

thegymgroup



SUSTAINABILITY REPORT 2021

EXTRACTED FROM ANNUAL REPORT AND ACCOUNTS 2021

THE GYM GROUP PLC

WARNING
Keep clear of moving parts

SUSTAINABILITY AT THE GYM GROUP

At The Gym Group, our purpose is to break down barriers to fitness for all and our ambition is to deliver this in an entirely sustainable way, enabling people to live healthier, more rewarding lives within the natural balance of the planet. We actively place sustainability at the core of our business and in 2021 we advanced on this agenda by forming a dedicated Sustainability Committee with the objective of continuously improving our sustainability performance.

Even though we continued to be impacted by the pandemic, we still enabled over 33 million visits to the gym in 2021. We made further progress on measurement of the social value generated by our members exercising in our gyms, achieving £485 million in the year. A metric designed to drive this value has been introduced as a key performance measure and incentive for executive performance.

COP26 concluded in November with nearly 200 countries agreeing to the Glasgow Climate Pact to keep 1.5°C alive. The latest report from the Intergovernmental Panel for Climate Change ('IPCC') indicates urgent action is required if this is to be achieved. During the year we undertook an extensive carbon audit of our operations and supply chain to establish a 2019 baseline carbon footprint leading to the launch of our Net-Zero commitment, with a target 50% carbon reduction before 2030¹ and achieving net-zero by 2035. We have also chosen to off-set emissions on our journey to net-zero and become the UK's first carbon neutral gym chain in alignment with The CarbonNeutral Protocol.

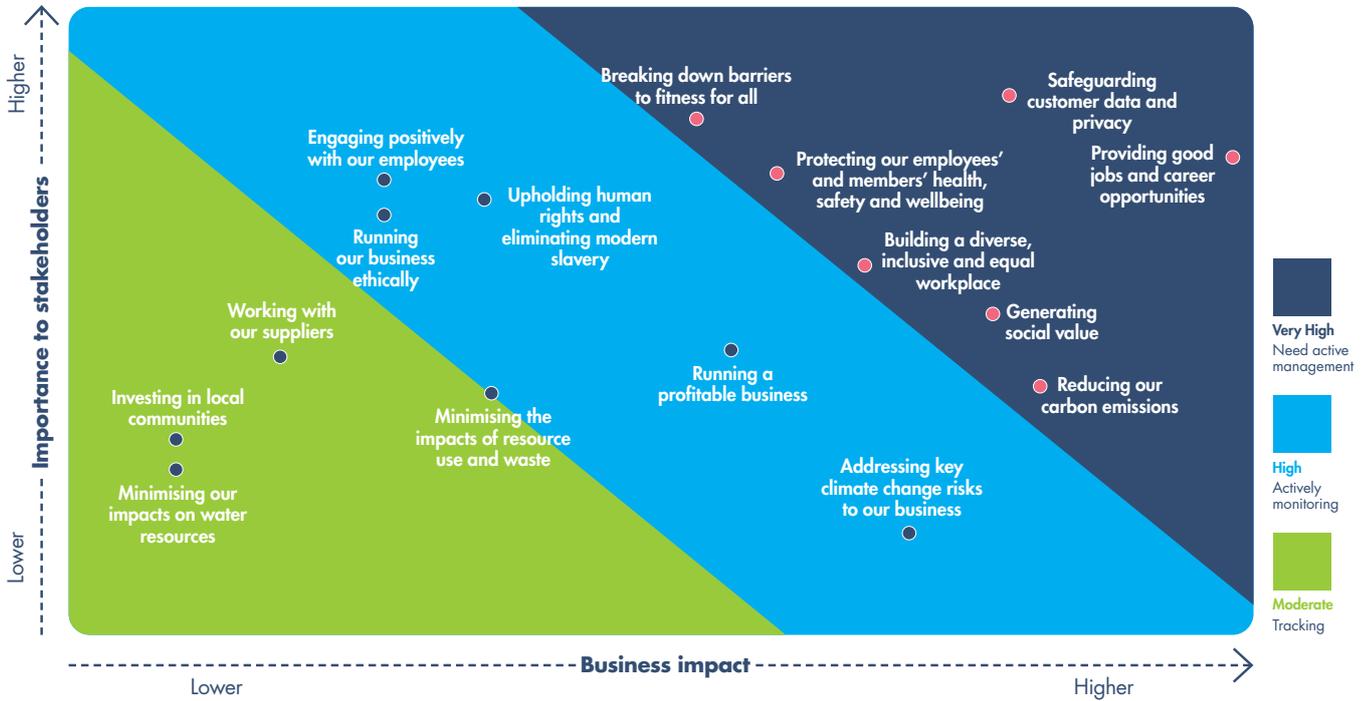
Our internal and external stakeholders are key to the success of our business and following best practice set out in the Global Reporting Initiative ('GRI'), we conducted an extensive materiality assessment with all stakeholders to identify significant issues and impacts that matter most to them, including members, investors, suppliers and our people.

The materiality matrix demonstrates the findings of the assessment, identifying the sustainability topics that are key priorities for The Gym Group. In the diagram opposite, we have aligned our material topics to our priority areas. Note that 'Safeguarding customer data and privacy' is specifically addressed in the GRI Index. Further information on our approach and performance on each of these topics is provided within this report.



¹ Compared to 2019 on a like-for-like basis of operating estate.

Identifying our material topics



Sustainability governance

Robust governance practices are a fundamental foundation for a sustainable business.

Our Sustainability Committee reports to The Gym Group plc Board to ensure sustainability is at the core of our business and shares oversight of corporate responsibility for sustainability, reviews sustainability targets and commitments and oversees the assessment of climate-related risks and opportunities, including the requirements of the Task Force on Climate-Related Financial Disclosures ('TCFD'). The Committee receives reports from three key workstreams:

- Equality, Diversity & Inclusion ('EDI')
- Environmental, Social & Governance ('ESG')
- Health, Safety & Wellbeing

Our Board shares The Gym Group's passion for a sustainable business and the delivery of affordable fitness for all. The participation of Executive members in the Sustainability Committee demonstrates our commitment to integrating sustainability into the heart of our business decisions.



Reporting for the 2021 financial year

We continually review and improve our reporting processes. In 2019, we began to align to the GRI standards for our sustainability reporting and we have continued to report in accordance with these standards (Core Option). In addition, for 2021 we have further developed our reporting to align with the Sustainability Accounting Standards Board ('SASB') standards.

We have also made a submission to the Workforce Disclosure Initiative ('WDi') and the Science Based Targets Initiative ('SBTi').

We were delighted to be a founding member of the All-party Parliamentary Group for ESG and look forward to contributing to further development of the UK's ESG strategy.

In aligning with 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.

David Melhuish
Chief Development and Sustainability Officer

GOOD JOBS AND QUALITY EDUCATION



Engagement survey

85%

participation rate
(increase of **20%** from 2020)

Overall level of engagement across the business

61%

(increase of **10%** from 2020)



Hydrate & Chat catch-ups
are fantastic to build trust
and develop the team

2021 engagement survey feedback



Our approach

Our people-first culture plays a key part in our success and over the past year, despite the challenges, we have continued to ensure that nurturing our people and our culture remains a key business focus.

