

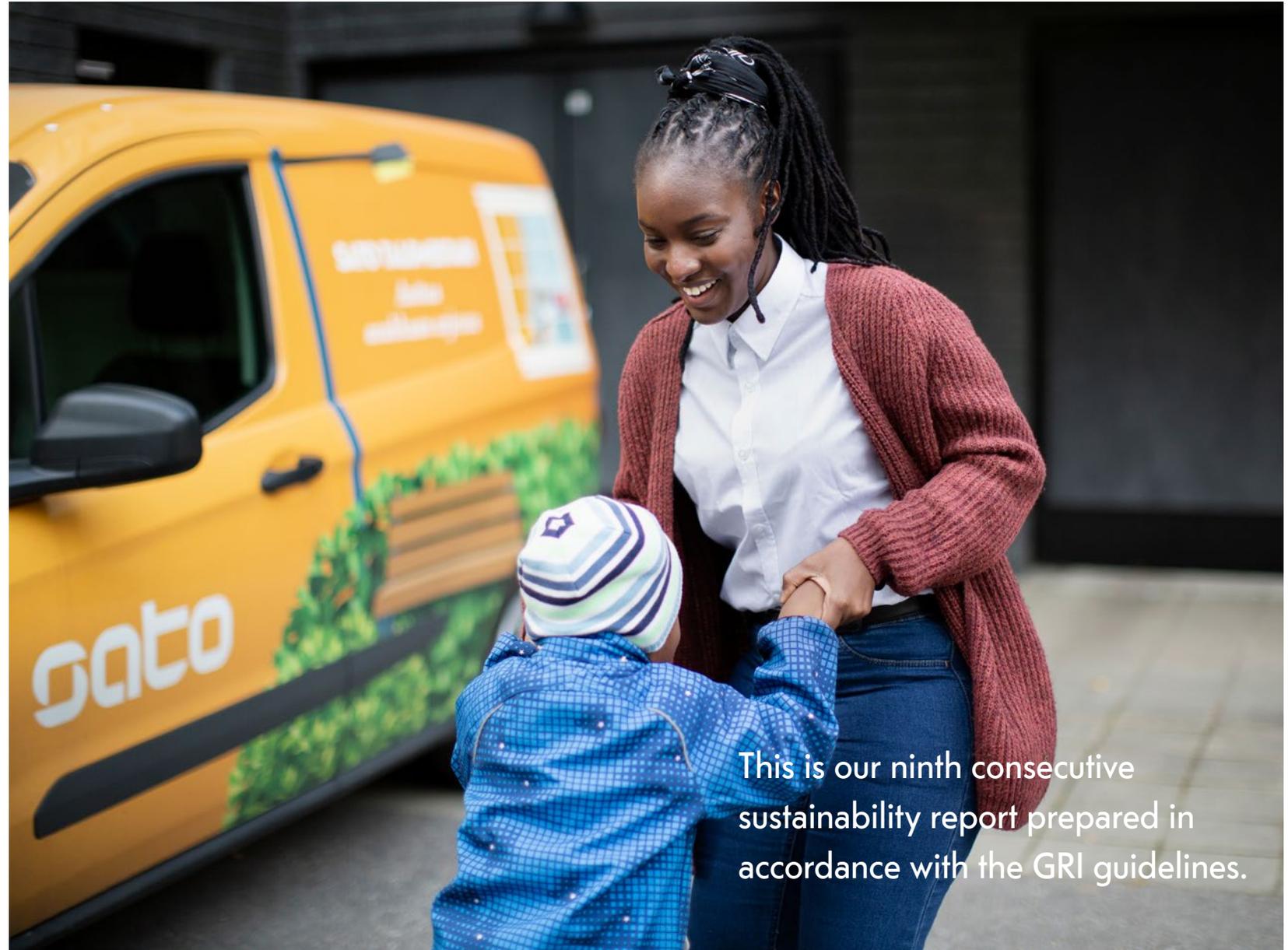
THE SUSTAINABLE SATO 2022



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This is our ninth consecutive sustainability report prepared in accordance with the GRI guidelines.

SATO IN BRIEF

SATO is an expert in sustainable rental housing and one of Finland's largest rental housing providers. We own around 25,000 rental apartments in the Helsinki metropolitan area, Tampere and Turku.

We offer our residents homes in cities, along good public transport routes, and we develop services to make their daily lives easier. We are involved in our residents' day-to-day lives and take care of our homes with decades of experience.

We build pleasant homes and diverse living environments that will last for generations. We are committed to renovating, repairing and creating new environments: homey and safe yards and neighbourhoods.

We enable sustainable housing for our residents and encourage them to make sustainable choices in their daily lives. We promote sustainable development and work in open interaction with our stakeholders.

We invest profitably, responsibly and for the long term. We increase the value of our assets through investments, divestments and repairs.

Our strategy's priorities are customer experience, sustainability and sustainable housing, and SATO employees.

