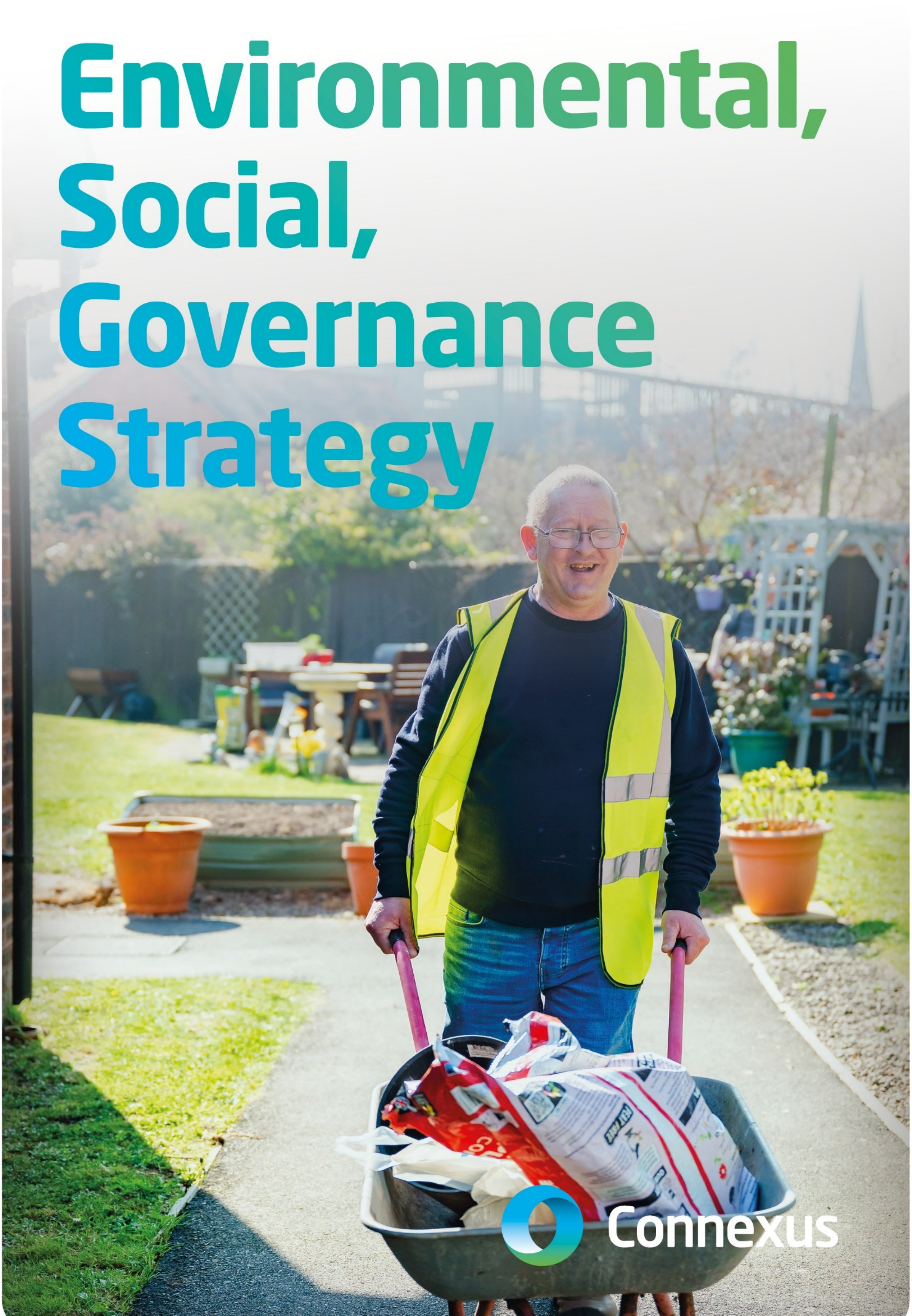
Environmental, Social, Governance Strategy



Connexus

Environmental, Social, and Governance Strategy 2026 - 2030

Foreword from the Chief Executive & Chair of the Board

At Connexus, our purpose is clear, we want to provide good quality, safe, and affordable homes which enable rural communities not just to survive, but to thrive. By publishing our first ESG (Environmental, Social, and Governance) Strategy we are adding additional strategic direction to the approach outlined in our recently published 2025-2030 Corporate Plan, which will help us deliver on our core purpose in an increasingly changing and unpredictable world.

