



Step5 Carbon Reduction Plan



Document Revision History

Document Status: Published

Change Request# (Optional)	Document Version	Approval Date	Prepared / Modified by	Reviewed by	Approved by	Section, Page(s) and Text Revised
	1.0	May 24	Greenly		Hannah Paterson	Original version based on 2023 data
	2.0	May 25	Hannah Paterson	Paul Robinson/ Henry Yorke	Hannah Paterson	Revised and reformatted after a review of the 2024 data from RMS
	2.1	Sept 25	Alex Robinson	Hannah Paterson	Hannah Paterson	Section 3 updated to include rationale for excluded Scope 3 categories. Notes added in Sections 4, 5, and 11 to reference these explanations.

Contents

- Document Revision History 2
- 1. Company Overview 3
- 2. Introduction and Objectives..... 3
- 3. Scope of Emissions Assessment 5
- 4. Baseline Emissions Footprint 7
- 5. Current Emissions Reporting (2024)..... 8
- 6. Emissions Reporting Trend Analysis..... 9
- 7. Carbon Reduction Measures..... 10
- 8. Emissions Reduction Targets11
- 9. Carbon Reduction projects 12
- 10. Governance.....13
- 11. Declaration and Sign Off 14

1. Company Overview

Step5, a subsidiary of the TXM Group, is a global consultancy specialising in organisational transformation. We are the change agent that drives your transformation - from preparation through to delivery we optimise our client's organisation allowing them to realise their ambitions.

Our customer-centric approach is powered by our expert teams of problem solvers, working collaboratively with clients to make data-driven decisions that deliver certainty of outcome.

We meet our clients wherever they are on their transformation journey – and we stick around to get the job done.

2. Introduction and Objectives

Step5 is committed to achieving Net Zero emissions by 2045. This Carbon Reduction Plan has been created and implemented in alignment with the UK government's Carbon Reduction Plan requirements, reflecting our dedication to sustainability and environmental responsibility.

We first published this Carbon Reduction Plan in May 2024, using our 2023 data (January 2023 to December 2023), aligning to our financial year. This plan will be refreshed annually.

As a small to medium-sized Subject Matter Expert (SME) consultancy with a fully remote workforce, we have structured our objectives to align with our operational model and the broader sustainability goals of our sector:

- **Compliance:** We aim to fully meet the UK government's guidelines for carbon reduction (PPN06/21), ensuring our practices remain transparent, measurable, and effective in reducing emissions.
- **Net Zero Commitment:** In line with national and global efforts, we are committed to achieving Net Zero emissions by 2045 and be fully compliant with the Climate Change Act 2008. Our approach involves reducing emissions across all areas of operation and embracing sustainable innovations.
- **Sustainability Leadership:** By adopting and championing best practices in carbon reduction, Step5 seeks to position itself as a leader in sustainable practices within our sector.
- **Completeness:** Account for and report on all GHG emission sources and activities within the chosen inventory boundary, with disclosure and justification for any specific exclusion. Disclosures are complete if it includes all information that is necessary for an understanding of

the matter that it purports to represent and does not leave out details that could cause information to be false or misleading to users.

- **Transparency:** Address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.
- **Accuracy:** Ensure accurate and up-to-date records through the development and introduction of procedures to form a reporting framework aligned to the GHG Protocol. The quantification of GHG emissions shall systematically neither over nor under actual GHG emissions, as far as can be judged, and uncertainties shall be reduced as far as practicable.

This plan underscores our commitment to environmental stewardship and our proactive role in addressing the challenges of climate change.

3. Scope of Emissions Assessment

The scope of this assessment includes all direct (scope 1) and indirect upstream and downstream (Scopes 2 and 3) GHG emissions and removals as defined within ISO14064-1 and PPN 06/21.

For the purposes of this reporting period the following table provides an overview of the subject areas included.