45,000

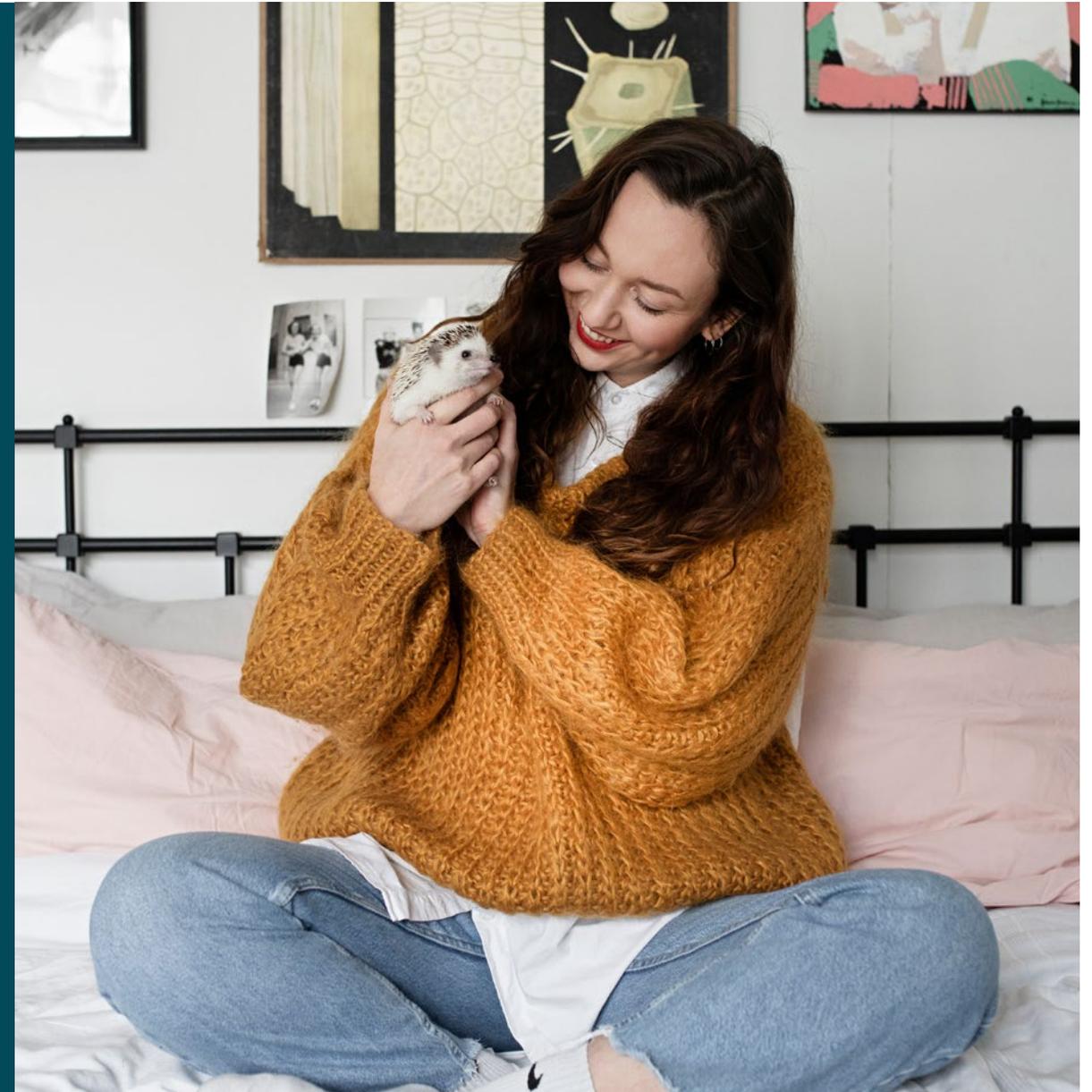
residents at the end of the year

325

SATO employees at the end of the year

25,000

SATOhomes



CEO'S REVIEW

SATO is a long-term housing investor, developer and owner. We are one of Finland's largest rental housing providers. We own around 25,000 rental apartments in the Helsinki metropolitan area, Tampere and Turku. In addition, SATO has 522 apartments in St.Petersburg, which make up approximately one per cent of the value of our investment assets. Since the start of the war in Ukraine, we have been reviewing opportunities to withdraw from the Russian business operations and we are searching actively for a solution.

We invest in homes along good public transportation connections and services, and we co-operate with cities in developing entire residential areas. During the reporting year, our investments in rental apartments were EUR 190.5 (167.1) million.

We enable sustainable housing for our residents and encourage them to make sustainable choices in their daily lives. We build homes for our residents that last over generations, and we take care of our buildings in accordance with the life-cycle principles. Our sustainability work during the reporting year was guided by SATO's strategy and our sustainability programme for 2019–2022, which emphasised carbon-neutral cities and the well-being of residents and neighbourhoods.



For years, SATO has carried out long-term work to improve energy efficiency.

For years, SATO has carried out long-term work to improve energy efficiency. We participated in the national energy saving campaign and paid more attention to the temperatures of apartments than earlier. In addition to our own energy saving measures, we actively provided our residents with guidance on energy saving opportunities in their day-to-day lives.

Last autumn, SATO became the first rental housing provider to join the Ostavastuullisesti.fi service, which provides sustainable service and products and tips for sustainable living. A sustainability panel consisting of outside experts in sustainable production and consumption selected six of SATO's buildings: Lupajantie 2 in Mellunkylä, Helsinki; Jokiniityntie 28 in Kirkkonummi; Lincoln-aukio 4 in Keimola, Vantaa; Kotkatie 6 in Espoo and Jokiniementie 46 and 48 in Veräjämäki, Helsinki to be featured on the website as more sustainable options. We also participated in Rakli's Green Homes activities (which started up in 2022), with altogether 1,100 Green Homes which had either geothermal heat or consumption-based water invoicing or both.

Last year, we released our new sustainability programme for 2023–2026, which outlines our vision to be a forerunner in sustainable rental housing. The themes of the sustainability programme are sustainable housing, communities' wellbeing and sustainable profitability. We have committed to the UN Sustainable Development Goals (SDG).

This is the ninth consecutive report drawn up in line with the GRI guidelines, in which we describe our sustainability work.

Antti Aarnio
Chief Executive Officer



HIGHLIGHTS 2022

SATO WAS THE FIRST RENTAL HOUSING PROVIDER TO HAVE SIX OF ITS BUILDINGS APPROVED FOR THE OSTAVASTUULLISESTI.FI WEBSITE

In the autumn of 2022, an external sustainability panel chose six of SATO's rental apartment buildings to be among the Ostavastuullisesti.fi website's more sustainable choices. SATO was the first rental housing provider to have six of its buildings included in the Ostavastuullisesti.fi website. SATO's homes included on the website are Lupajantie 2 in Mellunkylä, Helsinki; Jokiniityntie 28 in Kirkkonummi; Lincolninaukio 4 in Keimola, Vantaa; Kotkatie 6 in Espoo and Jokiniementie 46 and 48 in Veräjämäki, Helsinki. [Read more](#)



MORE THAN 170 RENTAL APARTMENTS TO SWITCH FROM DISTRICT HEAT TO GEOTHERMAL HEAT IN REIMARLA

SATO will switch from district heat to geothermal heat in the Reimarla residential area in Helsinki. The Reimarla geothermal heat project is a significant investment for SATO and unique in scope even on a national scale. Altogether nine buildings and 171 apartments will switch from district heat to geothermal heat as their form of heating in conjunction with renovations. [Read more](#)



HOUSE EXPERT MODEL IN THE HELSINKI METROPOLITAN AREA, TAMPERE AND TURKU

At the end of the year, SATO employed 62 house experts and the model is now in use to its full extent in the Helsinki metropolitan area, Tampere and Turku. The house experts take care of the technical building work on homes and buildings. Our customers have given excellent feedback on our house experts' work. [Read more](#)

62 house experts

BETTER RECYCLING FOR CONSTRUCTION DEMOLITION WASTE: SATO DEVELOPS CIRCULAR ECONOMY EXPERTISE AT THE VATTUNIEMI DEMOLITION SITE

SATO is part of the circular economy project started by the City of Helsinki in summer 2021, the objective of which is to bring together construction sector parties to discuss ways to promote circular economy. One of the target areas of the cluster project is in Vattuniemi in Helsinki's Lauttasaari, where an extensive plan alteration project located on the plots of several landowners is pending.

[Read more](#)

CHALLENGES 2022

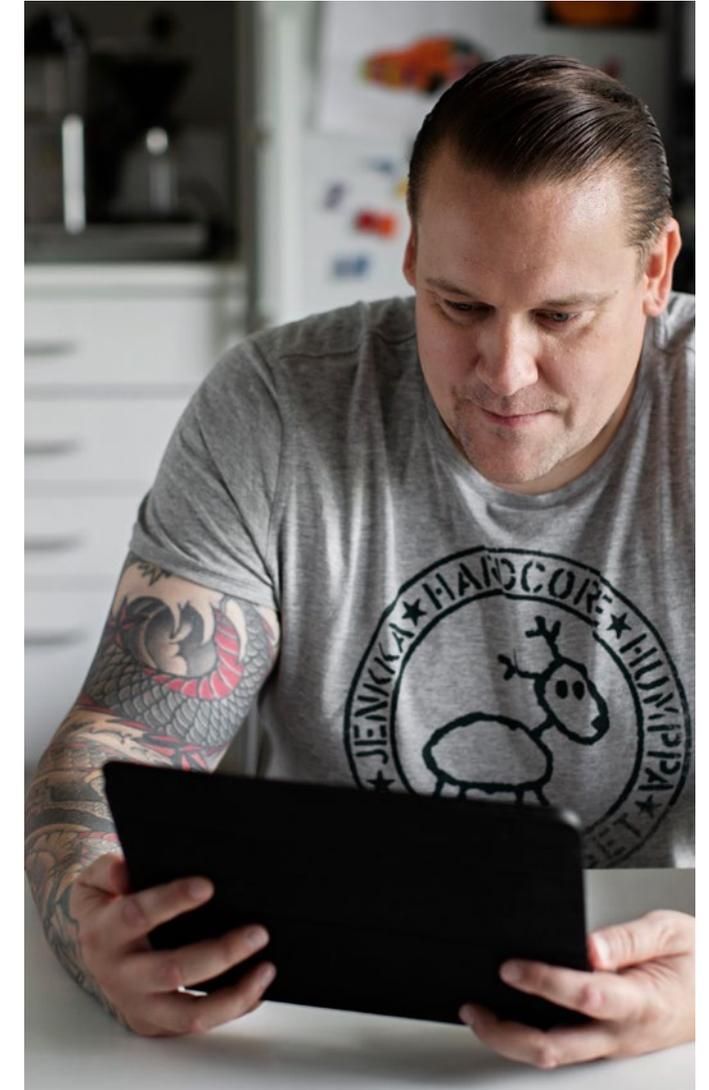
SATO TOOK PART IN THE NATIONAL ENERGY SAVING CAMPAIGN

During the reporting year, due to the energy crisis resulting from the war in Ukraine, we stepped up our energy saving measures and paid more attention to the temperatures of apartments than earlier. Our goal is to maintain a temperature of approximately 21 degrees in SATOhomes, which is a healthy and energy-efficient indoor temperature. In addition to our own energy saving measures, we actively provided our residents with guidance on how they can impact energy saving in their day-to-day lives. At the end of the year, we provided our residents with instructions on how to prepare for possible blackouts in the exceptional energy situation.



