits. The positive, immediate impact exercise has on mental health is well documented and the fact that almost 45% of the cases we help to prevent every year are linked to depression confirms the importance of making gyms accessible and affordable.

The COVID-19 pandemic has unfortunately greatly impacted participation levels across the physical sector and fitness industry. Government-enforced closures and restrictions on capacities and activities have affected opportunities for members to access facilities and as a result, the social value we generated in 2020 dropped by 48%, to £287 million.

PERCENTAGE OF CASES PREVENTED



- **DEPRESSION 44.8%**
- **CORONARY HEART DISEASE & STROKE 35.7%**
- **TYPE 2 DIABETES 13.5%**
- **DEMENZA 5.5%**
- **COLON CANCER 0.3%**
- **BREAST CANCER - FEMALES 0.2%**

49%

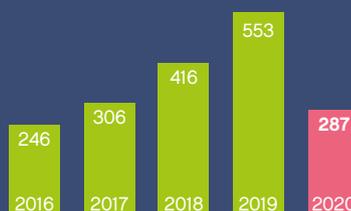
Our network of 183 operating sites in the UK affords access to over 49% of the population

£3.1m

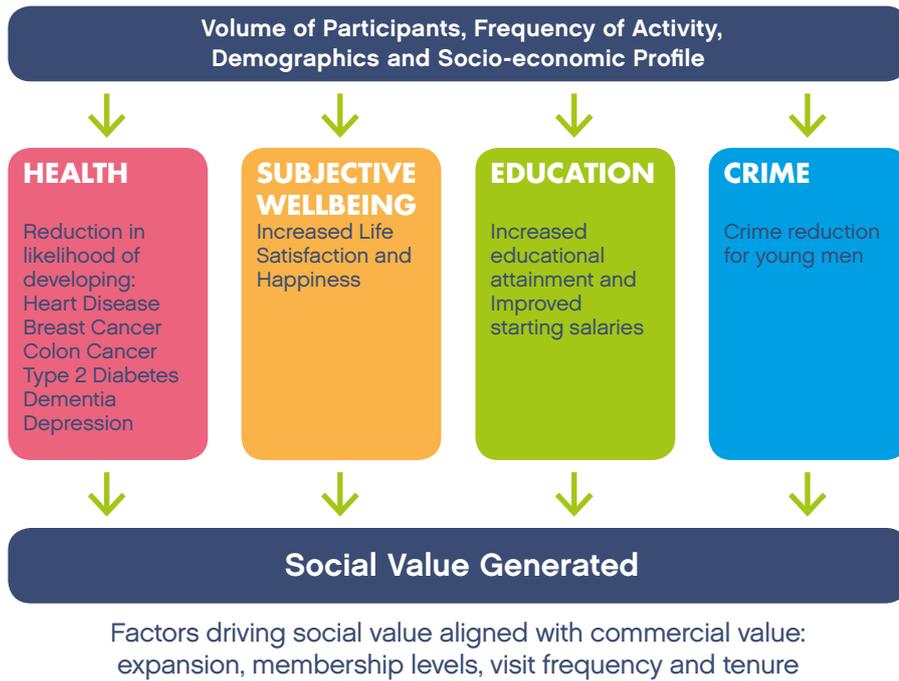
Average social value per gym pre-COVID

SOCIAL VALUE GENERATED BY THE GYM GROUP IN THE PAST FIVE YEARS (£M)

£1.8bn



THE SOCIAL VALUE CALCULATOR MODEL



Access to the gym

Making gyms accessible is central to our purpose at The Gym Group. Our network of 183 operating sites in the UK affords access to over 49% of the population⁴ (up from 46% in 2019). These sites have been specifically selected to be easily accessible, close to public transport, with free car parking where necessary. Our 24/7 operation allows members to use the gym when it suits their lifestyle.

The average monthly headline rate of £18.81 makes The Gym Group the best value, high quality proposition in the market, and with our 'no contract' model, members need only pay for the months they intend to use the gym, further increasing accessibility.

During national and local lockdowns in 2020, we automatically froze membership payments. Also, to ensure our members could continue to do regular physical activity, we provided a large number of free online exercise classes as well as discounted memberships to Fiit, our digital fitness partner.