The materiality assessment we carried out during 2021 highlighted that 'providing good jobs and career opportunities with fair pay and conditions' was a topic of high importance to our stakeholders. Throughout the challenges posed by government restrictions over the past two years, our priority has been to provide a workplace where our people can thrive personally and grow professionally. The strength of our values and culture has enabled us to support our people effectively throughout this time.

One of our key focuses in 2021 has been to safely reopen our gyms for our members, whilst ensuring that our employees are fully supported as we do so. Our focus on people aligns with, and contributes to, the United Nations Sustainable Development Goals ('SDGs'), as we strive for Quality Education (SDG 4) and Good Jobs and Economic Growth (SDG 8).

At The Gym Group we believe it is vital to provide regular opportunities for our people to share their experiences, ideas and feedback. We continued with our engagement surveys to gain thoughts on energy levels, recognition, and our response to the challenges of the COVID-19 pandemic. We achieved an 85% participation rate (an increase of 20% from 2020) and our overall level of engagement across the business increased by 10% to 61%. Feedback highlighted particular satisfaction with the support provided for balancing life and work, and the focus on wellbeing that is offered by The Gym Group.



One of our key focuses in 2021 has been to safely reopen our gyms for our members, whilst ensuring that our employees are fully supported as we do so.

Employment

Through our participation in the UK Government Kickstart Scheme, we continued to provide job placement opportunities for 16 to 24-year-olds on Universal Credit who are at risk of long-term unemployment. Our first cohort of 30 Kickstart Fitness Trainees started in December 2020 and during 2021 we welcomed a further 147 trainees. So far 84 have qualified as personal trainers after completing our Kickstart programme and we welcomed 64 as new employees.

During 2021, we further expanded the Kickstart Scheme, introducing five new trainees into our gym support functions with a further 13 placements approved in partnership with The Princes Trust. We plan to fully participate in the government scheme until this ceases in March 2022.

We continue to review our employee reward and wellbeing offering. This year we introduced a new Salary Sacrifice Pension Scheme, a Life Assurance Programme, an Electric Car Salary Sacrifice Scheme, and enhanced our Company Maternity Pay for employees.

During 2021, we further developed our communication and engagement platform – CORE – extending the Mental Wellbeing Hub to include content focused on women's health, men's health, and family wellbeing. We continue to engage and discuss with our employee forums to enable feedback on key business decisions.



It's fantastic to see the Gym Group brilliantly backing the Kickstart Scheme – helping our next generation of workers really get on track and enable them to excel in the fitness industry.

Mims Davies
Minister for Employment

Training and development

This year we launched our LeadWELL programme in partnership with Outliers Wellbeing. The six-week programme included training on financial wellbeing and psychological safety, focusing on empowering our leadership teams and supporting mental resilience. In addition, we relaunched our Coaching for Performance programme, providing a framework for managers to assess the performance and potential of their teams, and facilitate effective development and progression discussions. We have also continued our six-monthly talent map reviews to establish what career development plans are required for 2022.



182

Kickstart Trainees onboarded since 2020

84

qualified as personal trainers in 2021

64

as new employees

58

further trainees due to complete programme





We are delighted to have partnered with the Rio Ferdinand Foundation in 2021 to launch the new Find Your Future programme.



In our communities

We are delighted to have partnered with the Rio Ferdinand Foundation in 2021 to launch the new Find Your Future programme. This new community-focused 12-month programme commenced in November 2021 and will create opportunities for up to 150 young people in South London via an employment skills programme and the Community Sports Leadership Award. The activities will be delivered in youth centres across South London and will utilise The Gym Group's local gym facilities for a realistic on-the-job experience. Our teams will deliver both practical and theory-based knowledge on fitness, helping participants develop their employability skills for meaningful careers in the sports and fitness sector and the wider world of work.

In 2022, we will formally launch Grow Your Own, The Gym Group's own talent development scheme. This scheme will provide an opportunity for those who have completed the Find Your Future programme and wish to start their career in the fitness industry. The scheme will deliver further training, education, experience and the certifications necessary for becoming a qualified Personal Trainer.

As our business expands, it is vital that we prioritise providing good jobs and career opportunities, whilst protecting our employees' and members' health, safety, and wellbeing. As our numbers increase and teams expand, we will concentrate on growing our own talent from within our communities. Our Emerging Talent scheme will be relaunched and we will continue to gather employee feedback and adjust our work practices accordingly, to ensure we always put our people first.



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/modern-slavery.

We also have a detailed Anti-Bribery and Corruption Policy, which is available to all employees via our intranet.





CASE STUDY

BUILDING A REWARDING CAREER

Isla McIntosh, Construction Manager, tells us about her career journey at The Gym Group and the incredible support she received.

I started working for The Gym Group in Edinburgh City Centre back in 2013 as a Personal Trainer. I love working in the fitness industry and with my passion and drive to develop, I naturally moved on to an Assistant General Manager role in the same gym. I love the company, the ethos, and the wider team at The Gym Group.

With training and support from my manager and regional manager, I was promoted to General Manager at the new Edinburgh Murrayfield Gym. During the

fit-out, I had an opportunity to be involved with the contractors on-site, and found managing these partnerships and the construction aspect of the job really interesting. Expressing my interest, I was able to shadow project managers in their daily job and learned more about development practices. This led to me successfully moving into a role within the Property team.

To support my role, I studied a Master's Degree in Project Management in Construction at Edinburgh Napier University, which The Gym Group supported financially. In July 2021, an opportunity came up within the Property team and I've now been in my role as

Construction Manager for a little over six months and I'm loving it! My next educational journey is already lined up as I am working towards becoming a chartered member of RICS over the next few years.



My career achievements were only possible with the support of my employer.

ISLA MCINTOSH

GOOD HEALTH AND WELLBEING



Social value

+31%

in 2021 compared with 2020

70%

of social value generated in our gyms by our members through exercise comes from direct NHS cost savings and mental wellbeing benefits to our members



Social value is a reflection of the positive contribution our business is making to the communities we operate in. It is aligned with our purpose and with our commercial success.

Our approach

Regular physical activity benefits both the body and mind. It can reduce symptoms of depression and anxiety as well as contribute to preventing and managing a host of health conditions, including cardiovascular diseases, cancer and diabetes. Throughout 2021, the persistence of the COVID-19 pandemic and the continuation of government restrictions, has highlighted the crucial importance of exercise for both mental and physical health.

Our purpose at The Gym Group is to break down barriers to fitness for all. Through the provision of affordable, high-quality, safe, 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 UK Government’s vision to get the nation active and directly contribute to target 3.4 of Sustainable Development Goal 3 – Good Health and Wellbeing: to reduce premature mortality and promote mental health and wellbeing.

Staying true to our purpose, we launched a Group-wide initiative to identify the physical and perceived barriers that may prevent people from either becoming members of, or working at, The Gym Group. This insight will inform how we work to become ever more accessible and is discussed on page 39, within the Diversity and Equal Opportunity section.

The social impact of The Gym Group

Building on our work in 2020, we once again commissioned 4Global, a UK-based data, services and software company, to determine the social impact of our business over the previous five years. This involved using a model created by Sheffield Hallam University that determines the social value to communities created through regular exercise. The methodology (see diagram opposite) was updated in 2021 to reflect the latest scientific research and is used extensively by Sport England, local authorities and the UK Government.

As a result of national restrictions, our gyms were closed for extended periods in both 2020 and 2021, causing a significant reduction of social value in both years. Despite this, we were able to grow social value by 31% in 2021 and are aiming in 2022 to exceed the £700 million generated in 2019.