SUPPLIERS' SUSTAINABILITY CRITERIA DEFINITION IS UNFINISHED

Our goal during the reporting year was to define shared sustainability criteria for procurement for SATO's suppliers, but they have not been finished. We were also not able to carry out all of the planned supplier audits during the year. As part of preparations for our sustainability programme 2023–2026, we developed a plan to incorporate sustainability criteria into our audits and procurement processes.



WE POSTPONED THE LAUNCH OF NEW CONSTRUCTION PROJECTS

The Ukraine war, which began in February of the reporting year, also increased economic uncertainty and strongly accelerated inflation. During the second half of the reporting year, we made a decision to refrain from launching new construction projects and we are postponing their launch. The reasons behind this decision were rising construction, maintenance and financing costs and the moderate rent development resulting from the competitive situation.

We took part in a national energy saving campaign, while also guiding our residents to save energy.



OUR SUSTAINABILITY WORK



SUSTAINABILITY GUIDES OUR OPERATIONS

We ensure profitable business in the long term, sustainably. The foundation of our sustainable business is uniform and transparent ways of working, open communication and reporting, and co-operation with stakeholders. We enable our residents to live sustainably, and as a long-term owner, we take care of the value of our homes. We pay taxes to Finland. We also expect our partners to operate responsibly.

LONG-TERM AND TRANSPARENT BUSINESS OPERATIONS

For SATO, financial sustainability means good financial management, the efficient use of resources, and the generation of a steady financial benefit over the long term for stakeholders. In 2022, we continued to strengthen our balance sheet, and the Group's equity ratio was 47.8 per cent, i.e. above our minimum strategic target of 40 per cent. Our solvency ratio was 40.7 per cent, which exceeds our long-term target of below 50 per cent. In line with the targets, the interest coverage ratio must be at least 1.8x and unencumbered assets at least 60 per cent.

One of the three themes of the sustainability programme for 2023–2026, released during the reporting year, is sustainable profitability. Profitable business also enables our investment in sustainability work and the creation of living environments that improve the well-being of our residents.

We communicate and report transparently on our operations in accordance with international accounting standards and the Finnish Corporate Governance Code, and we prepare our sustainability reports in accordance with the GRI guidelines.

Sustainability management at SATO and our key guidelines and policies are described in the Annual Report's [Governance section](#).

WE COMMUNICATE OPENLY ABOUT OUR OPERATIONS

SATO's stakeholders include parties affected by our operations as well as parties whose operations affect us directly or indirectly. Our stakeholders include our customers, employees, shareholders, financiers, partners and service providers, as well as the authorities and other operators in society. Open interaction with stakeholders helps us identify topics that are material to sustainable business operations and corporate responsibility. It also helps us define our goals and achieve them. We communicate our operations and finances to our stakeholders in a transparent and timely manner.

WE TAKE RESPONSIBILITY FOR OUR IMPACTS ON OUR STAKEHOLDERS AND SOCIETY

We generate a steady financial benefit for our stakeholders, including shareholders, employees, customers, municipalities, the state, as well as goods suppliers and service providers and their employees. We support growth opportunities in business and industry by offering rental apartments in Finland's largest growth centres in the Helsinki metropolitan area, Tampere and Turku.

We regularly identify and assess the social and financial risks related to our operations and try to systematically reduce the known negative impacts, for example by following our Code of Conduct, by conducting audits and internal control, and by continuously developing our operating models.

During the reporting year, SATO invested around EUR 190.5 million in rental apartments. Our housing stock is focussed on areas and types of apartments that will grow in demand and increase in value. During the year under review, we repaired our homes and properties in accordance with the life-cycle principle in order to maintain or increase their value in use and financial value. Our repair investments amounted to EUR 92.4 million.

WE PAY TAXES TO FINLAND

SATO's net sales in 2022 amounted to EUR 291.2 million. The total amount of taxes paid and tax-like payments was EUR 112.7 million. The financial added value that we generate for society – the tax footprint of the company's operations – consists of direct and indirect taxes. SATO Group's effective income tax rate in Finland was 20.6 per cent in 2022.

In addition to Finland, we pay income and real estate taxes to Russia on our business in St. Petersburg. Employee salaries, benefits and pension expenses also include the personnel expenses of our St. Petersburg office.

ETHICAL AND SUSTAINABLE OPERATIONS

All of our operations must be consistent with legislation, best practice and our [Code of Conduct](#). All forms of bribery and corruption are strictly prohibited at SATO.

Our operations comply with the Finnish Corporate Governance Code and SATO's internal guidelines, principles and policies, which include guidelines for combating the grey economy. [SATO's Code of Conduct](#) supports long-term and profitable business based on ethically sound and sustainable operating methods with regard to the economy, people, society and the environment. We follow good rental practices and operate in compliance with best practices and rules concerning marketing and advertising. We comply with the International Labour Organization's (ILO) standards and other internationally approved human rights.

SATO has a [whistleblowing channel](#) through which SATO employees and external stakeholders can anonymously report critical concerns. SATO employees can report critical concerns to SATO's Board of Directors also through the CEO. During the

We communicate our operations and finances to our stakeholders in a transparent and timely manner.

reporting year, one incident of misconduct was reported and processed through the channel. The processing of the report led to corrective action in the organisation.

In connection with our 2023 compliance development work, we will update our processes about the handling of critical concerns. We will also establish an official process for preventing conflicts of interest and reducing their impacts. At the same time, we will specify how possible conflicts will be reported to our stakeholders.

As a result of internal control and risk management observations, we can make changes to SATO's operations or, for example, the composition of the Board of Directors. In 2022, no control observations resulted in corrective action.

SUSTAINABLE PROCUREMENT AND SUPPLY CHAINS

To combat the grey economy, we only work with companies registered in the Reliable Partner service on tilaajavastuu.fi. Partners must also commit to [SATO's Code of Conduct](#) and [ethical guidelines](#), which specify the requirements that partners are expected to comply with when working with SATO. SATO requires its partners to practice responsible business and take good business practices into account in addition to complying with legislation and guidelines. In line with the Finnish Occupational Safety and Health Act, everyone working at SATO's construction sites must have a photo ID with a tax number.

We select suppliers that create value and good experiences for our customers. We require sustainable operating methods in terms of work environments, occupational safety and environmental responsibility. When selecting new partners, we carry out a supplier assessment, which entails going over the company's finances, references, resources and equipment. It is important to us that our partners are willing to develop their operations.

When selecting suppliers through competitive bidding processes, we evaluate offers based on our goals and the product or service in question. We also analyse the level of supervision, reporting and delivery of potential suppliers.

During the review period, we continued to audit our contractual suppliers to comprehensively evaluate their processes and the current state of their operations. Based on these audits, we prepare scorecards for suppliers, including a description of the current state of their operations and any suggestions for improvements. As part of preparations for our sustainability programme 2023–2026, we prepared a plan to incorporate sustainability criteria into our audits and procurement processes.

We value responsible partners that support us in our strategy of providing a diverse range of services, high-quality urban living and smoothly running maintenance. Good partners have clear goals and are keen to develop with us – together we can serve our customers even better.