Direct and indirect GHG emissions categorisation Summary (From ISO14064-1 Annex B)	Emissions Scope
Direct GHG emissions and removals	1
Direct emissions in tonnes of Co2 from biomass	1
Indirect GHG emissions from imported energy	2
Indirect GHG emissions from transportation	3
Indirect GHG emissions from products used by an organization	3
Indirect GHG emissions from services used by organization	3
Examples of subcategorization and identification of associated sources and sinks	3
Indirect GHG emissions associated with the use of products from the organization	3
Indirect GHG emissions from other sources	3

Following the independent reviews Scope 1 and Scope 2 are out of scope for Step5, this will be reviewed annually:

Scope 1 (Direct GHG Emissions): Step5 do not have any assets to produce emissions and No Biomass is used.

Scope 2 (Indirect GHG emissions and removals): Step5 do not have any assets to produce emissions

Scope 3 (Indirect GHG Emissions via Value Chain) has been included and the results reflect Step5 as a remote working organisation. Although remote working reduces emissions from office space and commuting, it generates emissions primarily from:

- Energy consumption: Employee home energy use for work purposes.

- IT infrastructure: Cloud computing, servers, and personal devices.
- Procurement: Purchased goods and services.
- Business travel: Occasional in-person client meetings or events.

Scope 3 Category Exclusions and Rationale

Step5 has considered all 15 Scope 3 categories as defined in the GHG Protocol Corporate Value Chain (Scope 3) Standard. Where categories are reported as “0,” this reflects their immateriality or non-applicability to our business model. The following rationale explains these exclusions:

- **Category 2 – Capital Goods:** Step5 is a consultancy and does not purchase or manufacture significant volumes of capital goods beyond IT equipment. Emissions from this category are immaterial.
- **Category 3 – Fuel and Energy-related Activities:** Our energy consumption is captured under Scope 2 reporting. Upstream fuel and energy activities are not material given our operational model.
- **Category 4 – Upstream Transportation and Distribution:** Step5 does not procure or distribute physical goods in significant volumes. This category is not relevant to our consultancy services.
- **Category 5 – Waste Generated in Operations:** Waste from our activities is minimal and managed by landlords of serviced office spaces. While currently immaterial, we will work with suppliers to collect data where possible.
- **Category 8 – Upstream Leased Assets:** Step5 does not hold significant leased assets outside of office space, which is already captured under Scopes 1 and 2.
- **Category 11 – Use of Sold Products:** Step5 delivers consultancy services rather than physical products. This category is not applicable.

These categories will continue to be reviewed annually to ensure completeness of reporting.

4. Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

The Step5 Baseline Year is our financial year 2023 (January – December 2023)

In March 2024, Step5 conducted its initial carbon footprint assessment in partnership with a third-party organisation. This assessment established a baseline for emissions during the fiscal year 2023 (FY23), which serves as our benchmark in the journey to achieving Net Zero emissions by 2050.

The Step5 assessment used accounting data, employee survey and company data to cover all three scope areas. Given the data captured by our accounting system an assessment was made on value of transaction not actual emissions as location data was not captured.

2023	
Scope 1&2	0t CO2e
Scope 3	349t CO2e
Total	349t CO2e

Our carbon baseline is 2023. This was selected as part of our Science-Based Targets commitment in 2024 as being the most recent year representative of normal operations.

Category	Description	Emissions (tCO2e)
Scope 1	Out of Scope	
Scope 2	Out of Scope	
Scope 3	Category 1 – Purchased Goods and Services	130.2
Scope 3	Category 2 – Capital Goods	0
Scope 3	Category 3 – Fuel and Energy-related Activities	0
Scope 3	Category 4 – Upstream transportation and distribution	0
Scope 3	Category 5 - Waste generated in operations	0
Scope 3	Category 6 - Business travel	216.7
Scope 3	Category 7 - Employee commuting	1.6
Scope 3	Category 8 - Upstream leased assets	0
Scope 3	Category 9 - Downstream transportation and distribution	0
Scope 3	Category 11 – Use of sold products	0
Scope 3 Total		348.5
Total Emissions		348.5

Note: Categories reported as “0” reflect emissions that are either immaterial or not relevant to Step5’s consultancy operations. Explanations are provided in Section 3.