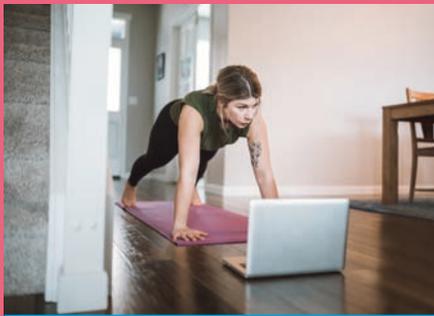
Safety at the gym

The safety of our members and staff is at the heart of our operation and as the business has grown, we have continued to evolve our health and safety management system. A clear understanding and continuous review of our risk profile ensures our processes are compliant and mitigate risk, while remaining functional and fit for purpose. Our external health and safety auditors deliver a consistent and transparent review of performance at site level, including the physical safety of equipment and the building facilities together with audits of our wider safety and building maintenance systems. We have recently launched our digital health, safety and compliance portal, which provides central visibility of compliance as well as advanced reporting and management data to support us in quickly identifying and responding to key health and safety trends.

This year, the pandemic has brought additional safety challenges. In response, we have implemented COVID-secure protocols to enable our gyms to operate safely throughout the pandemic. We have consulted scientists from the Advanced Wellbeing Research Centre at Sheffield Hallam University to support our in-depth work on preparing these protocols to keep our members and communities safer in our gyms.

1 Public Health England, Better Health Campaign 2020.
2 The Gym Group – Social Value 2016–2020 by 4Global.
3 Datahubclub – Physical Activity A Social Solution 2017.
4 % of adult population living within 15 minutes drive time of a The Gym Group site.

INTERVIEW WITH RACHEL, MEMBER OF THE GYM STOURBRIDGE



This is a stock image as we were unable to photograph the member due to COVID-19 restrictions

How have the pandemic and lockdowns affected you over the past year?

From being an incredibly active person with a demanding job and a great social life, I went to being stuck on my own in the house. Being at home all day, working long hours and not seeing people really got me down, impacted my confidence and my mental wellbeing.

What motivated you to join The Gym Stourbridge?

When The Gym opened in August 2020 after the first lockdown, I was so excited to join. I found a new and exciting community led by incredibly friendly and caring staff. Knowing I can go to The Gym makes me excited in anticipation. It lifts my mood when I go and the feeling of happiness is on an upward trajectory throughout my workout. When I leave The Gym I feel relaxed and nothing seems as big a problem for me any more.

How did you cope without The Gym during the closure periods in 2020?

When it was announced that gyms were closing again, I actually had a little cry. We all need our routine and I thrive on certainty and just as I found happiness and confidence again, it seemed like it was going to be taken away.

However, whilst it is harder not to have the safe environment of The Gym in the Winter when it's cold and dark outside, I have been coping a bit better this time as I turned to your free online workouts. I usually arrange with some other members that I met at The Gym to join the same classes and we have a bit of a banter afterwards online. I even got my parents who are in their 70s to join in sometimes and they love it – it makes us all happy!

What role does The Gym play in your general wellbeing?

Going to The Gym is not just about having access to great equipment for my fitness routine, it is about having a safe and friendly place that I go to where I am with like-minded people. Becoming part of that community and doing online workouts with live instructors when gyms were closed is essential to my health and mental wellbeing and saved me from having to seek professional help to get me through these incredibly tough times.

STRATEGIC REPORT

SUSTAINABILITY AT THE GYM

CONTINUED

GOOD JOBS, QUALITY EDUCATION



"IT'S THE MOST COMPLETE BUSINESS TRAINING FOR PERSONAL TRAINERS I HAVE SEEN IN THE LAST 12 YEARS... THANK YOU FOR PUTTING THIS TOGETHER, IT HAS THE POTENTIAL TO HELP EVERY PERSONAL TRAINER TO SUCCEED!"

FITNESS TRAINER

Our strategic approach

Our people are our biggest asset, and we are committed to providing a workplace where they can thrive personally and grow professionally. Throughout 2019, we successfully launched and rolled out the New Gym Team employment model, embedded our values across the business, and established our employer brand. As part of this programme, several initiatives were planned for 2020 but early on it became clear that the year would take us on a very different course.

From late March, approximately 95% of our colleagues were furloughed as gyms were required to close in line with government policy. Throughout this challenging period, our priority has been supporting the wellbeing of our people, and our People First campaign was launched to ensure our employees had support where and when they needed it. The strength of our values and culture has enabled us to support our people effectively throughout this time.

We believe it is vital to provide regular opportunities for our people to share their experiences, ideas and feedback. In September 2020, we ran our first ever engagement survey to gain thoughts on energy levels, recognition and our COVID-19 response. The overall engagement across the business was 51% (SMG benchmark across health and fitness industries across Europe, America and Australia is 44%), and a major positive takeaway from the survey was the trust in the leadership and management in dealing with COVID-19 and ensuring people felt safe to return to work. The main area of focus following the survey is the motivation levels of our teams that have been affected by furlough and the general COVID-19 environment. A positive work-life balance and emphasis on recognition are key areas being implemented to support this. Keeping Connected guidelines were introduced in June 2020 for head office employees to ensure that our teams could keep connected whilst working from home. Guidelines were introduced to support the health, safety and wellbeing of our teams working from home and allowances for required furniture and technology

to ensure our teams could work from home comfortably were provided.