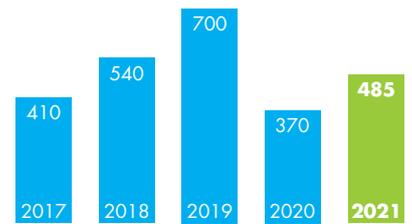
70% of the social value generated in our gyms by our members through exercise comes from direct NHS cost savings and mental wellbeing benefits to our members.

As a business, we are dedicated to generating social value and therefore have introduced a new KPI for the Executive Committee, with the core purpose of driving social value. The performance measure is linked to executive pay and is based on the percentage of members who visit our gyms at least four times a month and thereby contribute to the social value generated in our gyms. This KPI is aligned with our members’ motivation for joining our gyms and will be a Group-wide initiative. Our target for 2022 is to return to pre-COVID levels.

One of the major factors in social value generation is the socio-economic status of our members. Individuals from more deprived communities are more likely to suffer from chronic conditions and therefore the social benefit to keeping these members active will be more significant. With 19 new gyms opening during 2021, 32% of The Gym Group’s estate continues to be located in the 20% most deprived areas in the UK – reinforcing our commitment to tackling inactivity in disadvantaged communities.

Social value generated by The Gym Group in the past five years (£m)

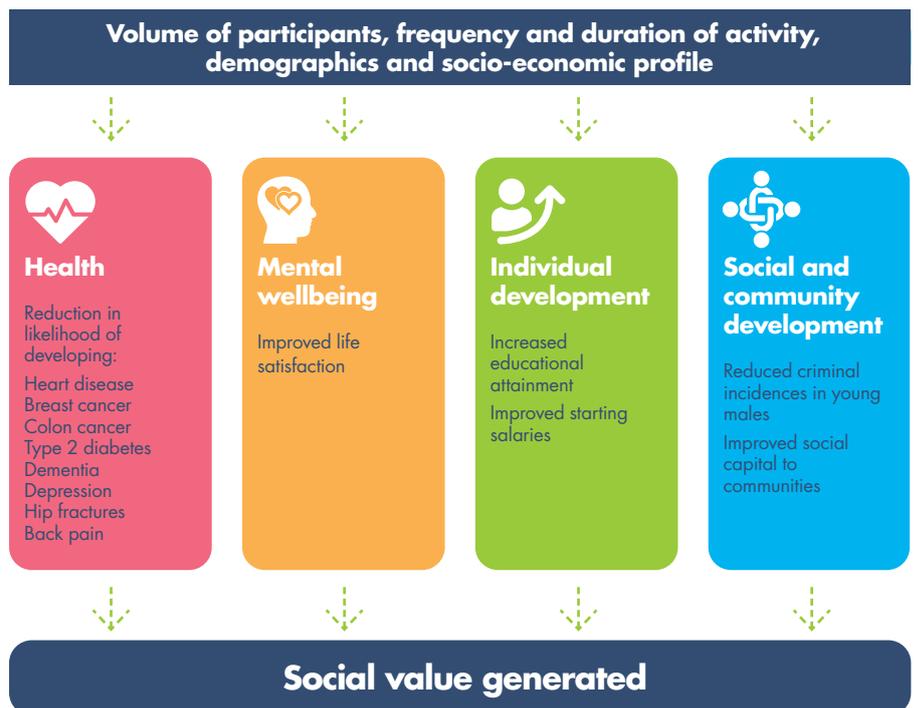
£2.5bn



Social value generated in 2021 (£m)

£485m

The Social Value Calculator Model



STRATEGIC REPORT

SUSTAINABILITY REPORT CONTINUED

Access to our gyms

Making gyms accessible is central to our purpose at The Gym Group. Our network of over 200 operating sites in the UK affords access to 49.5% of the UK population. Our 24/7 operation allows members to use the gym when it suits their lifestyle. The average monthly headline rate of £19.27 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.

Our 2021 programme on identifying and removing further barriers that may prevent individuals from accessing our gyms is described on page 39.

Safety at our gyms

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, whilst remaining functional and easy to use. Our external health and safety auditors deliver a consistent and transparent review of performance at site level, including the physical safety of equipment and facilities, as well as audits of our wider safety and building maintenance systems.

Our main objective in 2021 was to improve central visibility of health, safety and compliance across the Group, and produce improved data and reporting to support ongoing, focused risk reviews. We 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 health and safety trends. With this new set of data we can initiate detailed risk reviews and set clear actions which will have a positive impact on overall accident frequencies. We aim to reduce accident frequencies in 2022 by focusing on areas where we see opportunity to improve risk mitigation.

During the year we also appointed Wakefield Council as our Primary Authority partner to provide regulatory advice on our health and safety management system and liaise with other enforcing and regulatory bodies across the UK. The Council benefits from extensive experience in dealing with other multi-site leisure companies and large national supermarkets.

In 2022, we will continue to develop our health and safety management system with an aim to conform to ISO 45001, the international health and safety standard. Certifying our management system to ISO 45001 will provide the business with another layer of reassurance that our health and safety processes, procedures and culture are effective and, where they are not, ensure they are challenged and reviewed.

Our network affords access to

49.5%
of the UK population

32%
of our estate in the 20% most deprived areas of the UK

Our average health and safety audit result for 2021 was

97%



Our main health and safety objective in 2021 was to improve central visibility and compliance across the Group and produce improved data and reporting to support ongoing, focused risk reviews.





DIVERSITY AND EQUAL OPPORTUNITY



Reduced Gender Pay Gap to

1.62%

Aiming for

50/50

gender balance by

2030

(2021: 29.2% FEMALE)



We want our staff and members to be reflective of the diversity of the local communities in which we operate.

Our approach

Equality, diversity and inclusion remain fundamental to our culture, values and decision-making. We are committed to achieving our purpose of breaking down barriers to fitness for all and ensuring that The Gym Group is a place where everyone is welcomed, accepted for who they are, and has equal opportunities to succeed. To truly achieve this, it is vital for us to understand the barriers that exist within our business.

Our Diversity & Inclusion strategy focuses our actions on three core pillars: Insights, Talents and Culture. By delivering our strategy, we are contributing to SDG 5 - Gender Equality, and SDG 10 - Reduced Inequalities.

Collaboration is an important part of our culture and we remain active members of Women in Hospitality, Travel and Leisure ('WiHTL'), regularly contributing to cross-industry discussions and initiatives. In addition, as signatories of the Business in the Community Race at Work Charter, we continue with our commitment to its five 'calls-to-action' for businesses to prioritise activity on race and improve equality of opportunity in the workplace. Our Chief Sustainability and Development Officer, David Melhuish, was recognised as an Inclusive Leader within the 2021 Role Models for Inclusion Index from WiHTL and The MBS Group, demonstrating our leadership commitment. Colleagues from The Gym Group were also featured within their Women to Watch Index.

In relation to wellbeing and flexible working, we were shortlisted for two Top Employer Awards through WM People, one for Best in Flexible Working and the other for Best in Mental Health, demonstrating external recognition of our progress in these areas.