WE ACTIVELY PARTICIPATE IN AND INFLUENCE THE DEVELOPMENT OF THE SECTOR

We contribute to the development of the housing and real estate sectors through our participation in organisations and the Helsinki Region Chamber of Commerce. SATO is represented on the Board of Directors, the Housing Executive Group and many committees of the Finnish Association of Building Owners and Construction Clients (RAKLI). We are members of the Green Building Council Finland and are actively involved in its various committees. We are also part of the City of Helsinki's Climate Partners network. In addition, we are on the board of Suomen Asuntoliitto ry (Finnish Housing Association), and we are a member of Asuntoreformiyhdistys ry (Finnish Housing Reform Association) and the FIBS network for corporate social responsibility.

We are involved in the "Home and Job" (#kämppäjaduuni) project, which focuses on significant societal issues, i.e. homelessness and unemployment.

TWO STARS IN GRESB

SATO participated in the Global Real Estate Sustainability Benchmark (GRESB) assessment for the eighth time. SATO's score in the Standing Investments Benchmark (existing properties) fell by one point from last year (score now at 73), while in the Develop-

ment Benchmark (construction projects) SATO's score rose to 75 points from 71 points last year. Additionally, SATO received the Green Star recognition in both categories, which is granted if the result is at least 50% of the available points.

SATO was successful in the social responsibility area of the comparison. SATO's strengths are, for example, diverse stakeholder co-operation, a comprehensive health and well-being programme and measures for personnel, risk management, and issues related to tenants' health and safety.

SATO's lowest score in the assessment came from buildings' environmental certification, as the buildings SATO owns are not systematically certified. However, certification for residential buildings is gradually becoming more common in Finland and SATO is looking into the feasibility of certification in new construction and renovation projects. Furthermore, based on the GRESB assessment, SATO's improvement areas are describing processes related to material selection and monitoring in construction projects in more detail, and water consumption monitoring. The related measures are already being planned in line with SATO's sustainability programme 2023–2026. [Read more](#)

WE DONATED TO NO FIXED ABODE AND UKRAINE

During the reporting year, SATO's Christmas donations went to No Fixed Abode, an advocacy organisation for the homeless that defends each person's right to their own home. SATO has collaborated with No Fixed Abode since 2018 through the #kämppäjaduuni (No Fixed Abode) project. In addition, SATO's personnel took part in the Christmas tree collection by Hope ry. In spring 2022, we donated EUR 50,000 to emergency aid for Ukraine through UNICEF and the Finnish Red Cross.

SATO's employees also participated during the reporting year in a contest encouraging biking. SATO made a donation to the "Ketjureaktio" campaign by Red Cross for every 25 kilometres cycled.



G R E S B
★ ★ ☆ ☆ ☆ 2022

SATO'S STAKEHOLDERS

Stakeholder group	Stakeholders' expectations of SATO	Channels of interaction	SATO's actions in 2022
Customers			
<p>SATOhome residents approx. 45,000</p>	<ul style="list-style-type: none"> • Healthy and safe homes • A reliable and responsible housing provider • Smooth customer service • Open communication 	<ul style="list-style-type: none"> • Customer service and communication in various channels: phone service, chat, social media, sato.fi, OmaSATO, newsletters, noticeboards • Customer surveys and feedback • Meetings at SATO's buildings, maintenance visits, resident meetings, customer workshops, customer events 	<ul style="list-style-type: none"> • Development of customer service and communication • Maintenance of the properties and apartments • Concept and service development • Development of digital services • Development of operations and services together with customers • Customer surveys and measuring the customer experience • Promoting neighbourly living • Supporting sustainable choices in residents' daily lives • Guidance on energy savings and preparing for blackouts
Personnel			
<p>Average of 325 employees</p>	<ul style="list-style-type: none"> • An open and inspiring workplace • Good management and supervisory work • Challenging tasks and developing personal competence • Safe and enjoyable work conditions • Well-being at work 	<ul style="list-style-type: none"> • Regular employee events and open internal communication • Personnel work satisfaction surveys • Interaction with supervisors and personal performance reviews • The Tarmo management/personnel group • Exercise and recreational activities • Operations of the OHS committee and OHS representatives 	<ul style="list-style-type: none"> • Supporting and promoting well-being at work: comprehensive occupational healthcare and close co-operation with the occupational healthcare service • Internal job rotation • Comprehensive inductions • Support for LiiVi, SATO's committee for recreation and sports • SATO Day for the entire personnel • Internal Noste change programme and developing competence • Training for supervisors • Ensuring occupational safety during the COVID-19 pandemic • Working in a hybrid model • Modernised SATOhome multifunctional spaces
Partners and service providers			
<p>Approx. 1,700 service and material providers</p>	<ul style="list-style-type: none"> • Long-term partnerships • Compliance with agreements • Openness and equality 	<ul style="list-style-type: none"> • Competitive bidding • Supplier audits • Negotiations • Agreements and guidelines • Partner co-operation steering groups • Joint real estate industry development projects 	<ul style="list-style-type: none"> • Long-term partnerships and service agreements • Partner channel • Concentrated purchases • Sustainable purchasing guidelines and criteria • Audits and quality control • Combating the grey economy • Ethical guidelines for partners

Stakeholder group	Stakeholders' expectations of SATO	Channels of interaction	SATO's actions in 2022
Owners and financiers	<ul style="list-style-type: none"> • Sustainable investment object • Maintaining profitability and value increase • Transparent practices • Open communication • Good management 	<ul style="list-style-type: none"> • Shareholder meetings • Investor and financier meetings • Annual general meeting • Board meetings • Financial reviews and releases • GRI reporting 	<ul style="list-style-type: none"> • Strategy work • Board work • Stakeholder meetings • Transparent and comprehensive business reporting • Sustainability programme for 2019–2022 • GRESB Global Real Estate Sustainability Benchmark • Good and transparent governance and communications • Green Finance Framework
Society			
Authorities, organisations, media, land owners and neighbours	<ul style="list-style-type: none"> • Legal and responsible operations and combating the grey economy • Development of rental housing • Employment • Tax revenues • Responding to and combating climate change • Prevention of housing segregation • Reliable and timely communication 	<ul style="list-style-type: none"> • Co-operation with authorities, partners and residents • Activities in industry associations • Open and reliable communication in various channels 	<ul style="list-style-type: none"> • Providing and developing high-quality housing and associated services • Participating in urban development • Actively interacting with various stakeholders • Developing our industry in co-operation with industry associations • We participate in public projects • Energy efficiency and emission targets and reduction measures • Energy efficiency commitments with the state and the City of Helsinki • Sustainability programme for 2019–2022 and GRESB sustainability benchmark • The “Home and Job” (#kämppäjaduuni) project (in collaboration with No Fixed Abode and the Rehabilitation Foundation) • “Luottamus & Maine” (trust and reputation) survey

SUSTAINABILITY MANAGEMENT

SATO's Board of Directors

- Makes strategic policies and decisions concerning sustainability, approves the sustainability programme and the Sustainability Report once a year as part of the financial statements
- Addresses the organisation's impacts on the economy, environment and people usually once a year when approving the Report of the Board of Directors
- Reviews once a year the internal control and risk management principles, monitors their implementation and assesses the efficiency of the processes
- Takes sustainability criteria into account in investment decisions
- Addresses climate-related risks twice a year

SATO's Chief Executive Officer

- With the help of the Corporate Management Group, prepares for the Board of Directors the sustainability management policies and ensures up-to-date communication by reporting to the Board on sustainability issues
- Is responsible for executing the Board of Director's policies and, with the assistance of the Corporate Management Group, monitors the implementation of sustainability as part of business operations in line with the Board of Directors' decisions

Information on sustainability issues is distributed in the organisation through active communication.
At the Corporate Management Group level, the Chief Financial Officer is responsible for sustainability issues.

