

anti-fraud policy

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1. INTRODUCTION AND PURPOSE

The Gym Group plc and its subsidiaries ("The Gym Group", "TGG", "Group", "us" or "we") take a zero-tolerance approach to fraud and are committed to its prevention, deterrence and detection. This document sets out our policy against fraud (the "Policy").

Fraud in any form is prohibited whether direct or indirect through third parties and is a criminal offence punishable by imprisonment and/or a fine. We will uphold all laws relevant to countering fraud in all the jurisdictions in which we operate. The purpose of this Policy is to:

1. set out our standards and responsibilities, and of those working for and on our behalf, in observing and upholding our position on fraud;
2. provide information and guidance to those working for and on our behalf, on how to recognise and avoid becoming victims of fraud or violating any applicable fraud laws; and
3. set out the procedures required to ensure compliance with this Policy.

This Policy also contains information and guidance on the offence of failure to prevent fraud (the "FTPF Offence"), created by sections 199-206 of the UK's Economic Crime and Corporate Transparency Act 2023 ("ECCTA"). As a result of the FTPF Offence, The Gym Group may be held criminally liable where a specified fraud offence is committed by an officer, employee or other associated person (as defined in Section 4 of this Policy) for its benefit, unless able to demonstrate that there were reasonable fraud prevention procedures in place at the time the offence took place. Please see Appendix 1 for further details on the FTPF Offence.

This Policy should be read in conjunction with the Group's other policies and procedures including those on anti-bribery and anti-corruption, whistleblowing and our Employee and Supplier Codes of Conduct.

2. WHO MUST COMPLY WITH THIS POLICY?

This Policy applies to all persons working for us or on our behalf in any capacity, including permanent and temporary employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third party representatives and business partners, sponsors, or any other person associated with us, wherever located.

3. WHO IS RESPONSIBLE FOR THIS POLICY?

The Board of Directors of The Gym Group plc (the "Board") has overall responsibility for the effective operation of this Policy and has delegated this responsibility to its Audit and Risk Committee (the "Committee"). Any questions related to this Policy should be referred to the Finance Director in the first instance. Our Finance team has day-to-day responsibility for the management of fraud-related risks.

Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this Policy. We are all responsible for ensuring we understand and comply with this and the Group Whistleblowing Policies to disclose any suspected wrongdoing. This Policy does not form part of any employee's contract of employment and may be amended at any time.

4. DEFINITIONS

An **associated person** is an officer, employee, agent or other person providing services for or on behalf of the Group. For example, a consultant who is contracted by the Group to provide services to our customers may be considered an associated person (while they are providing these services).

Fraud is the intentional deception of a person to secure unfair or unlawful gain, or to deprive a victim of a legal right, often by misrepresentation, abuse of power, and/or concealment of facts. For the purposes of the FTF Offence, only certain types of fraud are relevant (see Section 6 of this Policy for more information).

A **legal person** is an entity or organisation that is recognised by law as having rights and obligations. The Gym Group is a legal person. This is distinct from a natural person or individual such as an employee of The Gym Group.

5. WHAT IS NOT ACCEPTABLE?

It is not acceptable for an employee or other associated person (or someone acting on their behalf) to:

- commit, or attempt to commit, fraud as part of their activities for our business or with our business partners, customers, subsidiaries or any other associated persons;
- threaten or retaliate against another individual who has refused to commit a fraud offence or who has raised concerns under this Policy; or
- engage in any other activity that might lead to a breach of this Policy.

6. RELEVANT OFFENCES RELATING TO FTF

Individuals, such as those working for or on our behalf, will typically be liable for their own fraudulent acts. As a legal person, The Gym Group, may also be held liable for the actions of associated persons under the UK's FTF Offence (see Section 4 of this Policy for definitions of fraud, legal person and associated persons).

The FTF Offence applies where an associated person commits one of the relevant offences outlined in Appendix 2 of this Policy, resulting in a benefit to the Group (whether directly or indirectly) or our clients. However, the FTF Offence also has extra-territorial effect. This means that the Group can still be liable where the fraud takes place outside of the UK, by a non-UK employee, where it targets victims in the UK.

The intended fraudulent gain or loss may be financial or non-financial. For example, a fraud intended to confer an unfair business advantage might be an offence. Equally, a fraud that disadvantaged one of our competitors might also be an offence.

Our only defence is to be able to demonstrate that "reasonable procedures" are in place to prevent, deter and detect fraud being committed by associated persons.

7. RISK AREAS AND RED FLAGS

Risk areas

We have conducted a thorough fraud risk assessment of all aspects of our business and operations and have identified the following areas as vulnerable to allegations of fraud:

- Staff awareness, recruitment and training
- Procurement, supplier onboarding and competitive tenders
- Financial and other external reporting
- Dealings with associated persons

This list is not exhaustive and we must remain mindful of our position on fraud, as set out in Section 1 of this Policy, in all of our conduct and dealings on behalf of The Gym Group. A fraud risk assessment will be conducted periodically and this section of the Policy will be updated based on the results of those assessments.