Inclusion at The Gym Group

At the end of 2020, we launched our Diversity and Inclusion Manifesto, providing transparency on our commitments to improving diversity, inclusion and equality within the business. Our Executive Committee pledged their personal commitment and accountability to this agenda by signing The Gym Group Equality, Diversity and Inclusion Pledge, which sets out the principles, ambitions, and targets for 2021. We have made great strides towards the actions in our 2021 pledge and have stretched our 2022 targets to highlight our longer-term goals for improved inclusion and diversity at The Gym Group.

On page 41 we set out where we are currently in relation to the targets set in 2021 and our targets for 2022 to 2030.

Despite the challenges of the pandemic and the temporary closure of our gyms, we remained committed to staying connected, driving inclusion and wellbeing, and improving flexibility. We are proud to have launched our 'Inclusive Workspace' for our gym support colleagues, which has cemented our new flexible approach to working – creating an environment of trust, work/life balance and a culture where people can perform at their best.

In January and March 2021, we launched our lockdown-focused Reset & Recharge ('R&R') programme, providing employees with weekly social and wellbeing activities to energise and connect teams ready for returning to the office and gyms.

In addition, we were proud to provide colleagues with diversity and inclusion and unconscious bias training. As we build an inclusive and diverse workforce, we continue to deliver communications supporting national awareness events to raise the profile and discussions around inclusion and share examples of how our teams are driving diversity and inclusion within their gyms.

Identifying barriers

In 2021, our Chief Development and Sustainability Officer, David Melhuish, was appointed our Executive sponsor for the Diversity & Inclusion Group, and has played a crucial role in raising the agenda for discussions and positive action on diversity. In 2021, the group launched a project focused on identifying the barriers that exist for both employees and members at The Gym Group.

Workstreams formed of colleagues from across the business focused on identifying the barriers that exist across five areas of diversity: age, cultural diversity, disability, gender and LGBTQI+. The research identified a number of barriers and potential solutions to support us in achieving our purpose of breaking down barriers to fitness for all. Key themes identified were around Perception of the Gym Sector, Accessibility, Gymtimidation, Visibility & Representation, and Education & Understanding. Moving forward, our workstreams will continue to raise awareness and work as ambassadors for diversity and inclusion.

In response to some of the key barriers highlighted, we introduced several new policies during 2021: our Dignity at The Gym Policy, Transgender Inclusion Policy and Transition Action Plan, and Menopause Policy. In addition, we have begun delivering informal training sessions with our gym managers to encourage discussions on how to facilitate inclusive environments in the gym.

For 2022, we will review the information and recommendations collected from this research and the insights provided will inform our diversity and inclusion plans going forward.

Our five areas of diversity





CASE STUDY

SUPPORT AT THE GYM GROUP

Caroline and Natacha, and their care worker Rachel, tell us about the support they have received since joining The Gym Group in 2021.

'Lockdown was an extremely tough time for us mentally due to being stuck indoors at home. We wanted to find fun activities in an environment that felt safe. Since joining The Gym Group, Paul (Assistant Manager at Exeter Marsh Barton) has taught us how to adapt and push through any barriers, teaching us to try new things and educating us and our carers on safe and effective use of the equipment. We get fitter and stronger week by week; we have fun every time we visit and get the support to push ourselves safely. The staff at The Gym Group have been incredibly supportive since day one, finding ways to enable us to

do things we wouldn't normally try. Paul's willingness to learn and communicate with us through sign and the level of interaction we receive, you just wouldn't get anywhere else!'

– Caroline and Natacha.

Rachel adds: "The care agency researched and visited every gym in the area to assess which gym would offer the best personal service. After speaking to various managers and visiting every gym in the area, Paul was highly recommended by our staff. The personalised attention at The Gym Group is just one of a kind. Natacha and Caroline get full attention every time they visit and we have never received this level of attention anywhere else."



I feel stronger, fitter and happier. The Gym Group has given us a place to feel safe.

NATACHA



The Gym Group gives us something to focus on and look forward to each week.

CAROLINE

Equality, Diversity & Inclusion Pledge 2022 – 2023

We would like our staff and members to be reflective of the diversity of the local communities in which we operate. And we aspire to achieve a gender, balanced workforce by 2030 and for our senior leaders to be 40% female by 2025. Below we state our performance against this target over the past three years. We will continue to take positive action to address gender balance and report monthly to the Board of Directors on our progress.

We promoted the importance of capturing ethnicity data during the course of the year and significantly increased the employee population identifying their ethnicity. Our population identifying as ethnically white has increased by 2.7% but remains below the UK average in both gym support and operational groups.

Gender pay gap

The fitness sector has historically struggled to attract women which we have addressed through our Diversity & Inclusion Manifesto and Pledge, brand awareness, improved standardised recruitment practices, unconscious bias training and targeted recruitment strategies.

We are pleased to have achieved a reduction in our mean gender pay gap from 5.48% in 2020 to 1.62% in 2021. Our median gender pay gap has also reduced since last year. The majority of our employees undertake the same role, and are therefore on the same pay rate, regardless of whether they are male or female.

Ethnicity pay gap

Throughout 2021, we continued to collect and record ethnicity data for our workforce, and we are pleased to see that our colleagues feel increasingly comfortable with sharing this information with us.

For the first time, we have chosen to report on our ethnicity pay gap. Our mean ethnicity pay gap as of April 2021 is 16% and our median ethnicity pay gap is 0%.

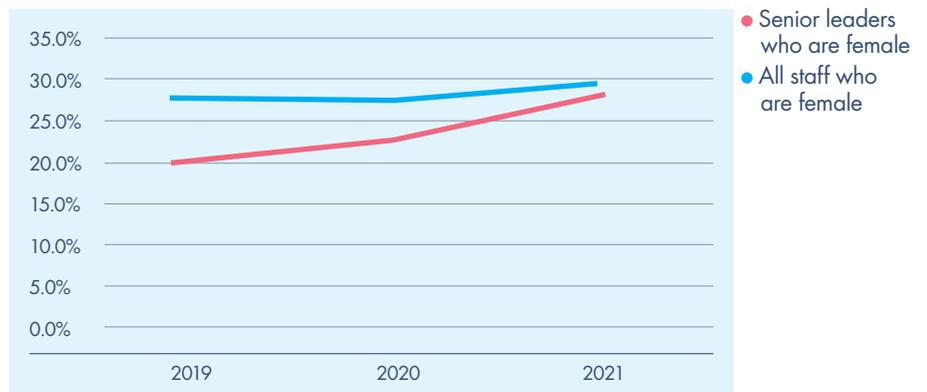
We recognise we have to make progress in addressing this gap and during 2022 we will focus on actions to reduce this.

Our full ethnicity and gender pay gap reports provide further detail on our figures and the actions we are taking to address this and are available on our website www.tggplc.com.