Sustainability Manager

- Is responsible for the company's overall sustainability, coordinates development work and the preparation and implementation of the sustainability programme
- Steers and coordinates the work of the sustainability steering group
- Supports the company's business units as a sustainability expert and promotes the increase of sustainability know-how in the organisation
- Reports at least quarterly to the Corporate Management Group

Sustainability steering group

- Deals with sustainability development matters across organisational borders and monitors the development of targets
- Supports the business units in sustainability issues and internal sustainability communication
- Convenes at least once a quarter

Unit heads and supervisors

- Are responsible for integrating the unit's sustainability targets with other targets and for their implementation

Concrete sustainability related-measures and development goals are included in action plans of SATO's units, and managers and supervisors follow these together with the sustainability steering group.

SATO'S SUSTAINABILITY PROGRAMME 2019–2022

MATERIALITY AS THE BASIS FOR REPORTING

Using materiality analysis, we ensure that sustainability work and reporting are focused on topics that are significant for our customers and other stakeholders.

Our sustainability reporting for 2022 is guided by SATO's sustainability programme for 2019–2022. The sustainability programme is based on a materiality analysis updated in autumn 2018.

STAKEHOLDER SURVEY AND DIALOGUE DETERMINE MATERIALITY

SATO engages in open dialogue with its stakeholders to identify the impacts of the operations and their significance. As a basis for the materiality analysis carried out in autumn 2018, we conducted an extensive stakeholder survey to identify the most material aspects related to our business operations for each stakeholder group. Representatives of various stakeholder groups raised issues that should be associated with sustainability in our operations and related reporting.

Our survey of customers and our personnel was carried out via an online form, and more than 800 people responded to it. Other representatives of our main stakeholders were interviewed by partners independent of SATO. SATO's management evaluated the themes raised in the discussions based on business impacts and identified four main themes and 11 material aspects.

MAIN SUSTAINABILITY THEMES AND MATERIAL ASPECTS 2019–2022:

Sustainability guides our operations

- Transparent practices
- No to the grey economy
- Responsible service and procurement chain

We take care of our employees

- Evolving competence
- A fair and inspiring workplace
- Safely at work

We create well-being for our residents

- We take care of housing health
- We promote neighbourly living

We respond to climate change

- Energy-efficient buildings and targeting carbon-neutrality
- Sustainable life cycle for properties
- Environmental responsibility in day-to-day living



NEW SUSTAINABILITY PROGRAMME 2023–2026

MATERIALITY ANALYSIS UPDATE WORK

We provided background for the materiality analysis update by conducting an operating environment survey in which SATO was viewed within a real estate and construction sector framework. We analysed global megatrends impacting the built environment, housing trends and the sector's best practices and risks and opportunities. We delved deeper into the development of national and international regulation in our sector.

In early 2022, we commissioned a stakeholder survey and interviews and an internal ESG workshop to identify SATO's most material sustainability themes. In the identification, we took into account two perspectives: SATO's most significant financial, social and environmental impacts and our stakeholders' key expectations and concerns related to these impacts.

More than 500 people responded to our online stakeholder survey. The respondents consisted of our residents, personnel, partners and service providers, authorities, organisations and SATO's owners. Representatives from cities, SATO's Board of Directors and Finnish Property Owners RAKLI took part in the in-depth interviews.

Based on the materiality analysis, the most important areas are the well-being of employees and residents, financial responsibility and mitigation of climate change and adapting to it.

SATO's Corporate Management Group confirmed the results of the materiality analysis and the sustainability vision's objectives in spring 2022. The update of the materiality analysis will steer the priorities of our sustainability reporting over the next few years.

VISION: TO BE A FORERUNNER IN SUSTAINABLE RENTAL HOUSING

Our new sustainability programme for 2023–2026 is based on the updated materiality analysis. For creating the programme itself, we organised three in-house workshops in summer 2022 in which we delved into the different areas of sustainability in terms of SATO's operations and prioritised topics based on their significance and effectiveness. We refined the preliminary policies in follow-up workshops in the autumn as far as the programme's goals, measures and monitoring were concerned. The work involved more than 20 SATO employees from different units. We released our sustainability programme in September 2022.

Our goal in the sustainability programme period 2023–2026 is to be a forerunner in sustainable rental housing. The spearheads of our programme are sustainable housing, our communities' well-being and financial profitability in a sustainable manner. Our programme's policies are linked to the UN Sustainable Development Goals (SDG).

Working in line with our sustainability programme enables sustainable housing for our residents and encourages them to make sustainable choices in their daily lives. Mitigation of climate change and adapting to it are at the core: we systematically improve the energy efficiency in our homes and increase the share of emission-free energy of our overall consumption. Our goal is to be carbon neutral by 2030 when it comes to in-use energy consumption. Additionally, we promote circular economy and biodiversity in our operations.

SUSTAINABILITY PROGRAMME 2023–2026

Sustainable housing

- Carbon neutrality and energy efficiency
- Circular economy
- Biodiversity

Communities' wellbeing

- Employee wellbeing
- Comfort and wellbeing in residential communities
- Diversity and equality



Sustainably profitable

- Consistency and transparency
- Profitable business sustainably



Our key communities are our customers and personnel. We are responsible for the satisfaction and well-being of our customers in healthy and safe living environments. We take care of our personnel's well-being and ability to cope, occupational health and safety, competence, and equality and non-discrimination. Furthermore, we promote diversity and work to reduce inequality in society.

Profitable business enables our investment in sustainability work and the creation of living environments that improve the well-being of our residents. We ensure profitable business in the long term, transparently and sustainably. The foundation for our sustainable business is shared rules, careful and preventive maintenance of our homes, long-term ownership and high customer satisfaction.

For us at SATO, sustainability is about concrete actions that can be seen in everything we do. The sustainability programme and its targets steer both our daily choices and our longer-term development work.

For us at SATO, sustainability is about concrete actions that can be seen in everything we do.



FOR SATO, SUSTAINABILITY IS ABOUT CONCRETE ACTIONS

In 2022, we reduced our energy consumption, developed our digital services further and invested in near good public transport connections and services.

In the reporting year, we managed to reduce energy consumption compared to the previous year. We continued our reporting on the risks and opportunities resulting from climate change in compliance with the TCFD framework. In line with the targets, we carried out continuous development of digital services and

their more extensive use in customer service situations. As part of preparations for our sustainability programme 2023–2026, we developed a plan to incorporate sustainability criteria into our procurement process. Our new investment decisions concerned properties located either along rail traffic routes or in major regional or municipal centres, in line with our targets.

During the reporting year, we were able to save water compared to 2021, but we did not reach our target. We managed to reduce

our energy consumption, and the carbon dioxide emissions from our operations decreased.

A summary of SATO's sustainability targets and initiatives for 2022, as well as their connection to the UN's Sustainable Development Goals, are presented in the table. Our sustainability programme for 2023–2026, prepared during the reporting year, steers the setting of our sustainability targets for the coming years.

In the reporting year, we managed to reduce energy consumption compared to the previous year.