Our commitment to ESG is rooted in the “why” that drives everything we do. We believe everyone deserves a safe, warm home and the opportunity to build a life in a resilient, supportive community. As a rural housing association, we know the unique challenges our customers face, including higher costs through a ‘rurality premium’, less available services, and the need for sustainable solutions that work for rural places. The strategy takes this into account. It is our promise to act as responsible long-term stewards of the resources available to us, ensuring that our homes, our services, and our organisation are fit for the future.

As this is our first formal ESG strategy, it important that we set a clear baseline for progress, providing a transparent framework for how we will measure, report, and improve our impact year on year. We are realistic about the scale of the challenge and ambitious about the difference we can make but with strong foundations, we aim to build momentum and our refine our approach over time - acting on data and insight as well feedback from customers, colleagues, and communities.

By embedding ESG across Connexus, we are not only meeting our responsibilities but also strengthening our ability to deliver on our long-term vision: homes you can build a life in. This will help create and sustain communities for generations to come.

Kate Smith, Chief Executive
Anne Turner, Chair of the Board

Executive summary: Strategy-on-a-page

Our Vision

To be recognised as a leading rural housing provider which builds and nurtures sustainable communities through environmental stewardship, social purpose, and responsible governance."

Our Ambition

This 2026–2030 ESG Strategy puts environmental, social, and governance (ESG) principles at the heart of everything we do. Our ambition is clear: to ensure every decision supports our mission to provide safe, affordable homes and build thriving rural communities through environmental stewardship, social purpose, and responsible governance.

Our Focus and Delivery

Our strategy is built around twelve key ESG Themes (see

Figure 1), allowing us to concentrate our resources where we can maximise social value and community success while maintaining sound financial stewardship.

The strategy will be delivered in three carefully managed phases to ensure a solid, sustainable trajectory:

- **Phase 1 (Year 1): Foundation and Complianc**e - Establishing essential groundwork and meeting all regulatory requirements.
- **Phase 2 (Years 2–3): Embedding Success** - Integrating ESG principles into our core operations, systems, and culture.
- **Phase 3 (Years 4+): Consistent Delivery and Future Planning** - Focusing on consistent, high-quality delivery of all embedded practices, and leveraging our success to define a truly best-in-class strategy for the next cycle.

Our Journey Ahead

This strategy sets a clear baseline for progress, but it is fundamentally a commitment to continuous improvement. We will openly share our journey through regular, comprehensive reporting, guided by recognised frameworks. By continually reviewing, adapting, and updating our approach, we will provide better homes and more effective services, ensuring we remain a responsive, ambitious, and trusted leader in the rural housing landscape.

Environmental	Energy efficiency and Carbon
	Sustainable resources
	Environmental stewardship
	Climate resilience and adaptation
Social	Customer wellbeing
	Placemaking and community investment
	Our People and communities
	Employment and skills
Governance	Leadership and accountability
	Responsible sourcing and operations
	Financial health
	Transparency and trust

Figure 1 - Connexus' Twelve key ESG Themes

Introduction: Our ESG Journey

Why ESG Matters to Us

Connexus is a rural housing association with a strong heritage in Shropshire and Herefordshire. Formed in 2017, we provide over 10,000 affordable homes and associated support services across these two counties.

To us, a home is more than just bricks and mortar; it is the foundation of a life. An effective ESG (Environmental, Social and Governance) strategy supports our purpose by ensuring those homes are not only affordable and safe, but also environmentally sound, contributing to the health and well-being of our customers and communities. We create long-term value by ensuring the homes we provide are energy-efficient (Environmental), that our communities are inclusive and supportive (Social), and that our business operates with the highest standards of integrity and accountability (Governance).