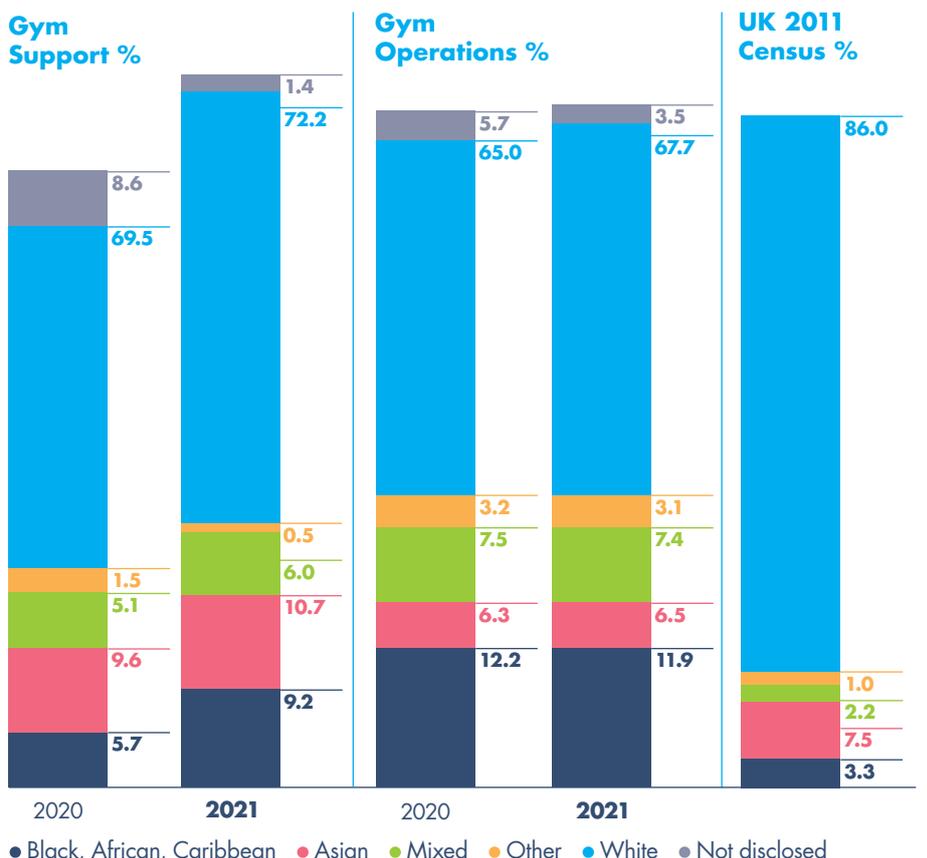
Performance against our 2021 EDI Pledge

| | 2021 target % | 2021 actual % |
|---|---------------|---------------|
| Senior leaders from UK ethnic minority groups | 15 | 16.1 |
| Senior leaders who are female | 25 | 27.4 |
| Members from our operations team who are from UK ethnic minority groups | 30 | 29 |
| Members from our operations team who are female | 30 | 28.4 |

Addressing gender balance



Capturing ethnicity data



RESPONSIBILITY TO THE ENVIRONMENT



Purchasing

100%
renewable energy

95%
of waste diverted
from landfill

Carbon neutral since

2021



Our responsibility to the environment is a significant way in which we align and contribute to the sustainable development goals.

Our approach

Climate change is the most pressing challenge of our time, and beyond the potential financial impact this could have on our business in the longer-term, it threatens our ability to provide accessible fitness for all. 2021 saw COP26 conclude with nearly 200 countries signing the Glasgow Climate Pact, which renews their commitment to meet the Paris Agreement and limit global warming to 1.5°C through collective action. We recognise the importance of this commitment and the individual responsibility of each and every one of us to achieve this goal. The Gym Group is committed to championing environmental action and welcomes the UK's net zero Strategy and Ten Point Plan for a Green Industrial Revolution.

We will take a proactive, strategic approach to reducing our environmental impacts by leading the way within the health and fitness sector. We continue to reduce our carbon emissions and environmental impact and are investing in the energy-efficient design of our new sites, as well as investing in our existing estate with schemes such as extending the use of air source heat pumps for hot water generation. We are also working to reduce waste from our operations and improve the operational efficiencies of our gyms, however, we continue to face the challenge of increased cleaning regimes due to COVID-19.

Our responsibility to the environment is a significant way in which we align and contribute to the Sustainable Development Goals. 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 address our carbon risk aligns with SDG 13 – Taking Urgent Action to Combat Climate Change.

Climate and carbon

The world is facing a critical moment in tackling climate change. As a multi-site operator with over 200 gyms across the UK, we have an obligation to our stakeholders to minimise the impact of our operations. Our most significant carbon impact comes from the energy we use in our gyms.

We are proud to have procured 100% renewable energy since October 2019 for all of our sites where we directly 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'¹). In 2021, the renewable fuel mix of our power supplier is certified by EcoAct. We acknowledge that we are on a journey towards net-zero and are committed to taking action to reduce our emissions whilst understanding and managing the risks posed by climate change.

Our carbon emissions through electrical power consumption will reduce with the decarbonisation of the National Grid and natural gas will eventually become our principal source of direct carbon emission. We now have 13 sites operating successfully without gas for water heating and are continuing to roll out electric heat pumps to obviate the requirement for gas.

We understand that as our business grows in terms of the number of sites and members, our emissions will also grow. This will require a comprehensive approach towards maintaining progress to meet our net-zero target.

Committed to achieving

NET-ZERO

carbon by 2035

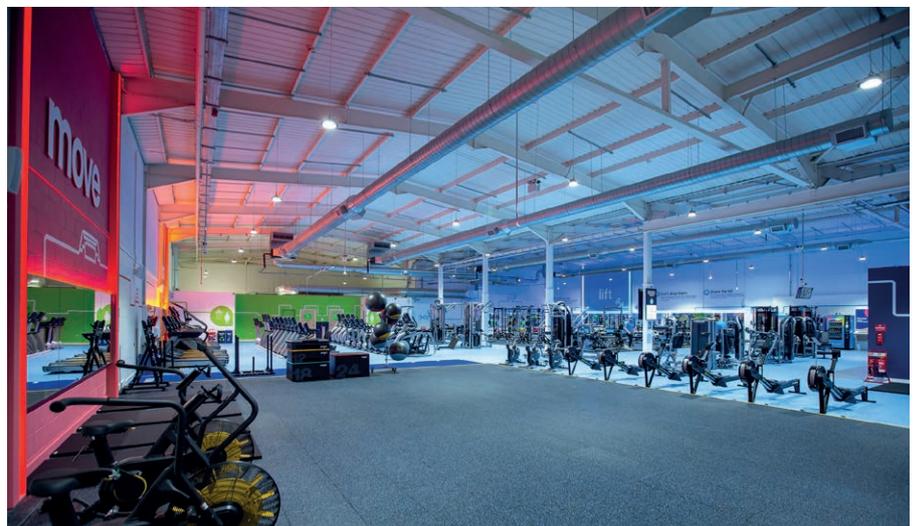
50%

reduction in emissions by 2030¹



SCIENCE
BASED
TARGETS

BUSINESS
AMBITION FOR **1.5°C**



¹ Compared to 2019 on a like-for-like basis of operating estate.

STRATEGIC REPORT

SUSTAINABILITY REPORT CONTINUED

We commissioned site-level energy audits at five sample sites in 2021 to identify potential energy reduction initiatives that might be applied across the estate. The uniformity of our estate enables opportunities to be realised in multiple locations when identified in a typical sample. There were no new issues identified and we continue with our programme of upgrading and networking building control systems as the main driver for energy reduction. Our strategy of delivering energy efficiency by exemplary design and high-quality maintenance of services remains in place. 95% of our gyms now have full LED lighting with the remaining ten sites programmed for conversion in 2022.

We have now submitted our net-zero commitment to the Science Based Target initiative ('SBTi'), joined the Business Ambition for 1.5°C and the UN Race to Zero. In line with SBTi requirements we are developing our pathway with a near-term target of 50% reduction in baseline emissions before 2030¹, and a long-term target of net-zero by 2035.