SUSTAINABILITY GUIDES OUR OPERATIONS

Target 2022	Measures taken	Outcome	Target status	UN Sustainable Development Goals
We assess climate risks and opportunities for each property.	We continued the risk assessment and reporting in line with the TCFD framework. We assessed climate risks and opportunities for specific individual properties.	Fulfilled in part	●	
We arrange supplier meetings, carry out supplier audits and develop sustainability criteria in choosing partners.	Due to the COVID-19 pandemic, we were unable to organise all of the planned meetings and audits. As part of preparations for our sustainability programme 2023–2026, we developed a plan to incorporate sustainability criteria into our audits and procurement processes.	Fulfilled in part	●	 

WE RESPOND TO CLIMATE CHANGE

Target 2022	Measures taken	Outcome	Target status	UN Sustainable Development Goals
To reduce energy consumption compared to the previous year.	We reduced temperatures in our apartments and participated in the Finnish 'Down a degree' campaign. We increased the share of geothermal heat in our heat production.	Fulfilled	●	   
Specific water consumption 397 l/m ³	Water consumption decreased compared to the previous year (409 l/m ³). In December, we gave water-saving tips to our residents, encouraging them to inform us of any leaky water fixtures. In 2022, we launched a water saving competition for our residents.	Unfulfilled 401 l/m ³	●	   

Target 2022	Measures taken	Outcome	Target status	UN Sustainable Development Goals
GHG emission intensity of buildings 22.2 kg CO ₂ -e/m ² /year	Although we were able to reduce energy consumption, we did not meet our goal for emission intensity. The national emission coefficient increased.	Unfulfilled, 28.2 kg CO ₂ -e/m ² /year	●	    
New investments are targeted from a public transport connection and urban structure perspective to areas that enable a car-free lifestyle.	The locations of the new construction investments that we have decided on and the preliminary contracts that we have concluded on development sites were in line with our objectives. The sites are located along rail traffic routes and/or in major regional or municipal centres.	Fulfilled	●	  
Enhance the sorting of waste by residents and reduce the volume of mixed waste by 10% compared to the previous year.	Our housing advisors carried out many building-specific guidance rounds and gave customers individual waste guidance. We surveyed our properties' waste-collection points and targeted repair measures based on the survey. We organised a waste sorting quiz for our residents.	Fulfilled in part	●	  

WE TAKE CARE OF OUR EMPLOYEES

Target 2022	Measures taken	Outcome	Target status	UN Sustainable Development Goals
The results of SATO's personnel survey at the same level or higher than 2021 in all key categories.	In a pulse survey we conducted in the spring, all of the key categories remained almost on a par with the measurement carried out in October 2021. During the year, we organised supervisor coaching and renovated the SATO building's premises to support hybrid work. We organised a SATO Day in order to grow our personnel's sustainability expertise and sense of community.	Fulfilled in part	●	

WE CREATE WELL-BEING FOR OUR RESIDENTS AND SOCIETY

Target 2022	Measures taken	Outcome	Target status	UN Sustainable Development Goals
Continuous development of positive and safe neighbourly relations with the help of our housing advisors.	There were 22 active neighbour mentors at the end of the year. Our housing advisors conducted 46 property-specific guidance tours which focused on waste container instructions. We reacted actively to housing problems: we managed altogether 590 cases, of which the majority were minor breaches of general rules of conduct (e.g. unnecessarily loud and continuous noise resulting from living). During the reporting year, we did not arrange resident events due to the COVID-19 situation.	Fulfilled in part	●	
The continuous development of digital services and using them more extensively in customer service situations.	During the year, we adopted field work management tools. We actively utilised the tools in customer service situations, also using mobile devices, which made customer service easier and faster.	Fulfilled	●	  
Making the continuous condition measurement operating model a permanent part of the proactive housing health operations.	We provided induction into the new operating model for new service managers. We ensured the smooth use of the AI-controlled Leanheat system.	Fulfilled in part	●	

CLIMATE RISKS AND OPPORTUNITIES IN ACCORDANCE WITH THE TCFD FRAMEWORK

In 2020, we committed to reporting on risks and opportunities related to climate change in accordance with the TCFD (Task Force on Climate-Related Financial Disclosures) framework. The TCFD is an organisation established by large companies whose mission is to encourage companies to report on the climate risks and opportunities that affect them.

In 2021, we conducted an extensive assessment of the risks and opportunities arising from climate change for SATO's entire supply chain. The risks are divided into four main categories in line with the TCFD framework: transition risks, acute and chronic physical risks and social risks. At the same time, we carried out a scenario analysis to look into how the two- and four-degree scenarios affect society and how SATO should prepare for these changes.

Identifying climate risks and opportunities is important for SATO to enable us to adapt to the changing climate and leverage the opportunities in our operations. We also seek to mitigate climate change through our own actions. We aim to reduce the carbon dioxide emissions caused by our operations, and our goal is to reach carbon neutrality for in-use energy consumption by 2030. We also assess the life-cycle emissions of the buildings with the aim of reducing them in the future.

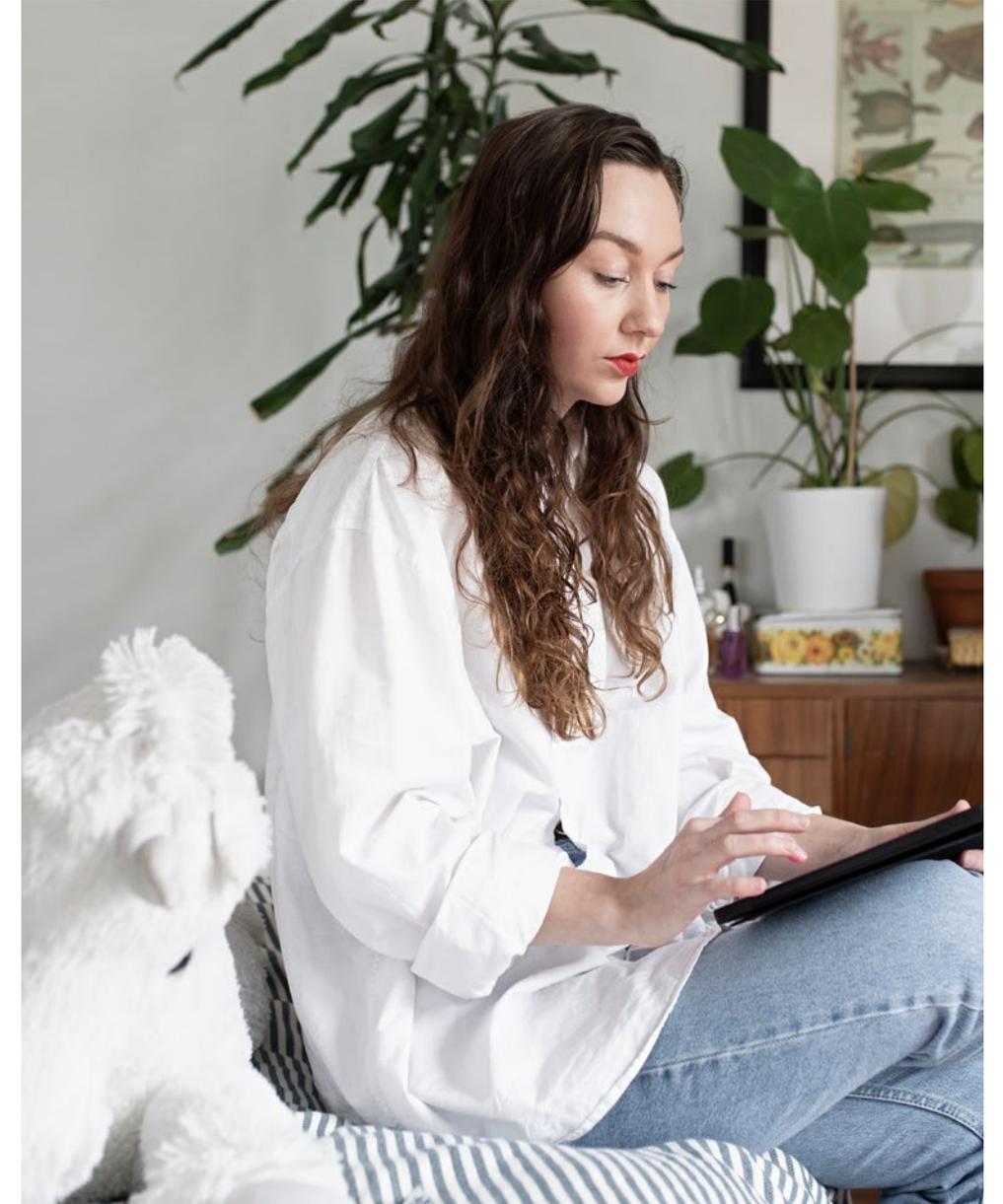
CLIMATE RISK MANAGEMENT

During the reporting year, we continued our reporting and risk management in line with the TCFD framework. The risks resulting from climate change have been added to SATO's overall risk assessment which is carried out internally once a year. SATO's CFO is responsible for the risk analysis. SATO's Corporate Management Group reports on climate risks and opportunities and their impact on SATO's operations to SATO's Board of Directors twice a year.