By fully embracing ESG, we ensure we are acting effectively and responsibly for our customers, for the environment, and for the long-term viability of our organisation.

What is ESG?

ESG stands for Environmental, Social, and Governance. It's simply a framework for how we manage our business to make our homes, our services, and our communities better, safer, and more sustainable in the long term.

	What It Means for Connexus	What It Means for Customers
Environmental	Making homes energy efficient and protecting the planet.	Lower Bills & Warmer Homes. Protecting the local environment.
Social	Supporting customers, ensuring quality homes, and building strong communities.	Safe, Quality Homes & Fair Services.
Governance	Running the association responsibly, ethically, and transparently.	Trust, Reliability, and Long-Term Stability.

In short: Our ESG strategy is our commitment to investing in a better future - better homes, stronger communities, and a reliable service - for our customers.

ESG in a rural context

Operating in rural communities presents unique challenges that a clear ESG strategy can help us address. Rural areas face a "rurality premium," where customers often pay more for housing, goods, and services than those in urban areas. This is compounded by a lack of affordable housing - only 9% of homes in rural England are affordable, compared to 19% in urban areas. Poor connectivity, limited access to jobs and services, and a rapidly aging population all contribute to widespread inequality.

However, this context also presents a unique opportunity. As a rural housing association, we are perfectly placed to be a leading voice for rural affordable housing. We can advocate for fairer funding and work with partners to address these issues head-on. By delivering services that are responsive and efficient, and by investing in our communities, we can help people put down roots and thrive in the places they call home.

Our ESG journey is unique because it is anchored in the distinct context of our rural communities. While many housing associations operate in dense urban environments, our work is defined by the scattered nature of our stock and the unique challenges faced by rural customers. This is why our strategy goes beyond generic sector commitments to address the specific needs of our communities.

What's Driving Our ESG Strategy?

This strategy isn't just a document; it's our clear plan to deliver on our mission - to provide homes you can build a life in. It brings together our core (PRIDE) values, external pressures, and, most importantly, the needs of our customers.

Our Values and ESG Culture

Our entire approach to ESG is anchored by our core **PRIDE values** (Passionate, Respectful, Involving, Determined, Effective), ensuring sustainability and social value are inherent to our culture. These values directly shape our impact: **Passionate, Respectful, and Involving** drive our social purpose and customer engagement, while **Effective and Respectful** uphold our strong governance. Critically, our **Determination** fuels the long-term success needed to tackle complex environmental challenges like decarbonisation while maintaining our financial stability.

Our Core Purpose Comes First

Our original mission has always been to provide safe, affordable homes and strengthen our rural communities. This ESG plan simply modernises that purpose, making sure every decision we make - Environmental, Social, and Governance - is focused on those goals.

- **Filling the Gaps**: We need a plan to tackle big, long-term challenges like climate change's impact on our homes and growing social inequality in our region. This strategy gives us the roadmap we need to be resilient.
- **A Fair Transition**: Crucially, we believe the move to a sustainable future must be fair. This means the cost of making homes greener shouldn't fall on our customers. Our goal is to ensure energy efficiency directly tackles fuel poverty and improves your health.

Listening to the Voices That Matter

Our plan is built from the ground up, not top-down. It's shaped by people and practical realities:

- **Customer's Voice:** We actively listen to our customer to make sure our investments truly focus on what you need, like making homes more affordable to heat and improving their quality. Our customer's lived experience steers our Social and Environmental priorities.
- **Our Colleagues' Expertise**: The people who work in your communities every day—our colleagues—provide essential, hands-on knowledge. Their practical insights ensure our plan is not just ambitious, but genuinely achievable on the ground.

Our Approach to Impact and Control

Our ESG strategy reflects the full breadth of our impact across three critical areas: our offices and administration, the delivery of our housing services and asset management, and our deep engagement within the communities we serve. See Figure 2.

We clearly differentiate between impacts under our direct control and those requiring influence. Direct control covers areas where we have sole authority, such as selecting sustainable construction materials, optimising core operations, and setting procurement standards for our direct supply chain.