We have also chosen to offset emissions on our journey to net-zero and have become the UK's first carbon neutral gym chain. Our carbon offset projects are carefully chosen and certified by internationally recognised bodies:



The UK's first carbon neutral gym chain

¹ Compared to 2019 on a like-for-like basis of operating estate.

Offsetting project

Location

Certification

Community reforestation, Ghana:

Ghana

Verified Carbon Standard

The project is restoring degraded forest reserves in Ghana with teak, indigenous trees and natural forest in riparian buffer zones, following the principles and criteria of the Forest Stewardship Council ('FSC'). The areas have been degraded due to overexploitation, bush fires and conversion to agriculture. The project works closely with local farmers, some of whom are employed by the project and others are able to grow crops, via intercropping, within the reforested area, benefitting from the improved soil conditions.



Efficient cookstoves; creating jobs and transforming lives

Ghana

Gold Standard

In Ghana, more than 80% of the population use solid fuels for cooking. The project introduces a more efficient cookstove which cooks food more quickly and requires 46% less fuel and is less smoky - cutting carbon emissions and reducing exposure to toxic fumes. Cutting fuel requirements saves families as much as \$100 annually, at the same time protecting Ghana's forests.

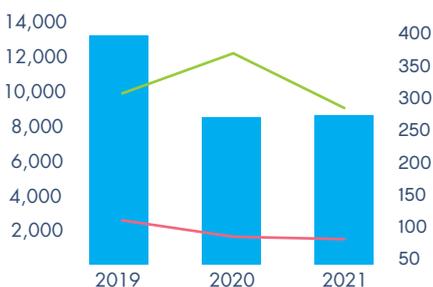


Carbon emissions

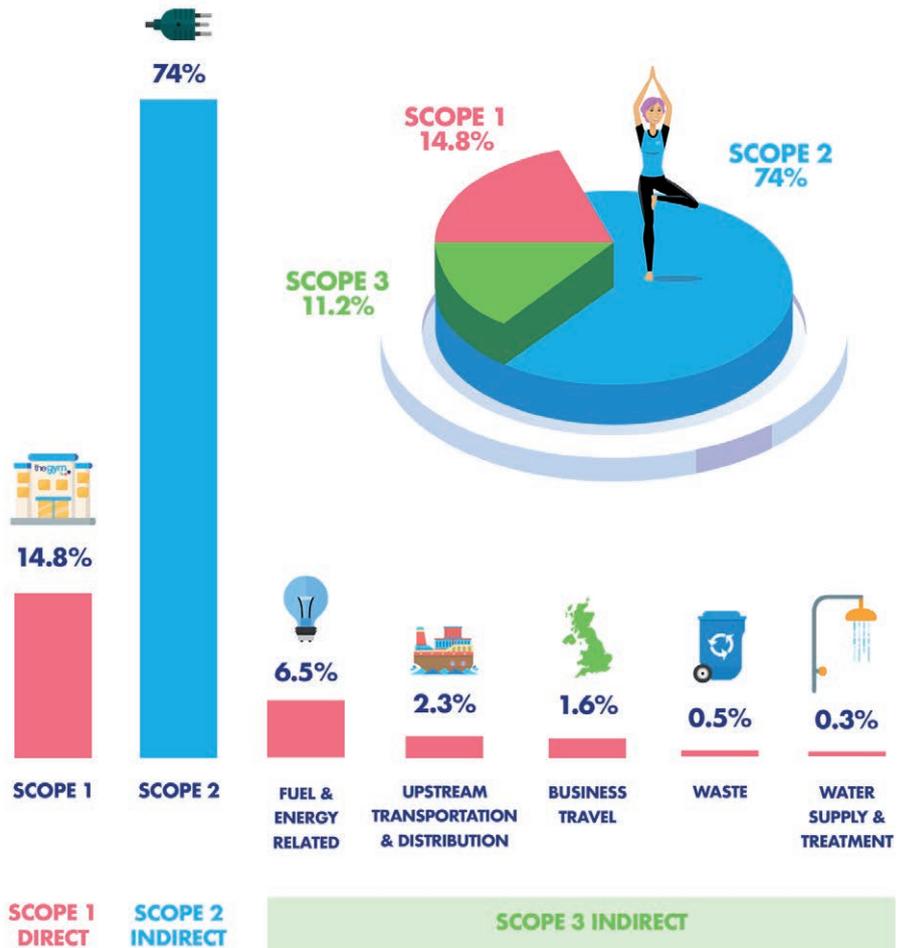
Carbon emissions for the year ending on 31 December 2021 have been measured as required under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013. In 2021, we further developed our carbon auditing process to understand our Scope 1, 2 and 3 emissions and set our ambitious target to achieve net zero carbon emissions by 2035. The main activity which creates carbon emissions for The Gym Group is the purchase and use of gas and electricity to power our gyms. We have also re-stated our Scope 3 emissions for 2019 and 2020 to increase the boundary in line with 2021 data to include emissions from water use, business travel, waste and upstream transportation. We have used the Greenhouse Gas ('GHG') Protocol Corporate Accounting and Reporting Standards (revised edition 2015) and data gathered to fulfil the requirements under the Carbon Reduction Commitment Energy Efficiency scheme to calculate the disclosures.

Due to the closure periods as a result of the restrictions from the COVID-19 pandemic, our overall energy consumption and subsequent emissions appear lower than previous years. However, to ensure fair and balanced reporting we have included comparative carbon intensity metrics of tCO₂e per trading gym and, tCO₂e per million-member visits.

Total Emissions and Intensity Metrics



- Total emissions
- Intensity metric tCO₂e per million member visit
- Intensity metric¹ tCO₂e per gym



| Total emissions (tCO ₂ e) | 2019 | 2020 | 2021 |
|--|-------------------------|--------------|--------------|
| Direct Emissions from Operation (Scope 1) | 2,035 | 1,602 | 1,282 |
| Purchased Electricity and Heat (Scope 2) | 9,544 | 5,895 | 6,420 |
| Indirect Emissions in Value Chain (Scope 3) | 1,629 | 1,088 | 978 |
| Total Emissions (tCO₂e) | 13,208 | 8,585 | 8,680 |
| | % Change from base year | -35% | -34% |
| Intensity Metric ¹ (tCO ₂ e per gym) | 74 | 47 | 43 |
| | % Change from base year | -37% | -42% |
| Intensity Metric (tCO ₂ e per million member visit) | 283 | 349 | 259 |
| | % Change from base year | 23% | -9% |

| Total consumption (kwh) | 2019 | 2020 | 2021 |
|-------------------------|-------------------|-------------------|-------------------|
| Scope 1 (Gas) | 11,071,196 | 8,710,907 | 6,999,558 |
| Scope 2 (Electricity) | 34,409,373 | 25,272,315 | 30,216,391 |
| Scope 2 (Heat) | 10,907 | 18,405 | 22,450 |
| Total (kWh) | 45,491,477 | 34,001,627 | 37,238,399 |

STRATEGIC REPORT

SUSTAINABILITY REPORT CONTINUED

Waste

In 2021, we reduced our waste to landfill from 10% in 2020 to 5% in 2021.

Due to a mixture of increased trading days in 2021 compared to 2020 and new gym openings, waste collection increased by 105%. This presents an area for environmental performance improvement and we will continue to drive down waste consumption.