Various environmental criteria in line with SATO's sustainability programme are incorporated into every investment decision concerning new buildings. Physical climate risks are partly taken into account in our operations. Our design guidelines for new buildings, for example, take flood risks, energy forms and structural durability into account.

In the coming years, our goal is to increase measures for mitigating and adapting to climate change in accordance with our sustainability programme. We are developing, for example, SATO's emission calculation and reporting and preparing for an expansion of our carbon-neutrality objectives. Our goal is also to deepen the assessment of climate risks: we intend to assess the likelihood of risks, time windows and the significance of impacts in more detail and to carry out property and area-specific risk assessment and adaptation plans, among other things.

**In the coming years,
our goal is to increase
measures for mitigating and
adapting to climate change
in accordance with our
sustainability programme.**



CLIMATE RISKS, IMPACTS AND MANAGEMENT MEASURES

Type of risk and description	Impact on SATO (risks and opportunities)	Management measures
<p>Transition risks: (Transition to a low-carbon economy) Regulation risks and carbon pricing, development of new low-carbon, resource-efficient technologies, market risks: changes in building materials and stakeholder expectations, reputation risk</p>	<p>The transition to a low-carbon economy will entail costs affecting the price of energy, the price of potential carbon emissions and the prices and availability of materials. Consumer behaviour and partner operations may have an impact on the market and SATO's reputation.</p>	<ul style="list-style-type: none"> SATO invests in buildings located near good public transport connections and services. SATO focuses on energy-efficient solutions in new buildings and renovations. The possibility to use geothermal heat and solar panels is explored in every building. We engage in open and transparent communications about SATO's sustainability efforts.
<p>Acute physical risks: Extreme weather conditions, such as wind-driven rain, storms, flood risks and intense heat waves are becoming stronger and more frequent.</p>	<p>Extreme weather conditions, such as wind-driven rain, storms, flood risks and intense heat waves are causing risks to housing health and structural durability. Extreme weather conditions also have an impact on maintenance and investment costs, such as the increasing need for cooling, as well as on servicing costs and costs arising from preparing for risks. SATO sees opportunities in making more efficient use of rainwater in the buildings and lower heating costs.</p>	<ul style="list-style-type: none"> SATO's design guidelines take structural durability into account, and the guidelines concerning buildings located by the seaside will be introduced for other buildings as well. This is done in preparation for growing flood risks and increasing wind-driven rain and humidity. We take care of efficient building technology guidance.
<p>Chronic physical risks: Climate change is irreversible, the rising temperature and increasing rainfall are leading to heat islands and a more humid environment, climate change-fuelled melting of glaciers and ice sheets</p>	<p>A permanent change in the climate will increase maintenance and investment costs due to a more humid environment and the creation of heat islands. This may affect the movement of people worldwide and increase the number of climate refugees. This may have an impact on regional segregation. The melting of glaciers and ice sheets is raising the sea level, causing floods in coastal areas.</p>	<ul style="list-style-type: none"> SATO's design guidelines take the increased precipitation into account. Our aim is to design buildings with optimal space efficiency in mind to avoid unnecessary spaces that have to be heated or cooled. We review guidelines when building new buildings along the coast
<p>Social risks: Change in consumer expectations and lifestyle</p>	<p>Sustainability is becoming a key criterion in consumer choices, which can be seen as both a risk and an opportunity.</p>	<ul style="list-style-type: none"> We operate in line with SATO's sustainability programme and communicate on it openly and transparently.

SCENARIO ANALYSIS AND HOW SATO IS PREPARED FOR THE DIFFERENT SCENARIOS

	Two-degree scenario	Four-degree scenario
Society	<p>The acute and chronic risks are considerable: extreme weather conditions and irreversible changes in the climate are causing damage to buildings. Regulation is tightening and more emphasis is being placed on collective efforts towards a carbon-neutral society and common international sustainability goals. Energy is cleaner and more affordable, and technology is advanced. Expertise in terms of sustainability and circularity is increasing. New innovative materials are available. Consumers are more environmentally aware.</p>	<p>The acute and chronic risks are highlighted, such as extreme weather conditions and irreversible changes in the climate which are causing damage to buildings. The pace of decarbonisation is decreasing and investments in renewable energy are insufficient.</p> <p>The current trend will continue in the development of technology and materials, which may raise prices and reduce the availability of materials. Expertise in the circular economy or sustainable development is in short supply. Consumers are not aware of sustainable housing and are not willing to pay more for it.</p>
How SATO is prepared for the scenario	<p>SATO's current energy-efficiency standards in construction and renovation are already higher than required by legislation: We build sustainably, with the building's entire life cycle in mind, and are thus able to meet our customers' requirements.</p> <p>Our goal is to reach carbon neutrality for in-use energy consumption by 2030. We are developing, in line with our sustainability programme, SATO's emission calculation and reporting and preparing for an expansion of our carbon-neutrality objectives, for example.</p>	<p>Rising temperatures will reduce heating needs in winter but increase the need for cooling in summer. The physical impacts of climate change will considerably increase repair costs. Costs will arise from both preparing for climate change and repairing possible damages.</p>

CUSTOMER EXPERIENCE

The customer experience is at the core of our strategy. We want to be closely present in our customers' daily lives in order to serve them as well as we can. Our aim is to use our hearts and solid professionalism to solve customer encounters. We listen to our customers' wishes concerning housing and develop our activities based on feedback.

The competition between rental housing providers is tough, as a large volume of new rental apartments has been built in growth centres, especially in the Helsinki metropolitan area, in recent years. Tenants now have a wide array of choices and a successful customer experience is more important than ever.

During the reporting year, we continued to develop SATO's first-class customer experience. We clarified and simplified the processes and operating models related to the customer experience and focused especially on building a harmonised and seamless service experience. We invested in developing digital services, as well as our presence near the customers. We also established closer collaboration between SATO employees working at our residents' buildings and improved internal communications. The objective is for all of our professionals working at the buildings to have uniform information on the building's matters and to be able to react to our customer's needs and expectations without delay, even before the customer has the chance to notice any deviances in their building. During the year, we also collaborated more actively with our maintenance partners.

RESIDENTS ARE HAPPY WITH OUR HOUSE EXPERTS

During the reporting year, we expanded the house expert model further in the Helsinki metropolitan area. At the end of the year, SATO employed 62 house experts and the model is now in use in the Helsinki metropolitan area, Tampere and Turku. The house experts take care of the technical building work on homes and

buildings. The purpose of our house expert operating model is to create a better customer experience and more efficient maintenance.

Our customers have given excellent feedback on our house experts' work. The customers are especially happy with the house experts' ability to react quickly to deviations and defects.

WE MEASURE AND MONITOR THE CUSTOMER EXPERIENCE

We measure our successes in customer encounters using the Net Promoter Score (NPS) at different stages of the customer path. The main indicator is the customer account's total NPS, which SATO's customers are invited to respond to regularly. The total NPS score continued to develop in a positive direction during 2022.

In addition to the NPS score, we use the feedback we receive from our customers through different channels. We collect feedback from, among other things, customer conversations and open feedback given in customer surveys. Based on a qualitative analysis, we have identified core areas and interfaces of the customer experience in which we still have room for improvement and on which our customers would especially like us to focus. During the reporting year, we focused in particular on developing contact points related to moving in and out of homes, where customers are in contact with several SATO employees. In these situations, it is of primary importance to communicate consistently with the customer and to make sure that the moving experience is as smooth and easy as possible from the customer's perspective.