5. Current Emissions Reporting (2024)

Step5 are committed to capturing, reporting and managing the carbon emissions on a yearly basis, aligning to our financial year (January to December).

In 2025 we changed carbon reporting partners to align to the TXM Group reporting, this has changed the style of reporting but used the same base data from our financial (Sage) and HR system (HiBob). The data has been verified and reviewed to ensure consistency and accuracy.

Category	Description	Emissions (tCO2e)
Scope 1	Out of Scope	
Scope 2	Out of Scope	
Scope 3	Category 1 – Purchased Goods and Services	0.6
Scope 3	Category 2 – Capital Goods	0
Scope 3	Category 3 – Fuel and Energy-related Activities	0
Scope 3	Category 4 – Upstream transportation and distribution	0
Scope 3	Category 5 - Waste generated in operations	0
Scope 3	Category 6 - Business travel	8.0
Scope 3	Category 7 - Employee commuting	3.7
Scope 3	Category 8 - Upstream leased assets	0
Scope 3	Category 9 - Downstream transportation and distribution	0
Scope 3	Category 11 – Use of sold products	0
Scope 3 Total		12.3
Total Emissions		12.3

Note: Categories reported as “0” reflect emissions that are either immaterial or not applicable to Step5’s operations. Explanations are set out in Section 3 and will be reviewed annually.

6. Emissions Reporting Trend Analysis

To inform our carbon reduction initiatives we have looked at the year on year metrics and will continue to do this as we collect data in future years.

Category	Description	2023 Emissions (tCO ₂ e)	2024 Emissions (tCO ₂ e)
Scope 1		Out of Scope	Out of Scope
Scope 2		Out of Scope	Out of Scope
Scope 3	Category 1 – Purchased Goods and Services	130.2	0.6
Scope 3	Category 2 – Capital Goods	0	0
Scope 3	Category 3 – Fuel and Energy-related Activities	0	0
Scope 3	Category 4 – Upstream transportation and distribution	0	0
Scope 3	Category 5 - Waste generated in operations	0	0
Scope 3	Category 6 - Business travel	216.7	8.0
Scope 3	Category 7 - Employee commuting	1.6	3.7
Scope 3	Category 8 - Upstream leased assets	0	0
Scope 3	Category 9 - Downstream transportation and distribution	0	0
Scope 3	Category 11 – Use of sold products	0	0
Scope 3 Total		348.5	12.3
Total Emissions		348.5	12.3

Category 1 – Purchased Goods and Services: 2023 was a foundational year for Step5 requiring investment for services to establish the organisation ways of working and operating procedures.

Category 6 - Business travel: In 2023 Step5 had an Australian office which required support for the management team, this office was closed in late 2023 hence the impact on business travel across the organisation.

Category 7 - Employee commuting: The slight increase in employee commuting can be explained by our change in client makeup through 2023 and 2024.

7. Carbon Reduction Measures

In reviewing the data and industry best practice we considered the following areas

Area	Category	Details
Reassess and Correct Reporting Methodology	Shift to Distance-Based Metrics	Record travel distances for business travel and commuting to ensure accurate CO ₂ e emissions reporting.
	Standardise Energy Usage Reporting	Use estimated energy consumption (kWh) for home office setups, not overall household usage.
	Restate Baseline if Needed	Communicate methodology updates and restated baseline to stakeholders.
Carbon Reduction Strategies with Revised Data	Home Energy Emissions	Encourage green energy suppliers and energy-efficient equipment like LED lighting.
	IT and Digital Operations	Switch to carbon-neutral cloud providers. Reduce unnecessary data storage (e.g., archive/deleting old files).
Offsetting and Balancing High Initial Reporting	Immediate Offsetting for Excess Emissions	Partner with programs such as woodland creation or renewable energy projects.
	Transparent Communication	Include a breakdown of emissions by category and explain the progress being made with the recalculations.