'Blue roll' is still the major contributor to the increased volumes as we continue to ensure the highest cleaning and hygiene standards are maintained in our gyms at all times. We are exploring how we can reduce the use of blue roll through new dispensers and the quantity of dispensers in each gym, but only as and when it is safe to do so. Blue roll is considered a recyclable product but is not recyclable when sprays are added to it. This has resulted in a larger volume of waste categorised as general waste with the subsequent material being diverted to waste-to-energy.

Landfill diversion 2020

No. of Gyms serviced

128

Percentage increase

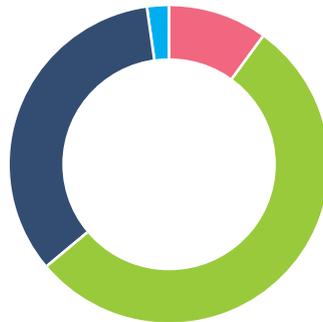
N/A

Percentage of estate

70%

Total tonnage collected

443



- Landfill **10%**
- Recycled **54%**
- Waste-to-energy **34%**
- Anaerobic digestion **2%**

Average Tonnes per gym

3.5

Landfill diversion 2021

No. of Gyms serviced

157

Percentage increase (vs 2020)

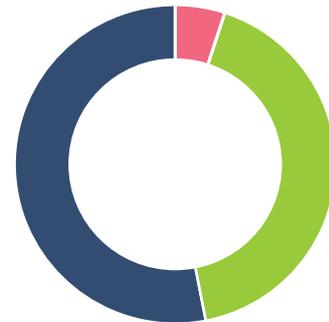
23%

Percentage of estate

77%

Total tonnage collected

942



- Landfill **5%**
- Recycled **42%**
- Waste-to-energy **53%**
- Anaerobic digestion **0%**

Average Tonnes per gym

6.0

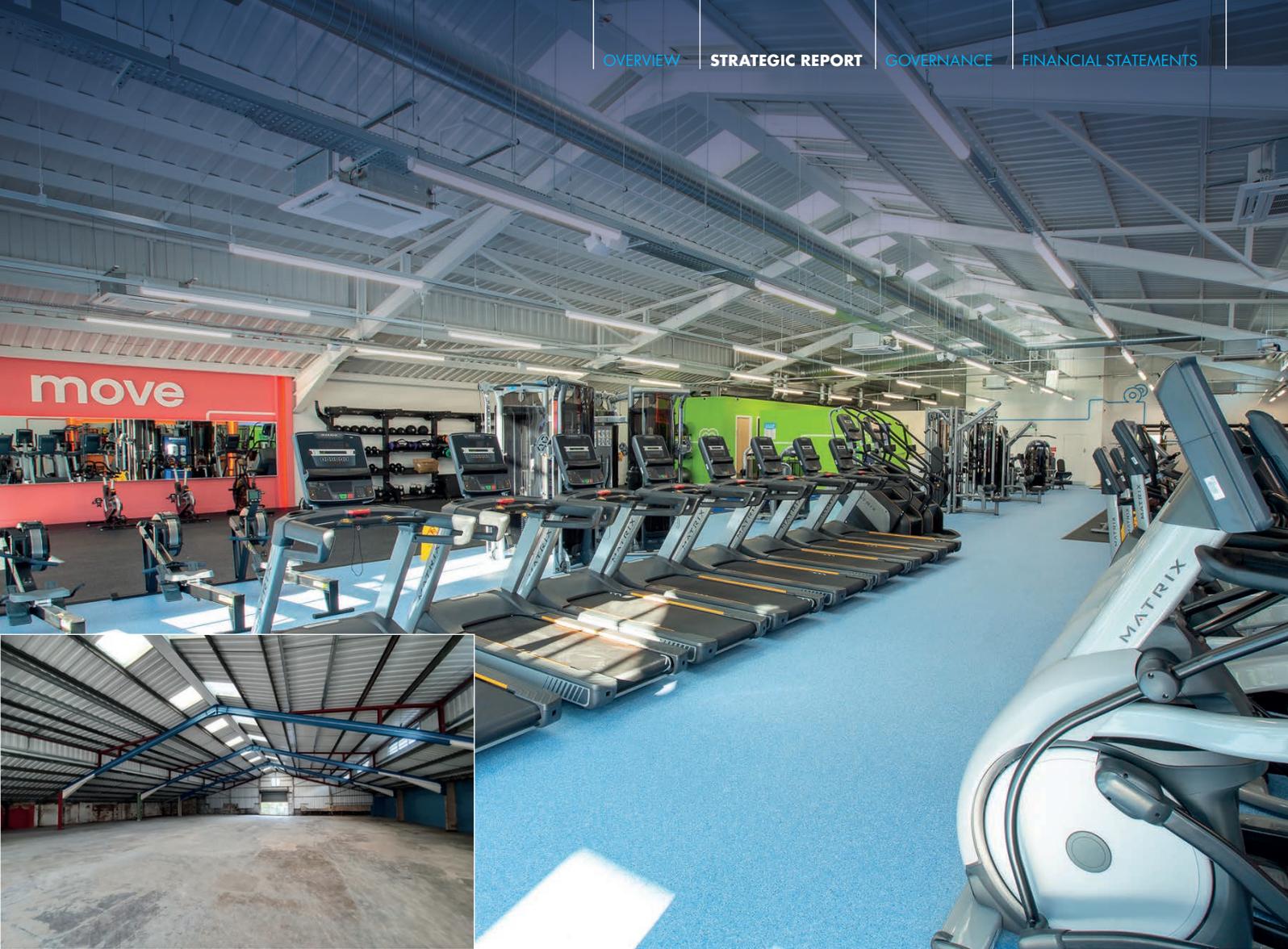
Water

The use of water at our sites is typically confined to 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 acquired gyms. The facilities were closed due to COVID-19 pandemic restrictions and have been fully decommissioned except at one location. We do not operate swimming pools or other similar 'wet' facilities.

During 2021, we carried out site water auditing across all gyms to provide insight into how water is used across the estate, to identify wastage, and to initiate a monitoring and targeting programme. Whilst our data of historical water consumption does not present a holistic yearly picture for reporting, we now have systems in place to collect water data and we will report on water consumption moving forward. This will allow us to better monitor and manage our water consumption and therefore reduce the environmental impact from our resources.





CASE STUDY

LOW CARBON GYM EXPANSION

Newton Abbot Gym

Newton Abbot is a small market town located between the edge of Dartmoor and Torquay, with a population of just 27,000 people. Previously, this would not be a typical location for a low cost gym operation; however, development in our smaller format model and improvements in operational efficiency enabled us to open a new 8,500sq.ft gym in the town in 2021.

The property identified had been unoccupied for several years, was in poor condition and had a varied history, being used for car sales and more recently by a carpet and flooring distributor.

When we took on the building it was in a poor state of repair, with roof leaks, damp and some structural issues. We were able to significantly invest into the building fabric to

bring it up to modern standards, transforming a long-unloved dilapidated building. The works included the removal of asbestos, overhauling and insulating roofs, repairing a failed wall bounding a river and resurfacing the car park, to name a few of the enabling works.

Once the building fabric was brought up to standard, we then applied our 'best-in-class' mechanical and electrical systems, including high efficiency air-conditioning and ventilation systems, with smart control systems to best manage the flow of fresh air and the internal temperature.