Where direct control is not possible - such as with energy consumption based on individual customer choice - we commit to using our influence. We will actively work with customers through education and support, partner with our supply chain to embed ethical practices, and collaborate with the wider industry to advocate for change, ensuring meaningful progress across our entire value chain.

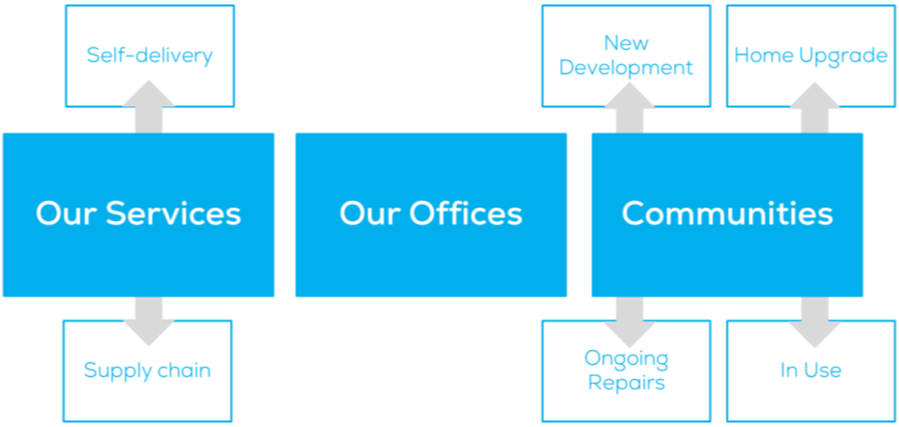


Figure 2 - Connexus' key areas of operation and impact

Figure 3 - Our ESG Strategy is informed by a range of Drivers, key Objectives and desired Outcomes

Key Themes: Focusing on What Matters

Our inaugural ESG strategy is underpinned by a framework of 12 Themes that define the scope and ambition of our work. These Themes ensure our efforts are strategically aligned with both the global sustainability agenda and the unique needs of our rural communities.

The framework was rigorously developed to identify and focus on the issues that matter most to our customers, our organisation, and our planet.

- **Global & National Relevance:** We assessed major trends, including the UK's Net Zero 2050 targets and the UN Sustainable Development Goals (SDGs), ensuring our themes address critical global challenges like climate resilience.

- **Sector Mandates:** Our themes are directly informed by key industry drivers, most notably the criteria within the **Sustainability Reporting Standard (SRS)** for Social Housing and statutory requirements from the Regulator of Social Housing (RSH). This ensures credibility with funders and partners.
- **Internal Strategic Focus:** Themes were validated through dialogue with our Executive Leadership and Board to integrate our long-standing organisational purpose with future-facing risks and strategic needs.
- **Customer-Centric Priorities:** Crucially, our themes reflect direct **customer feedback** gathered through surveys. This ensures our focus, from building quality to customer voice, is grounded in the lived experience and priorities of the people we serve.

By integrating these four themes, our ESG framework provides a clear, actionable, and robust basis for action. It moves us beyond simply complying with regulation to actively focusing our resources on the areas that deliver the greatest long-term social and environmental value.

Our New ESG Strategy: Purpose and Readers

This ESG strategy serves as a critical blueprint for how Connexus will achieve its long-term objectives while demonstrating our commitment to sustainability and social responsibility. It is a tool for both internal alignment and external communication.

- **Internal Audience:** The strategy provides a clear roadmap for our Board, leadership team, and every colleague, aligning our daily work with our overarching goals. It serves as a guide for decision-making, from investment choices to service delivery.
- **External Audience:** This document is intended for a broad range of external stakeholders, including our customers, partners, local and national policymakers, and funders. It communicates our commitment to transparent and responsible operations, demonstrating that we are a well-governed, future-focused organisation worthy of their trust and support.