Red flags

In our dealings with associated persons (and our wider business dealings), the following non-exhaustive list of red flags should put us on notice of possible fraud risks and be reported as set out in Section 8 of this Policy:

- dealings in jurisdictions with a history of fraud or higher-risk of financial crime;
- poor or non-existent anti-fraud or wider financial crime policies and procedures or a reluctance to co-operate with our onboarding process;
- poor or non-existent records of monitoring compliance with its own financial crime procedures;
- extensive use of third party agents and intermediaries, particularly in jurisdictions with a history of financial crime risk;
- odd payments or unexplained accounts in financial records (if available for review);
- market rumours or allegations of inappropriate practices;
- false or misleading documentation; and
- adverse press comment on business dealings.

8. RAISING CONCERNS

Officers, employees and other associated persons are strongly encouraged to raise questions or concerns at the earliest possible stage with their line manager or using our whistleblowing platform as set out in the Group Whistleblowing Policy. See link to the platform [here](#).

The Group will actively investigate all breaches or suspected breaches of this Policy and, if appropriate, invoke disciplinary measures against anyone found to be involved in fraud and take prompt action to remedy the breach and prevent any recurrence. In appropriate circumstances, the Group may also invoke contractual sanctions against, or terminate a relationship with, any associated persons or other third party who is found to have committed fraud-related offences.

9. PROTECTION

Employees and other associated persons who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The Group aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if

they turn out to be mistaken. Please refer to Section 8 of this Policy for details on how to raise a concern.

10. TRAINING AND COMMUNICATION

Training on this Policy forms part of the induction process for all new employees. All existing employees will receive annual refresher training.

Our zero-tolerance approach to fraud must be communicated to all suppliers, contractors, business partners and other associated persons at the outset of our business relationship with them and as appropriate thereafter.

11. MONITORING AND REVIEW

The Group will keep records of, and regularly monitor, compliance with the procedures required by this Policy. We will also keep records of any suspicious payments that have been identified.

The Group will periodically review the implementation of this Policy in respect of its suitability, adequacy and effectiveness and is committed to making improvements as appropriate. Officers, employees and other associated persons who are obliged to comply with this Policy will be notified of any resultant changes. Any amendments to the Policy must be approved by the Committee.

APPENDIX 1 – BACKGROUND TO THE FTPF OFFENCE

1. Relevant offences

The FTPF Offence applies in relation to a number of specific fraud offences, as listed in Schedule 13 of the ECCTA. However, all individuals who are subject to this Policy should assume that any form of fraud may result in an offence being committed (either on a corporate or individual basis). For completeness, please see Appendix 2 for a list of all the specified fraud offences, along with a description of how these offences can be committed.

2. Liability

For the Group to potentially be liable for an act of fraud, the Group, or someone it provides services to, must be the 'intended beneficiary'. However, the Group does not need to actually receive any benefit from the offence for it to apply. This is because under the FTPF Offence, the intention to benefit the Group does not have to be the sole or dominant motivation for the fraud – e.g. the person committing the fraud might mostly want to benefit themselves.

- For example, an employee may make false and misleading representations on a regulatory application to increase the likelihood of its success and in turn help them achieve any bonus or other performance recognition.
- However, in doing so, they may also indirectly increase the Group's share price. Even though this is not the fraudster's primary motivation, the intention to benefit the Group could potentially be inferred in this case. As a result, the Group may be prosecuted for a FTPF Offence.

3. Enforcement

If convicted of the FTPF Offence, the Group may be liable for an unlimited fine and may suffer major reputational damage and potentially loss of business as a result. The individuals involved may also be subject to separate prosecution.

However, there is a defence to the FTPF Offence where we can demonstrate that we had 'reasonable procedures' in place to prevent fraud, at the time the FTPF Offence was committed. The Group's 'reasonable procedures' include, but are not limited to, this Policy.

APPENDIX 2 - FTPF OFFENCES

1. Offence list for England and Wales

- Fraud offences under section 1 of the Fraud Act 2006 including:
 - Fraud by false representation (section 2 Fraud Act 2006)
 - Fraud by failing to disclose information (section 3 Fraud Act 2006)
 - Fraud by abuse of position (section 4 Fraud Act 2006)
- Participation in a fraudulent business (section 9, Fraud Act 2006)
- Obtaining services dishonestly (section 11 Fraud Act 2006)
- Cheating public revenue (common law)
- False accounting (section 17 Theft Act 1968)
- False statements by company directors (Section 19, Theft Act 1968).
- Fraudulent trading (section 993 Companies Act 2006)

2. Offence list for Scotland

The offence of fraudulent trading under section 993 of the Companies Act 2006 extends to Scotland. The remaining offences in the list above are not codified under Scots law; instead, they are set out in the common law offences of:

- Fraud
- Uttering
- Embezzlement
- Cheating the public revenue

3. Aiding, abetting, counselling, or procuring the commission of any of the listed offences would also qualify as a relevant offence.

4. As an organisation, we can be prosecuted if the relevant associated person's conduct constitutes an offence, even if the associated person is prosecuted for an alternative offence or is not prosecuted at all.