Our focus on people aligns with and contributes to the SDGs as we strive for Quality Education (SDG 4) and Good Jobs and Economic Growth (SDG 8), directly in our organisation and, more widely, through our members.

Employment

To support our employees who were furloughed, as well as those working from home, in March 2020 we launched a new communications and engagement platform – CORE – two months earlier than initially planned. This formed part of our People First plan, as we sought to support the mental health and wellbeing of our teams through increased communication. New employee forums have also been established to ensure employees have a vehicle to express their thoughts, ideas and opinions about the current situation, and all business decisions have been made with the aim of keeping as many people employed as possible.

During our closure period, and due to a lack of new gym openings and a need to consider the sustainability of our operations, there were a small number of redundancies in The Gym Group's head office, in roles related to business growth. Through the employee assistance programme and by assessing what roles were needed for the future, half of the roles at risk were able to be fully mitigated by moving the employees to other vacant roles. Sadly, 15 people in full-time roles were made redundant. For the impacted group of employees, an employee assistance programme was established to provide people with support for their health and wellbeing during this time, and also to assist with practical skills such as CV writing, interview workshops and job search support.

Training and development

To support our employees while gyms were closed, we launched an e-learning platform. The platform was integrated into our core HR system, Workday, and meant that all our employees could undertake online learning from wherever they were and via any device. Through this, we

were able to train all our employees on the new COVID-secure measures to ensure we could keep our teams and our members safe when we reopened.

As well as mandatory compliance and safety e-learning modules, we also launched a new 'Set for Success' Personal Trainer programme. This is designed to support our Fitness Trainers so they can build effective businesses and increase their client base. So far, 34% of our Fitness Trainers have completed the programme and feedback has been very positive. We are continuing to expand this and are collecting thoughts on further areas of improvement.

Reward and recognition

As part of CORE, a reward and recognition scheme ('Your Personal Bests') was launched in July 2020. This allows for peer-to-peer e-card recognition. Since the launch in July, 1,600 peer-to-peer e-cards have been sent, with 80% of all employees receiving a recognition moment from their peers. We also introduced Spotlight awards, given by the Executive Committee team to reward exceptional performance, which have a monetary value attached. Both initiatives have been extremely popular with our employees.

Throughout 2021, we will refocus on our Coaching for Performance programme, which supports transparency in progression paths, promotions and pay reviews.

Human rights, anti-bribery and anti-corruption

We conduct our business honestly and ethically wherever we operate. We recognise the risks of modern slavery and take active steps to assess and manage them. We comply with the Modern Slavery Act and our statement, including further information on our activity to mitigate risks related to modern slavery, can be found on our website: www.tggplc.com/modernslavery.

We take a zero-tolerance approach to bribery and corruption and are committed to implementing and enforcing effective systems to prevent and detect bribery and corruption. We have an Anti-Bribery Policy, which is available to all employees via our intranet. We do not consider bribery and corruption to be a principal risk to our Company because we only operate within the UK and have a low level of discretionary spend due to our fixed cost base.

We are not aware of any business relationships in place which are likely to have an adverse impact on human rights, anti-bribery or anti-corruption matters. No such matters have been identified under the Anti-Bribery Policy to date.

Case study

KICKSTART SCHEME



As soon as gyms reopened, we applied to the Government's Kickstart scheme to recruit 30 new Kickstart Fitness Trainee roles. The scheme provides funding to employers to create job placements for 16–24-year-olds on Universal Credit who are at risk of long term unemployment.

For the initial cohort of 30, we received around 900 referrals, and following a video screening and interview stage, we offered 30 roles to begin in December 2020, with a further 11 on hold until more roles are approved by the Government. We have recently had our application approved for a further 120 Kickstart Fitness Trainees for 2021, which we will introduce in a further three cohorts.

We are also taking our commitment one step further than required by the scheme, and reinvesting the government grant into each individual to ensure they are all Level 2 and Level 3 Personal Trainer qualified, First Aid trained, and have full Personal Trainer insurance – so that they are set up to succeed in their own business on completion of the scheme. At the end of the six-month placement, we envisage these young people will transition into an employed Fitness Trainer role with The Gym Group.