	Theme	Description	Link to Corporate Plan Aims
Environmental	Energy efficiency and Carbon	**Our energy strategy balances financial and environmental goals.** By improving energy efficiency in homes and operations, we'll reduce our carbon footprint, help tackle fuel poverty, and improve customer health and well-being. While this transition requires significant investment, it offers long-term savings, enhances the value of our homes, and aligns with national net-zero targets.	Supports the commitment to meet regulatory requirements for EPC compliance and net zero and improve existing home energy efficiency. Aims to achieve the outcome of significantly improved… energy efficiency of our existing homes by 2030.
Environmental	Sustainable resources	**We're committed to the responsible use of materials and water.** By reducing waste, emissions, and pollution in our operations, we'll cut costs and mitigate resource scarcity risks. This approach protects the environment and supports local economies, ensuring our financial stability and a more sustainable future for all.	Aligns with the core **Mission** to create **sustainable rural communities** and the commitment to **drive efficiencies annually** to reinvest and maintain business sustainability.
Environmental	Environmental stewardship	**We address the unique challenges of rural communities through sustainable land management.** By increasing the supply of affordable homes and protecting local ecosystems, we'll help tackle the higher rural costs and enhance connectivity. Our work will contribute to a more equitable and sustainable rural life for customers.	Supports the aim to be a leading voice in rural affordable housing. This is delivered by Building homes that meet local need and follow a place based approach.
Environmental	Climate resilience and adaptation	**Climate change poses a clear risk to our properties and customers.** We recognise the benefits of investing in resilient homes and infrastructure to withstand extreme weather, manage flood and overheating risks, and protect health. Proactive adaptation not only safeguards our communities but also improves asset value and secures our long-term financial stability.	Directly supports the core **Purpose** to provide **safe** and good quality homes, and the commitment to **build and maintain safe, good quality, affordable homes**.

	Theme	Description	Link to Corporate Plan Aims
Social	Customer wellbeing	**Ensuring our homes are safe, warm, and accessible is central to customer wellbeing.** By improving living conditions and empowering customers, we'll enhance health, build trust, and reduce pressure on public services. This customer-centred approach strengthens our communities while mitigating risk and improving our financial health.	Directly supports the core Purpose to provide safe, affordable homes and the commitment to build and maintain safe, good quality, affordable homes. Aims for Satisfied our customers by getting it right first time.
	Placemaking and community investment	**We are building connected, thriving rural communities.** We invest in shared spaces and local amenities to address the rurality premium and infrastructure gaps. By tackling these complex challenges, we not only improve customer wellbeing but also meet growing demands for social value and enhance our financial standing.	Covered by the commitment to Invest in housing as a core of the community - more than just the bricks and mortar. This builds on the Mission to create inclusive neighbourhoods and sustainable rural communities.
	Our People and communities	**Our commitment to diversity, equity, and inclusion is about building fair communities for everyone.** By fostering a diverse workforce, we'll better understand and serve our customers' varied needs, ensuring equitable access to our homes and services. This approach strengthens our reputation, attracts talent, and creates more cohesive neighbourhoods.	Aligns with the overall **Mission** to create **inclusive neighbourhoods** and the aim to effectively **manage colleagues** and stakeholders.
	Employment and skills	**We are committed to building economic resilience in rural communities.** By investing in local skills and employment, we'll tackle challenges like higher costs and limited opportunities. We build local capacity through apprenticeships and training, which creates stronger communities. This strategic aligns with social value requirements and ensures our long-term financial viability.	Directly linked to the commitment to Investing in communities, opportunities and skills, including the goal to Be a great local employer. This ensures our work makes a social difference to our communities.