Being able to reuse, reduce and recycle is key to our approach:

- We reuse the condensate water from our A/C systems to flush toilets;

- We reduce our energy consumption by using high efficiency LEDs for lighting;
- We use heat created from cooling and recycle it to heat water for showers

In addition to the repurposing and regeneration of the building, this site has created a facility that the community did not previously have access to. An affordable, accessible and high quality gym environment that didn't exist in the locality before, breaking down barriers to fitness for many in the town.

It is estimated that member participation at the gym will create between £1.5 million and £2.0 million of social value directly into the community each year.

STRATEGIC REPORT

SUSTAINABILITY REPORT CONTINUED

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

At The Gym Group, we are committed to tackling both the immediate and long-term impacts of climate change on our business and the people we serve.

We are responding by embracing the Task Force on Climate-Related Financial Disclosures ('TCFD') and developing our disclosures in line with the Task Force's recommendations across four thematic areas: governance, strategy, risk management, and metrics and targets.

The recommendations support the identification and assessment of our climate-related risks and opportunities; informing how we respond to the physical risks of climate change and the transition risks associated with the UK progressing to a low-carbon economy. These recommendations will also aid our strategy to achieve our target of net-zero carbon by 2035 with an aim of a 50% reduction in emissions by 2030¹, from a 2019 baseline. This is our first year reporting against the TCFD disclosures and recommendations, and we will continue to refine and develop our approach as we progress our understanding of our climate-related financial risks and opportunities to meet the recommendations in full.



We are proud to have procured 100% renewable energy since October 2019 for all of our sites where we directly control the purchase of energy. In doing so, we are directly contributing to SDG target 7.2.

TCFD governance

The Gym Group Board and Executive Committee are fully committed to identifying and addressing the immediate and longer-term risks that climate change poses to our business. In 2021, we strengthened our approach to the governance of climate-related risks and opportunities through the establishment of a new Sustainability Committee ('Committee'), chaired by Non-Executive Director Wais Shaifta, reporting directly to the Board. Climate-related risks and opportunities will be a standing agenda item for the Committee, and through the Committee, regular Board level governance of climate-related issues is provided. To further bolster our climate change governance, our Chief Development and Sustainability Officer, David Melhuish, has taken on responsibility for sustainability and now leads the management and oversight of the Group's response to carbon.

Through the Committee and our focused ESG workstream we will incorporate financial impact assessments of the risks and opportunities identified.

TCFD strategy

We position the environment as a key stakeholder alongside shareholders, employees, members, suppliers, communities, and lending banks. As a business, we have pledged to become net-zero by 2035 and submitted our net-zero strategy to SBTi. Responding to the risks and opportunities from climate change and the transition to a low carbon economy is therefore a clear priority. Our process to managing climate risks is embedded within 'Responsibility to the Environment', a core pillar of our strategic approach to sustainability. We are working collaboratively with our key stakeholders to both enhance the resilience of our business against climate-related risks and maximise the opportunities that arise with a transition to net-zero.

TCFD risk management

Our risk management process has been developed in line with our TCFD Scenario Analysis Report, ensuring our processes are informed by robust climate science. This allows us to credibly identify, evaluate and mitigate risks to the business. In line with TCFD disclosure recommendations, we have identified and assessed our climate-related financial risks against two recognised climate scenarios, known as representative concentration pathways ('RCP's'), RCP 4.5 and RCP 8.5: a 2°C scenario and a 4°C scenario. We have selected two scenarios, as defined by the Intergovernmental Panel on Climate Change ('IPCC'), to present a sharp contrast between potential futures and allow for a comprehensive assessment of risks and opportunities.

Climate scenario

Definition

| | |
|----------------|---|
| RCP 4.5 | The 2°C climate scenario, represented by RCP 4.5, describes a pathway of moderate to high emission mitigation, reflecting a transition to a lower carbon economy. |
| RCP 8.5 | The 4°C climate scenario, represented by RCP 8.5, describes a pathway where greenhouse gas emissions continue to grow unmitigated. |

We assess climate-related risks through our TCFD Risk Register, and communicate the findings to our Management team, Executive Committee, and the Board. The Risk Register facilitates a robust assessment of the current and future business impact of climate-related physical and transition risks and opportunities, identified through our climate scenario analysis, over short (2030), medium (2050), and long-term (2080) timeframes. This allows the business to identify and prioritise the most significant risks and inform our planning for current and future risk mitigation. Risks and opportunities are reviewed regularly in line with evolving policy, forthcoming legislation, and the latest climate science.

¹ Compared to 2019 on a like-for-like basis of operating estate.

Metrics and targets

As a business, we are committed to significantly reducing our carbon emissions. We measure, monitor and disclose the annual greenhouse gas emissions intensity metrics per gym and per million member visits to measure and

accelerate our progress on our target to be net-zero by 2035. Refer to the 'climate and carbon' sub-section of the 'Responsibility to the Environment' section on pages 42 to 47 for further information on our disclosure of climate-related metrics and targets.

The table below provides references to the Annual Report and Accounts 2021 sections containing the relevant information on the internal processes in place to address each of the 11 TCFD recommended disclosures.

| Disclosure recommendation | Section reference | Page |
|--|--|-------------|
| Governance | | |
| a) Describe the Board's oversight of climate-related risks and opportunities | Sustainability Report – Responsibility to the Environment – Taskforce on Climate-related financial disclosures ('TCFD governance') | Page 48 |
| | Strategic Report – Sustainability Governance | Page 29 |
| | Governance – Report of the Sustainability Committee | Page 85 |
| b) Describe management's role in assessing and managing climate-related risks and opportunities | Sustainability Report – Responsibility to the Environment – Taskforce on Climate-related financial disclosures | Page 48 |
| | Governance – Report of the Sustainability Committee | Page 85 |
| Strategy | | |
| a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term | Sustainability Report – Responsibility to the Environment – Taskforce on Climate-related financial disclosures | Page 48 |
| b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning | Sustainability Report – Responsibility to the Environment – Taskforce on Climate-related financial disclosures | Page 48 |
| | Strategic Report – Strategy in Action | Page 19 |
| c) Describe the resilience of the organisation's strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario | Sustainability Report – Responsibility to the Environment – Taskforce on Climate-related financial disclosures | Page 48 |
| Risk | | |
| a) Describe the organisation's processes for identifying and assessing climate-related risks | Sustainability Report – Responsibility to the Environment – Taskforce on Climate-related financial disclosures | Page 48 |
| | Strategic Report - Principal Risks and Uncertainties | Pages 62-68 |
| b) Describe the organisation's processes for managing climate-related risks | Sustainability Report – Responsibility to the Environment – Taskforce on Climate-related financial disclosures | Page 48 |
| | Strategic Report – Principal Risks and Uncertainties | Pages 62-68 |
| c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management | Sustainability Report – Responsibility to the Environment – Taskforce on Climate-related financial disclosures | Page 48 |
| | Strategic Report – Principal Risks and Uncertainties | Pages 62-68 |
| Metrics | | |
| a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities | Sustainability Report – Responsibility to the Environment – Climate and carbon | Pages 43-45 |
| b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks | Sustainability Report – Responsibility to the Environment – Climate and carbon: Carbon emissions | Page 45 |
| c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets | Sustainability Report – Responsibility to the Environment – Climate and carbon | Pages 43-45 |