JOANNA GOODHEAD, KICKSTART FITNESS TRAINEE, TELLS US WHY SHE APPLIED FOR THE SCHEME AND WHAT ADVICE SHE HAS FOR OTHER KICKSTART COHORTS

Having completed my coaching qualification and a coaching placement at University I always knew that some form of coaching was what I wanted to do in the future, and I love the satisfaction you get when others achieve their goals. Fitness has always played a big role in my life and I have always taken a lot of time in my activities.

So I started to look into getting my Personal Trainer qualification. I found lots of companies that offered it but due to the pandemic, it was all online with very few practical elements. So when my work coach from Universal Credit suggested I look at The Gym Group Kickstart Fitness Trainee role and what The Gym were offering, it seemed very attractive as it included both the theory and practical elements of being a Personal Trainer. As soon as I had finished reading the job description, I knew that it was a role I wanted to apply for and had everything crossed I would be successful!

To anyone thinking of joining Future Cohorts – I would say JUST GO FOR IT! However, be prepared to work hard – 'you get out what you put in'. If you throw yourself into the working environment and ask lots of questions, not only will you enjoy your

experience better but you will be a more attractive employee. Even if Personal Training isn't your chosen career, the six months will provide you with invaluable skills and experiences that are transferrable to your dream career.

"TO ANYONE THINKING OF JOINING FUTURE COHORTS – I WOULD SAY JUST GO FOR IT!"

JOANNA GOODHEAD



STRATEGIC REPORT

**SUSTAINABILITY
AT THE GYM**

CONTINUED

DIVERSITY & EQUAL OPPORTUNITY

Our strategic approach

Diversity and inclusion are crucial to our culture, our values and our behaviours. As our business continues to grow, we are committed to nurturing a diverse and inclusive culture, both for our members and our employees. This commitment is fundamental to achieving our purpose of 'Breaking Down Barriers to Fitness for All' and ensuring that The Gym Group is a place for everyone.

Throughout 2020, and led by our Diversity & Inclusion Strategy, we have focused our actions on three core pillars:

Through this strategy, we seek to align and contribute to the SDGs, particularly by promoting SDG 5 – Gender Equality, and SDG 10 – Reduced Inequalities.

We recognise the importance of collaboration and we remain active members of Women in Hospitality, Travel and Leisure, regularly contributing to cross-industry discussions and initiatives. In July 2020, we also became proud signatories of the Business in the Community Race at Work Charter, committing to its five calls-to-action for businesses to prioritise action on race and improve equality of opportunity in the workplace.

Inclusion at The Gym Group

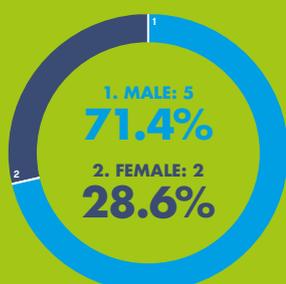
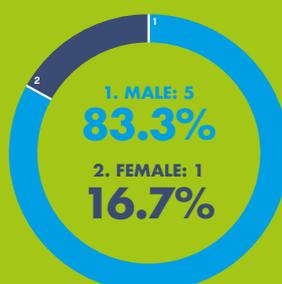
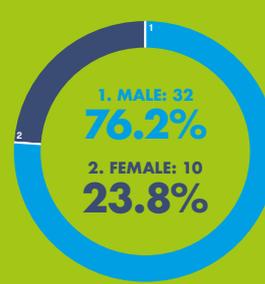
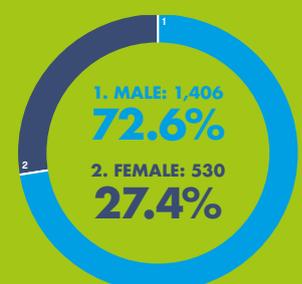
A key focus in 2020 has been improving the quality of our data insights to better understand our workforce demographic, in line with the first pillar of our Diversity and Inclusion Strategy. Through a data collection drive, we have successfully enhanced the accuracy of our equal opportunities monitoring. We have also developed a diversity and inclusion dashboard, which enables us to assess and regularly review our progress in the attraction, progression and retention of diverse talent at The Gym Group. Through this work, we have been able to identify key areas in need of improvement.

Our recently formed Employee Diversity and Inclusion Group, led by our Chief Commercial Officer and Executive sponsor, Barney Harrison, has played a crucial role in raising the agenda for discussions and positive action on diversity. Throughout the year, the Group ran an ongoing series of internal podcasts focusing on topics such as International Women's Day and Black History Month. This has evolved into a valuable platform to celebrate the achievements and experiences of our diverse workforce, and to encourage conversations about diversity.

