
8 ESG TRENDS FOR 2025

— and how we're
tackling them

The world is changing at a rapid pace. Climate shifts, social challenges, and rising demands for sustainability are creating both opportunities and challenges for real estate.

With ESG investments surpassing \$1 trillion and new innovations driving progress, staying ahead has never been more important. These are the eight ESG trends that shaped us in 2024 and will dominate real estate in 2025:

ENVIRONMENTAL TRENDS



1. Retrofits and revamps



2. Prioritising energy efficiency



3. GHG data as the next financial data



4. Certificates that help create trust

SOCIAL TRENDS



5. Responsible business conduct



6. Space to thrive

GOVERNANCE TRENDS



7. Transparency in action



8. Meaningful green leases

Environmental (E)

At Genesta, keeping **risk, return, and ESG in check is a balancing act.**

Transforming buildings from brown to green isn't just about reducing environmental impact—it's about **unlocking long-term financial value.** Whether by installing renewable energy solutions like solar PVs that power heat pumps, utilizing waste heat, or supplying electricity to tenants, we're all about finding creative new revenue streams. This holistic approach ensures that sustainability, profitability, and risk management aren't at odds but a powerful trio.

1. RETROFITS AND REVAMPS



By 2050, 80% of the buildings we'll be using will be already constructed. This shows us that, to achieve our climate goals, it's not about building new, energy-efficient properties, but about upgrading existing ones, making sure they remain functional for another 100 years. Here, we need to weigh energy saving measures, such as from new windows, against the embodied carbon emitted from producing and installing them.

2. PRIORITISING ENERGY EFFICIENCY



Prioritizing energy efficiency over relying solely on grid decarbonization is a proactive and impactful approach to climate change mitigation. Reducing energy demand through measures such as building retrofits, optimized operations, and tenant collaboration tackles the root cause of emissions while lowering operational expenditures (OpEx). This not only cuts carbon emissions but also improves Net Operating Income (NOI) by decreasing utility costs and unlocking new revenue streams through on-site renewable energy production. While grid decarbonization remains important, its pace is uncertain and outside the control of building owners. Energy efficiency, combined with the strategic deployment of renewables, offers a cost-effective way to align with climate goals and enhance asset value. Leveraging smart meters provides reliable, granular data to identify anomalies and opportunities for improvement, enabling meaningful engagement with tenants to collectively reduce the energy use intensity of the asset.

3. GHG DATA AS THE NEXT FINANCIAL DATA



You can't manage what you don't measure. Greenhouse gas emissions data should be treated with the same level of detail and accuracy as financial data. Accurate, consistent, and verifiable GHG data enables informed decision-making which help us prioritize interventions and allocate resources effectively. Just as financial data underpins strategic planning and investment decisions, reliable emissions data ensures decarbonization efforts are targeted and impactful. In 2025 we will continue our efforts to improve our GHG data quality to support our decision making paying special attention to embodied carbon by utilizing LCA's to identify hot spots and reduce our environmental impacts from renovation projects with data-driven decision making.

4. CERTIFICATIONS THAT HELP CREATE TRUST



Everyone loves to talk the talk when it comes sustainability, but certifications are the equivalent of walking the walk. At Genesta, we use the Building Research Establishment Environmental Assessment Methodology (BREEAM) to measure our assets' sustainability performance. This isn't just another check off the list. It's something we drill into the DNA of our projects from the get-go. The reason? It cuts lifecycle costs and increases our assets' value. And the results speak for themselves: In our GNRE Fund II, 100% of the assets are certified as "Very Good" or above, exceeding the fund target and proving how serious we are about sustainability.

Social (S)

Just a few years back, sustainability was just about the environment. But today, a bit part of it is about people and our responsibility for shared resources. It's about making sure employees, value chains, and communities can thrive without inequity and discrimination. In real estate, this translates to creating spaces that promote inclusivity, well-being, and equity. Thanks to the UN's Sustainable Development Goals, sustainable social practice keeps growing, proving that no one should get left behind.