	Theme	Description	Link to Corporate Plan Aims
Governance	Leadership and accountability	**Our proactive leadership and robust governance are central to our work**. We ensure legal compliance and strategically manage a wide range of risks, from economic volatility to climate change. This commitment builds the confidence of customers and lenders, securing the financial stability needed for long-term investment in our communities.	Supports strategic risk management and the commitment to Manage contracts, colleagues and stakeholders effectively. This is key to Being a leading voice in rural affordable housing.
	Responsible sourcing and operations	**Our ethical operations go beyond simple compliance.** By championing fair employment practices and integrity, we create a transparent and trustworthy supply chain that positively impacts communities. This principled approach not only mitigates risk but also strengthens our reputation and fosters long-term relationships with partners and customers.	Aligns with the **Respectful** value and the commitment to **Invest in communities, opportunities and skills**, ensuring service delivery makes a **social difference**.
	Financial health	**Our financial health is directly linked to our social purpose.** By proactively managing economic risks, we ensure we have the long-term capacity to build and maintain affordable homes and deliver vital community services. This resilience is crucial for providing stability and security to our customers.	Directly supports the commitment to **Drive efficiencies annually** to reinvest and maintain **business sustainability**, and to **Develop flexible financial tools** for investment balance. A core part of being an **Effective** organisation.
	Transparency and trust	**We build trust with every stakeholder through our commitment to transparency.** By providing clear, accurate information on our ESG performance, we ensure accountability and strengthen our reputation. This open and honest approach, coupled with robust data security, is essential for earning the confidence of customers, colleagues, and investors.	Directly addresses the need for building trust in our services and the aim to Rebuild our reputation. This is actioned through Reshape our customer engagement

A phased transformation: Building from the Ground Up

Our four-year ESG strategy is founded on a pragmatic, phased transformation approach, recognising that we are starting out on our journey and attempting to leap to the biggest and boldest ambitions immediately carries unnecessary risk. Instead, we'll build our capabilities systematically, moving from compliance to good practice, and eventually toward best practice over time.

This journey is outlined as a structured four-year transformation programme designed to ensure sustainable progress and deep integration of ESG principles.

Phase 1: Foundation and Compliance (Year 1)

The inaugural year focuses entirely on establishing the necessary structure for long-term success and meeting all non-negotiable regulatory requirements. Outcomes at the end of Year 1 will include validated baseline data for all 12 themes, established ESG monitoring framework, and secured Leadership and accountability buy-in.

Key Actions (Year 1)	Focus
Strategy and Direction	Have the final Strategy in place and a clear direction of travel.
Data and Measurement	Gather baseline data, test data collection processes, and develop a management plan.
Compliance	Focus only on including Regulatory targets.
Stakeholder Engagement	Have engaged stakeholders and secure early wins to build momentum.
Indicators	Adopt the Sustainability Reporting Standard for Social Housing (SRS). Select industry-standard indicators only.

Phase 2: Embedding Success (Years 2–3)

With a stable foundation established in Year 1, the focus shifts to 'embedding success' by integrating ESG into core operations and setting ambitious, context-specific targets. Outcomes at the end of Year 3 will include: Defined Net Zero pathway, improved tenant satisfaction on home quality, successful first SRS report, and secured initial sustainable financing.

Key Actions (Years 2-3)	Focus
Target Setting	Set measurable targets for relevant areas, accounting for our rural context wherever possible. See environmental and social integration in approach, e.g., in Energy Efficiency, track energy reduction and average tenant fuel cost savings.
Internal Integration	Embed ESG responsibilities across departments and integrate data collection into routine business processes.
Risk Management	Begin formally linking ESG performance to organisational risk management.
Reporting	Report annually on progress, sharing key learning and insights.

Phase 3: Consistent Delivery and Future Planning (Years 4+)

The final phase shifts from major transformation to consistent, high-quality delivery of all embedded ESG practices. Our core ambition is to ensure every service and home consistently meets our defined standards.

This stage acts as a foundation for continuous improvement. We will focus on improving performance against all 12 ESG themes, using the Sustainability Reporting Standard (SRS) as our key benchmark. We will regularly review, adapt, and update our approach, leveraging the success and learning of the strategy to date. This ensures we remain a responsive, ambitious, and trusted leader in the rural housing landscape, ready to define and embark on the next era of best-in-class aspirations.

Key Actions (Year 4+)	Focus
Best Practice	Explore leading best practice standards relevant to our industry.
Value Chain Focus	Broaden ESG focus beyond internal operations to assess and influence the value chain (suppliers, customers).
Continuous Improvement	Evolve approach to annual reporting to consider broadening scope and enhancing transparency
Long-Term Planning	Review the five-year strategy, measure overall achievement, and begin planning the next cycle of ambitious ESG goals.