At the end of 2020 we launched our Diversity & Inclusion Manifesto, outlining The Gym Group's stance on inclusion and building upon the culture we have and continue to nurture. The manifesto provides transparency for our employees, members and all those who interact with The Gym Group on our commitments



This year, our Chairwoman Penny Hughes was identified as an Advocate for Change within Women in Hospitality, Travel and Leisure, as an acknowledgment of her commitment to driving change and promoting equality, inclusion and diversity.

DIVERSITY**BOARD¹****EXCO****SENIOR LEADERSHIP TEAM****ALL EMPLOYEES**

¹ Includes two Executive Committee Directors.

to improving diversity, inclusion and equality within the business, how we aim to achieve this, and the individual responsibilities in championing this.

Our Executive Committee have pledged their personal commitment and accountability to this agenda by signing The Gym Group Equality, Diversity & Inclusion Pledge, which sets out the principles, ambitions and targets for 2021.

We state our ambition to meet the following targets which will be reported monthly to the Board of Directors for review, and as an Executive Committee team we will constantly review the data and work to understand the insights behind it. We will review current employee and hiring targets for all populations. If in 2021 we are unable to achieve any of the targets below, we will explain why as part of our Equality, Diversity & Inclusion Plan and the 2021 Annual Report.

These are short term goals and by the end of 2021 we aim to have a minimum:

**SENIOR LEADERSHIP
TEAM DIVERSITY**

20%

of the population will be from a culturally diverse heritage

25%

of the population will be female

**GYM OPERATIONS
DIVERSITY**

30%

of the population will be from a culturally diverse heritage

30%

of the population will be female

RECRUITMENT

We will aim for female and culturally diverse new hires to represent the diversity targets.

Where possible, diverse shortlists will be provided for all interview panels.

Gender pay gap

The fitness industry has historically struggled to attract women. Through our Diversity & Inclusion Manifesto and Pledge, brand awareness, improved standardised recruitment practices, unconscious bias training and targeted recruitment strategies, we will strive to break down this barrier.

Our mean gender pay gap has increased this year, as we have seen more men than women in senior roles, which attract a higher salary. Our median gender pay gap has reduced as we now employ over 1,200 more Fitness Trainers, who are all paid the same hourly rate.

	April 2019	April 2020
Mean gender pay gap	2.0%	5.48%
Median gender pay gap	11.7%	0.00%
Mean bonus gender pay gap	37.4%	46.93%
Median bonus gender pay gap	37.1%	27.25%

Although our Gender Pay Gap has increased slightly, our gap is still extremely low in comparison to the National average of 15.5% in 2020 (from Office of National Statistics).

Wellbeing

As a 'people-first' business, the health and wellbeing of our employees remain a key priority. This year we focused on raising awareness of mental and physical wellbeing and providing the required support to those who need it. Our Wellbeing Strategy, led by our Chief People Officer, Ann-marie Murphy, focuses on four key areas:

- Prevention
- Development of Health and Wellbeing Champions
- Leadership
- Expanding our vocational health offering.

In addition to our Employee Assistance Programme, which provides a 24/7 telephone counselling service, we have already taken the first step towards enhancing our Wellbeing Programme by investing in increasing our number of qualified Mental Health First Aiders. In the last quarter of 2020, we have increased the number from three to 30. These Wellbeing Champions provide additional support and signposting, should employees have concerns over their mental wellbeing. We also have a new Wellbeing Hub, which provides employees and managers with additional support through access to online mental wellbeing toolkits, robust Wellness Action Plans, training resources and further guidance.

OUR NEW D&I MANIFESTO



The D&I Manifesto clearly sets out our commitments to creating a more diverse and inclusive workspace here at The Gym Group and the actions we are taking to achieve this. We want to ensure that The Gym Group is a place where everyone is welcome, accepted for who they are and has equal opportunities to succeed.

STRATEGIC REPORT
**SUSTAINABILITY
AT THE GYM**
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RESPONSIBILITY TO THE ENVIRONMENT

Our strategic approach

We recognise that climate change is an important global challenge, and we support the commitments made by the UK Government to keep global temperature rise well below 2°C and achieve net zero carbon emissions by 2050. Clearly, meeting this commitment will require all sections of the economy to work together, and we support the UK's Net Zero Strategy and Ten Point Plan for a Green Industrial Revolution.