5. RESPONSIBLE BUSINESS CONDUCT



"Human rights" isn't a corporate buzzword anymore. Responsible business conduct must be embedded in daily operations and organizations are expected to take active ownership of their salient human rights impacts. At Genesta, we've spent the last two years aligning with the Minimum Safeguards under the EU Taxonomy Regulation to meet modern human rights standards. By embedding this in our due diligence process, we're able to spot and address issues before they happen. We place a strong emphasis on our tenants and the partners managing our construction projects.

6. SPACE TO THRIVE



In a world riddled by uncertainty, physical and mental well-being is more important than ever. But how to understand what employees and tenants need to thrive? At Genesta, we send out an anonymous survey every year to measure tenant satisfaction and pinpoint areas for improvement. The same goes for our employees. Here, we cover everything from leadership and communication to training, corporate culture, and sustainability. Together, these building blocks give us a solid foundation for growth.

Governance (G)

Meeting targets isn't just about following rules, policies, and procedures, It's about making them part of your playbook for change. Stakeholders, investors, but tenants and consumers too, care about governance, because it proves that companies can deliver on their sustainability promises, and be held accountable if they don't.

7. TRANSPARENCY IN ACTION



Accountability builds trust. So when a company ramps up its reporting on sustainability measures, it's showcasing transparency and credibility to investors and other stakeholders. At Genesta, we embrace frameworks like the Task Force on Climate-Related Financial Disclosures (TCFD) and the Carbon Risk Real Estate Monitor (CRREM) to guide our reporting practices. Both are part of our governance framework, proving accountability and sustainability go hand in hand.

8. MEANINGFUL GREEN LEASES



At Genesta, a green lifestyle is not just a goal—it's who we are. Every new lease we sign is a green lease, making sustainability part of every commitment from day one. And that applies to both parties—everyone's got to do their part. For green leases to be impactful, proactive tenant engagement is essential to educate and influence behavior – It represents a joint commitment to achieving shared sustainability goals. In our GNRE Fund II, 90% of Roihu's lease contracts and 55% of Arninge's lease contracts are already green. But that's not all. Our goal is to transition every existing contract into a green lease, putting sustainability at the heart of every tenancy and fund. Green leases benefit everyone—Genesta, our partners, our tenants and every guest who comes to visit.

ESG at Genesta: more than a trend

As we step into 2025 it's become clear that long-term success hinges on a balance of environmental actions, social commitments, and responsible governance. Most importantly, they are all interconnected; focusing on one of the three just won't cut it. Only by applying the same level of commitment to all parts can we drive meaningful change and innovation, building a resilient future for both people and the planet.

To make good on our sustainability promise, we're rethinking how we invest. Focused on active ownership, we are making responsible, long-term investments to mitigate our greenhouse gas emissions and environmental footprint. From energy efficiency retrofits to smart building

technologies and adopting sustainable materials in construction and renovation processes, we're razor focused on building a greener future.

At the same time, while setting new environmental benchmarks, we're keeping an eye on how to unlock long-term financial value through environmentally friendly criteria like BREEAM. Because at the end of the day, turning existing buildings from brown to green isn't just about technology and innovation. It's about balancing risks and returns to enhance the tenant experience—complete with better work environments and lower operational costs—to create an enduring ESG impact for all.

HOW WE'RE EMBRACING ESG TRENDS

- **Green building certifications:** adopting sustainability standards such as BREEAM.
- **Energy efficiency retrofits:** improving building efficiency reduces climate impact and lowers operational costs.
- **Smart technology:** installing smart meters in each tenant space and on major mechanical equipment to track real-time data, identify ways to reduce energy use, engage with tenants and support new revenue streams through onsite renewable energy generation.
- **Green leases:** creating a shared environmental responsibility between tenants and landlords.
- **Health and well-being:** focusing on people, from human rights due diligence to indoor environmental quality.



WANT TO KNOW MORE?

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