8. Emissions Reduction Targets

To progress towards achieving Net Zero, Step5 has adopted the following carbon reduction targets:

Year 1 (2024):

- Establish baseline carbon emissions and implement initial reduction measures, such as energy-efficient practices, renewable energy adoption, and optimising office and resource usage.
- Initial reduction target: 5% (to be calculated based on baseline data).

Year 3 to 5 (2026-2028):

- Expand carbon reduction efforts through partnerships with suppliers, increased use of sustainable resources, and further energy efficiency initiatives across all operations.
- Mid-term reduction target: 20% (to be calculated based on Year 1 emissions).

Year 10+ (2034 and beyond):

- Achieve carbon neutrality through comprehensive carbon offset programmes, advanced technology adoption, and ongoing sustainable practices.

9. Carbon Reduction projects

In 2024 we began our carbon reduction initiatives, the progress of these is detailed below:

Project	Description	Status @ May 2025
Internal Accounts:	We are tracking the location and type of travel for both our permanent and associate staff members, enabling us to more effectively monitor and manage travel-related emissions.	Closed – The switch was initiated in Sage (Step5 financial system) in Q3 2024. This has provided more accurate reporting for part of 2024 numbers and has contributed to the significant reduction in business travel
Internal Training:	A comprehensive training program is being rolled out for all permanent and associate staff, focusing on the environmental impacts of travel, energy consumption, and food choices. This initiative aims to raise awareness and foster sustainable practices within our workforce.	Closed – Training launched and now being managed as part of our Continuous Improvement programme.
Service Emissions:	We are closely monitoring and tracking all company emissions to ensure we align with industry best practices for carbon management and maintain transparency in our environmental impact.	Ongoing – Questions regarding supplier carbon reporting have been included in our supplier selection criteria
ISO 14001 Certification:	Step5 is in the process of completing our ISO 14001 certification, which is expected to be finalised in 2025. This certification will	Ongoing – In May 2025 Step5 will go through the Stage 1 audit. Internal pre-reviews have identified no major

	<p>enhance our environmental management systems and reinforce our commitment to continuous sustainability improvements.</p>	<p>non-conformances. Stage 2 is forecast for July 2025.</p>
--	---	---

Having reviewed the data from 2023 and 2024 with the project we put in place we have seen a significant reduction in our carbon emissions in the last year. We will continue with our reporting and reduction initiatives in addition we will consider further measures such as:

- **Salary Sacrifice Scheme for Electric Vehicles:** Step5 will explore the introduction of a salary sacrifice scheme that encourages employees to switch to electric vehicles by offering financial incentives for the purchase or lease of EVs, in line with our commitment to reducing the carbon footprint of business-related travel.
- **ISO14068-1:** Step5 will look to reduce business travel as much as possible however in acknowledgement that an element of business travel is required, we may look to offset this by investing in some verified projects. We will review this in 2026 when we have an additional year’s data to review and analyse.

10. Governance

Step5 have appointed a Sustainability Champion (Step5 COO) and are aligning to the parent organisations initiatives to maximise efforts in achieving the plan.

11. Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[1] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[2].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[3].

Step5 has considered all 15 Scope 3 categories in line with the Scope 3 Standard. Where categories are not reported, a rationale is provided to ensure transparency and completeness.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of Step5 Group:

Signed by:
Hannah Paterson
7A1E76A60BCD485...

Hannah Paterson COO

9/30/2025

Date:

Signed by:
Justin Narracott
7A1E76A60BCD485...

Justin Narracott MD

9/30/2025

Date:

[1] <https://ghgprotocol.org/corporate-standard>

[2] <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

[3] <https://ghgprotocol.org/standards/scope-3-standard>