We believe in taking a proactive, strategic approach to environmental management, and we strive to be at the forefront of best practice within the health and fitness sector. As well as reducing our carbon emissions, we are also fully committed to reducing waste from our operations and increasing the efficiencies of our gyms. As our growth continues and we open more gyms, we aim to continue to reduce our carbon emissions and environmental impact through the energy-efficient design of new sites as well as investment into the existing estate.

Our commitment to the environment is a significant way in which we align and contribute to the SDGs. In particular, our efforts to procure renewable energy and increase the energy efficiency of our gyms align with SDG 7 – Affordable and Clean Energy; our efforts to reduce

waste align with SDG 12 – Responsible Production and Consumption; and our approach to reducing our carbon emissions aligns with SDG 13 – Taking Urgent Action to Combat Climate Change.

The pandemic has significantly impacted our business, with gym closures in line with government policy and fewer new site openings than planned. Throughout this period, we have continued our commitment to the environment, and from March to July when gyms were closed, we ensured energy and water consumption was at a minimum across our sites. As our gyms reopen, and as a result of the additional safety measures we have introduced to protect our people and members, we are facing new challenges. Specifically, we have seen an increase in site-level energy consumption due to increased ventilation requirements, and an increase in waste from cleaning materials. We are actively exploring how to reduce this impact while continuing to keep our people and members safe.

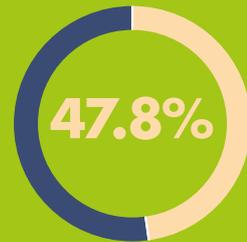
Climate and carbon

The world is facing a critical moment in tackling climate change. As a multi-site operator with 183 gyms across the UK, we have a responsibility to minimise the impact of our operations. Our most significant environmental impact comes from energy use in our gyms. As such, the single biggest improvement we can make is through the procurement of renewable energy.

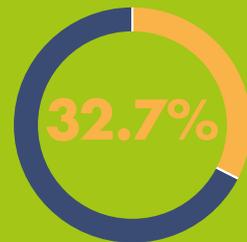
We are proud to have purchased 100% renewable power since October 2019* for all of our sites where we control the purchase of energy. In doing so, we are directly contributing to SDG target 7.2 ('By 2030, increase substantially the share of renewable energy in the global energy mix'). The 2020 renewable fuel mix of our power supplier, as certified by EcoAct, is illustrated opposite.

100% OF ELECTRICITY SUPPLIED BY RENEWABLE SOURCES^{1,2}

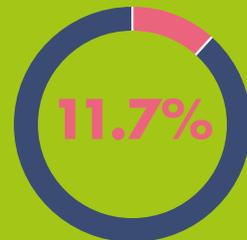
BIOENERGY



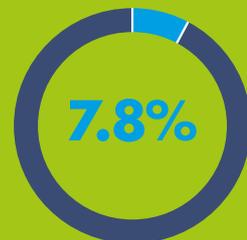
WIND



PHOTOVOLTAIC



HYDROPOWER



1 We operate 21 sites (11% of the estate) where electricity is provided centrally by the respective landlord and we do not have purchasing control over the energy supplier and contract type.

2 Fuel mix disclosure statement by Haven Power (our supplier) for 12 months ending 31.3.20, verified by EcoAct. Our REGO certificate can be found at tgplc.com



Our renewable energy certificates are available on our website: www.tggplc.com

As part of our environmental strategy, we monitor energy consumption at each of our sites and minimise it to make our buildings as efficient as possible. In 2020, we implemented the requirements of the Streamlined Energy and Carbon Reporting ('SECR') scheme. As part of this process, we have undertaken quarterly progress reviews, allowing us to identify and act on opportunities for increased efficiencies.

We also continued with our programme of upgrading our lighting systems to high-efficiency LEDs, completing work on 23 sites during the year. 93% of our estate now operates with full LED lighting. (COVID-19 lockdowns prevented us from completing the whole estate in 2020; we plan to upgrade the remaining sites in 2021.)

We recognise that we have more to do to reduce our emissions, and in 2021 we will set long term, ambitious targets to reduce carbon emissions in line with global climate science and the UK Government's Net Zero Strategy. We also acknowledge the immediate and longer-term challenges to our business posed by climate change, and we are committed to understanding and managing these risks. In 2021, we will conduct a climate change materiality and risk assessment in line with the Task Force on Climate-related Financial Disclosures ('TCFD') requirements, to identify key physical and transition risks and opportunities to our business operations, and to consider appropriate mitigation measures.

We will also commence site-level energy audits in 2021 to provide insight into consumption variations across the estate and identify opportunities for energy-reduction programmes.