Making Good Things Happen: Governance, Resources, and Stakeholder Engagement

The successful delivery of this ESG strategy requires clear governance, dedicated resources, and sustained engagement with all our stakeholders. We are committing to a structure that embeds ESG accountability from the Boardroom to day-to-day operations.

Clear Roles and Responsibilities

Accountability for the strategy’s success is distributed across the organisation:

- **Connexus Homes Board**: Holds ultimate accountability for the ESG strategy, including its approval, monitoring of progress against key targets (especially Net Zero and EPC improvements), and integration of climate and social risks into overall corporate governance.
- **Executive Leadership Team**: Oversees the strategic implementation, allocating necessary resources, and ensuring ESG considerations are factored into major

investment and business decisions (e.g., development, retrofit, and treasury). A designated Executive lead will champion the strategy.
- **ESG Working Group / ESG Manager (or dedicated resource):** Responsible for the day-to-day coordination, data collection, performance monitoring against the 12 Themes, compliance with the SRS, and producing annual reports.
- **Departmental Heads (Property, Communities and Customer Services, Finance, People):** Accountable for delivering the specific actions and targets relevant to their functions.

Ensuring the Right Resources and Capability

Delivering our ESG agenda requires a focused investment in capacity and strategic financial alignment. Our investment priorities are:

- **Dedicated ESG Capacity:** We will ensure sufficient budget and time is allocated to the ESG coordination function, recognising that complex tasks like decarbonisation and regulatory reporting require dedicated, not additive, capacity.
- **Specialist Skills:** We are committed to closing technical skills gaps, specifically in areas critical to the 'E' pillar, such as retrofit coordination, energy efficiency assessment, and the technical delivery of renewable heating solutions for our rural assets.
- **Robust Data Systems:** We will invest in the necessary systems to accurately capture, manage, and report on key metrics - from energy consumption and carbon emissions to social value and customer outcomes.

The delivery of this strategy formalises ESG as a core investment priority, directly linked to asset quality and customer wellbeing. Our approach to funding is strategic: We will frame our existing financial strength and excellent Asset Management Strategy (AMS) metrics (e.g., NPV) as key outputs for attracting sustainable finance and for mitigating climate transition risks (such as potential stranded assets due to poor energy performance). We are committed to securing and leveraging external funding, including ESG-linked finance and government grants, to accelerate the delivery of our environmental goals while balancing the competing demands of building safety and daily maintenance.

Stakeholder Engagement: An Ongoing Dialogue

This strategy is a collective effort. Ongoing, transparent engagement is fundamental to its integrity and success:

- **Customers:** We will maintain and strengthen mechanisms to involve customers in key decisions, especially those concerning their homes (e.g., retrofit plans). This ensures our social priorities are accurate and that the benefits of the strategy (e.g., reduced fuel bills) are realised through a strong customer voice.
- **Funders and Investors:** We will engage proactively with our financial partners by consistently reporting our performance against the Sustainability Reporting

Standard (SRS). This transparency will be vital for maintaining access to competitive ESG-linked finance.

- **Partners and Supply Chain:** We will collaborate with regional and national partners, including local authorities, to secure funding and drive efficiencies. Furthermore, we will actively engage our supply chain to promote sustainable procurement and ensure they meet our ethical and environmental standards.

Our Progress & Measurement

This inaugural ESG strategy establishes a clear starting point for our journey. By collecting and reporting data against a baseline, we can accurately measure our progress, identify areas for future improvement, and hold ourselves accountable to our commitments. This allows us to track our evolution in a transparent and verifiable way, demonstrating our impact on the environment, our communities, and our governance.

Transparency is a core principle of this strategy. We are committed to a transparent and open dialogue with all our stakeholders about our ESG performance, celebrating our successes and being honest about our challenges.

We will publish an annual ESG report to provide a clear update on our progress against our commitments. This report will be a key tool for communicating our impact, building trust, and demonstrating our accountability as we strive to deliver our vision of homes you can build a life in.