Greenhouse gas emissions

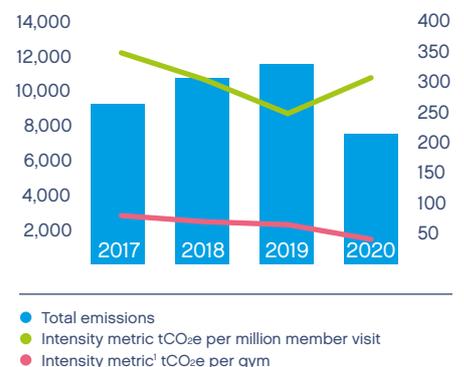
Greenhouse gas ('GHG') emissions for the year ended 31 December 2020 have been measured as required under the Large and Medium-sized Companies and Groups (Account and Reports) Regulations 2008 as amended in 2013. The main activity which releases GHG is the purchase and use of gas and electricity to power our gyms. We have used the GHG Protocol Corporate Accounting and Reporting Standards (revised edition) and data gathered to fulfil the requirements under the CRC Energy Efficiency scheme, to calculate the disclosures.

In previous years we have published an intensity metric of tCO₂e per trading gym, due to the continued growth of the business.

However, 2020 emissions have been significantly impacted by COVID and extended closure periods have reduced our overall energy consumption. For consistency we have presented 2020 data with the same intensity metric but, for fair and balanced reporting, we have included a second metric, tCO₂e per million member visits, to account for the time the business was closed and the occupancy restrictions that have been imposed. Member visits and building occupancy are key drivers of energy consumption and representative of the intensity and use of our facilities.

Emissions per gym have decreased due to the extended closure period whilst emissions per member visit have increased from the previous year due to the occupancy restrictions in place.

TOTAL EMISSIONS & INTENSITY METRICS



We have also presented data of total consumption in kWh and transportation which is generated by business journeys undertaken in personal vehicles.

Year ending 31 December	BASE YEAR 2017	2018	2019	2020
TOTAL EMISSIONS (tCO ₂ e)				
Direct Emissions from Operation (Scope 1)	1,267	1,950	2,035	1,602
Indirect Emissions from Energy Usage (Scope 2)	8,023	8,841	9,542	5,892
Indirect Emissions from Heat Purchased (Scope 2)	–	–	2	3
Transportation (Scope 3)	–	–	–	62
Total Emissions	9,290	10,791	11,579	7,559
Intensity Metric ¹ (tCO ₂ e per gym)	80	70	65	41
% Change from base year	–	-13%	-19%	-49%
Intensity Metric (tCO ₂ e per million member visit)	348	304	248	307
% Change from base year	–	-13%	-29%	-12%

TOTAL CONSUMPTION (kWh)	2018	2019	2020
Scope 1 (Gas)	10,602,020	11,071,196	8,710,907
Scope 2 (Electricity)	28,777,288	34,409,373	25,272,315
Scope 2 (Heat)		10,907	18,405
Scope 3 (Transport)			263,430
Total (kWh)	39,379,308	45,491,476	34,265,057

¹ Includes any gym open at any point during the year.

STRATEGIC REPORT

SUSTAINABILITY AT THE GYM

CONTINUED

Waste

Eliminating waste and improving our recycling rates is an important area of focus and we encourage our members and colleagues to take an active role in this. Our waste generation is limited to that brought onto the premises by our members and cleaning materials, as we do not directly operate any food or beverage facilities* and only have a limited offer for consumption through vending machines. In 2020, we introduced an electronic solution to replace all paper-based processes for staff in our gyms and we will see a benefit in waste reduction and the use of printer cartridges in 2021.

As a result of the additional safety measures we have introduced to protect our people and members from COVID-19, we have unfortunately seen an increase in general waste generated at our sites, mainly relating to the introduction of intensive cleaning regimes.

Throughout this period, we continue to actively explore how to reduce our impact while keeping our people and members safe. For example, we have provided our members with paper towels 'Blue Roll' and sanitiser spray rather than antibacterial wipes, as this is more easily recyclable or sent for energy generation.

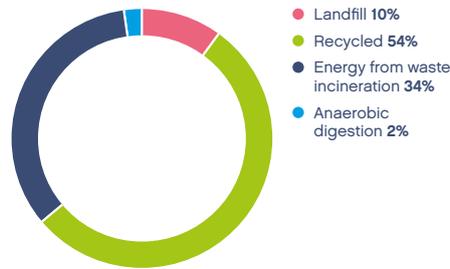
We also found that single-ply sheet was suitable and reduced the volume of paper used, and sourced coreless rolls, which do not require cardboard inserts.

While we have seen a 13% decrease in the total weight of waste for the year, and a reduction from 4.3 to 3.5 tonnes per site, we were only open for approximately 55% of our expected trading time. For the three full operating months after reopening (August, September and October) we saw the total waste collected increase by over 90% due to the additional cleaning materials required to keep our gyms COVID-secure. The total waste removed from our sites during 2020 was 443 tonnes and the proportion of waste diverted from landfill was 90% for the year.

443
tonnes
of total waste removed
from our sites during 2020

90%
Proportion of waste
diverted from landfill

LANDFILL DIVERSION 2020



* There are small cafes run by private third parties operating from two of our gyms.
* The Gym Group had direct responsibility for waste removal at 128 operating sites in 2020 (70% of our estate). Data is provided from this cohort. At our remaining sites, waste collection is the responsibility of the respective landlord or local authority and we are not provided with waste data. Landfill diversion is based on overall waste depot performance.

Water

The use of water at our sites is confined to typical shower, toilet, washbasin and cleaning requirements. All taps and showers are either non-concussive or electronic for timed operation, reducing misuse and waste.

Prior to the pandemic, we operated a small number of saunas and steam rooms, located in gyms we had recently acquired. These were closed due to COVID restrictions and are being fully decommissioned. One remaining installation will be evaluated during the course of 2021 to determine if it should reopen. We have never operated any swimming pools or other similar 'wet' facilities.

During 2020, we trialled a revolutionary toilet cistern at our new gym in Beverley, which uses condensate from the air conditioning units for flushing. This award-winning product is continually topped up with water produced by the air conditioning system which would normally have gone

directly to the drain, reducing the amount of mains water required for each flush. We are now installing this unit in all new sites.

We will commence site water auditing during 2021 to provide insight into consumption variations across the estate, to identify wastage, and to initiate a monitoring and targeting programme. Historical water consumption data is not sufficiently accurate for reporting; however, we now have systems in place to collate water data and plan to report on water consumption moving forward.



Case study

LOW CARBON GYM

Beverley is the location of one of our first 'small box gyms', which enable us to open in towns that would previously have been considered too small for our operation. As well as developing a model to meet the needs of the members and delivering affordable fitness, we took the opportunity to incorporate energy and water-saving measures to make this gym one of the most environmentally friendly we have opened. Some of these initiatives are outlined here. We now have three small catchment gyms – Newark, Beverley and Lowestoft – and we will be rolling out more sites in 2021.

**Ventilation**

Gyms require plenty of clean fresh air for the exercise that's going on inside, as well as removing the stale air that's generated by it. To keep it fresh, we don't recirculate any of the air from the gym, but instead of throwing away the energy we've used to heat or cool the air from outside, we run it through a 'plate heat recuperator', to bring the outside air in line with the temperature inside, with up to 85% temperature efficiency. The fans are direct drive using high-efficiency permanent magnet EC motors, which are in a class of their own and allow stepless control of the airflow and therefore power during periods of low occupancy.

**Air conditioning**

Our gyms are always fully air conditioned and we use the latest advanced, high-efficiency air conditioning systems. As we're open 24/7, we need to keep close control of our operations to make sure we're not wasting our energy. The system at Beverley has a sensor on every unit, which scans the room to detect exactly how many people are in the space and switches off the air conditioning when it's not needed, while ensuring the empty room isn't too hot or cold for the next occupant. The air conditioning control system also offers full online reporting of both live and trending power consumption and provides us with full maintenance reports and alerts.

**Hot water**

The hot water provided to the showers and basins is generated by an air sourced heat pump connected to the air conditioning. By absorbing the heat created from cooling the gym and converting it into hot water for the showers, the heat pump removes the need for a gas supply, further lowering the carbon footprint of the site. The high-efficiency showers also result in lower hot water consumption and therefore energy demand.

Water

The showers have automatic flow rate regulation at the showerhead, and timed operation, providing an 80% water saving in comparison to conventional lever control, without compromising the shower experience. Taps are 'non-concussive' (self-closing) and require no external power source, delivering a timed flow of water and avoiding waste.

We have also installed a revolutionary toilet cistern that uses condensate from the air conditioning units for flushing. This award-winning product is continually topped up with water produced by the air conditioning system that would normally have gone direct to the drain, reducing the amount of mains water required for each flush.

**Lighting**

All of the light fittings in Beverley are high-efficiency LEDs, including the external signage. They are also installed to allow 50% of the lights to be switched off automatically during overnight periods, even when operating 24/7. All individual rooms also have infra-red detectors to switch lighting off when rooms are not occupied.

50%

of the lights are switched off automatically during overnight periods, even when operating 24/7

the gym.



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