SMOOTH SERVICE FOR OUR CUSTOMERS

We serve our customers through various channels, also on the weekend. The best way to reach our customer service is on the

website's chat service, where you can reach our service experts and the SATObot (on duty 24/7), or through OmaSATO. In the OmaSATO service, you can file defect reports or leave a contact request in the Messages section.

During the year under review, our customer service experts responded to 140 185 queries. The number of customer contacts fell from the previous year. The average telephone wait time was 3.15 minutes and in chat, 29 seconds. Our customer service received an NPS of 48.55. Multiculturalism is an established part of our customer service. We are able to serve our customers in roughly 20 languages thanks to the Túlka translation service that we introduced in 2018.

During the reporting year, we developed our digital services and service environment further. Digital development work based on the needs of our business operations and customers will continue in the upcoming years. The only way we can succeed in developing successful digital services that suit our customers is by collaborating with them. That is why we regularly ask our customers to test the digital services we are developing and to give us feedback.

WE DEVELOPED THE RENTAL PROCESSES

We want the daily work of our customer service and rental activities to be as efficient and smooth as possible and for our customers to have a smooth service experience.

Based on customer feedback, we also developed, during the reporting year, our processes involving the renting of a new home. We revamped the reservation of apartment viewings to make them more flexible for the customer and to pilot test the online reservation of viewings no matter the time or place. Digital viewing reservations have made it faster for customers to

view apartments and they have improved the transparency of the process at SATO. The viewings were largely held by our own viewing agents, while before they were outsourced to external maintenance partners.

We updated the apartment application process on the sato.fi website and in 2022 made it possible for our customers to apply for homes using the 'more sustainable option' search criterion. By using the 'more sustainable option' search criterion, customers can find the buildings selected for the ostavastuullisesti.fi website, which an external sustainability panel has selected as a more sustainable choice.

During the year, we kept our residents informed about the latest housing news with 11 newsletters that were delivered electronically, and through building-specific newsletters and notifications. In 2022, we shared in our resident newsletters up-to-date tips on energy and water saving, among other things.

During the reporting year,
we continued to develop
SATO's first-class customer
experience.

WE ADVISE OUR RESIDENTS ON SUSTAINABLE LIVING

Since 2019, SATO has had voluntary neighbour mentors who are SATO residents that help new tenants settle into their new building and community. At SATO, the neighbour mentor activities are coordinated by the housing advisors, who additionally guide and support residents in issues related to rental housing. By year-end, we had a total of 22 neighbour mentors in the Helsinki metropolitan area, Tampere and Turku.

During the reporting year, our housing advisors conducted altogether 46 guidance tours at the buildings, covering 2,720 apartments in total. A house expert was also involved in the guidance tours, simultaneously checking for any defects in the apartments. A service manager also took part in some of the tours.

The housing advisors provide our residents with guidance, especially in issues related to maintenance, living comfort and waste bins. During the reporting year, the housing advisors' tours focused on waste guidance.

According to the study conducted by SATO, people consider living in a rental apartment to be the most sustainable type of housing.

Case

RENTAL HOUSING IN AN APARTMENT BUILDING IS THE MOST SUSTAINABLE TYPE OF HOUSING – SURVEY LOOKS INTO TENANTS' VIEWS ON SUSTAINABLE HOUSING

SATO's study conducted at the end of 2022 found that people consider living in a rental apartment to be the most sustainable type of housing. The survey, conducted as an online panel study, received 1,005 responses from people living in a rental home or considering renting within the next year.

A quarter of respondents considered renting an apartment to be the most sustainable type of housing. When renting in an apartment building, it is easy to make sustainable choices in your daily life: the location is often near good public transport connections and services and recycling is easy in an apartment building. The respondents saw that rental housing providers have better resources for investing in sustainability than individual residents.

The responses highlighted the significance of the central location of rental apartments for sustainable living. Of the respondents, 80 per cent considered the location of the home to be important, enabling more responsible and sustainable life choices. Good public transport

connections and easy access to services were the most important factors that impact the choice of location. Furthermore, closeness to nature was considered to be important, as well as a nearby job, school or day care.

The survey showed that many respondents were looking for the rental housing provider to give them guidance in matters linked to responsible and sustainable living: 55 per cent of all respondents and 72 per cent of young people aged 18–24 agreed with this statement.

“Our goal is to be a leader in sustainable rental housing. As a major operator, we have the opportunity to have a significant impact on sustainable living solutions throughout our properties' life cycle and sustainability is built into our operations. We wish to enable our residents to live sustainably, and we work to make their daily lives easier by providing guidance on making sustainable choices, like waste sorting, recycling events and guidance from our housing advisors,” says **Elina Vaurasalo**, EVP, Housing Business.



According to the survey, residents that rent strongly associate the housing provider's sustainability with the things that are closest to them in their day-to-day lives, such as good recycling and sorting opportunities. Responses also highlighted using renewable forms of energy and sustainable materials and saving energy.

However, more than a fifth (22%) of respondents could not assess the housing provider's sustainability in their own words, however.

“This is understandable because there is no all-encompassing, established method for assessing sustainability. Housing providers have different methods, focal areas and indicators for reporting their sustainability, which makes it difficult to assess. People's understanding of sustainability varies and it can be difficult to get a grip on the concept,” says Sustainability Manager **Susanna Kari González**.

[Read more](#)

SUSTAINABLE HOUSING

Our most significant climate impacts arise from energy consumption during living as well as the construction and repair of our homes. Combating climate change and responding to it is at the core of our sustainability work. Our goal is to be a leader in sustainable rental housing. We enable sustainable housing for our residents and encourage them to make sustainable choices in their daily lives. We build homes for our residents that last over generations, and we take care of our buildings in accordance with the life-cycle principles.

WE INVEST IN NEAR GOOD PUBLIC TRANSPORT CONNECTIONS AND SERVICES

SATO acquires and builds rental apartments, and we are involved in developing entire residential areas. In line with our strategy, we focus our housing stock in the Helsinki metropolitan area and its commuting area along rail traffic routes, and in Tampere and Turku. In April of the reporting year, we sold 2,009 rental apartments mainly in the Lahti, Jyväskylä and Oulu areas to the Swedish investment company Heimstaden.

We invest in homes along good public transportation connections and near services, and always carry out a sustainability assessment on investments as part of the investment decision. In addition to the fulfilment of financial criteria, the evaluation focuses on the environmental impact of the investment, transport connections and services, and the execution of the procurement process in accordance with good corporate governance, among other aspects. Residents also find making sustainable choices easy when their homes are centrally located.

During the year under review, SATO invested EUR 190.5 million in its housing portfolio. A total of 191 rental apartments were completed in 2022. Renovations on a total of 322 rental apartments were completed during the reporting year. On 31 December 2022, 1,418 rental apartments were under construction, and 580 rental apartments were under renovation.

NEW HOMES IN EXISTING URBAN ENVIRONMENTS

We collaborate with cities when areas are being developed and new housing is planned. As a long-term owner, housing investor and housing provider, SATO wants to build nice homes, residential areas and pleasant urban areas for decades to come.

Complementary planning supports the creation of denser urban structures in line with the objectives of master plans and SATO's goal of offering new rental apartments in areas where homes are in demand. Building new energy-efficient properties as complementary construction gives SATO good prerequisites for reducing emissions and targeting carbon neutrality.

Our planning development projects are situated in excellent locations in terms of services and public transport, for instance, along the routes of the West Metro, the Raide-Jokeri tramline and Tampere Tramway. In addition to good public transport connections, the basis for planning new areas is efficient parking solutions combined with improving the attractiveness of cycling and walking.

We invest in supplementing and developing the urban structure, for example, by acquiring plots, developing city plans, investing in public utility services and remediating soil. In 2022, our investments in infrastructure totalled EUR 20.4 million.

A precondition for the creation of balanced and socially sustainable residential areas is the construction of homes with various management forms.

During the reporting year, plots in complementary planning areas developed by SATO were sold to construction companies and other partners, enabling the construction of approximately 175–200 owner-occupied apartments and roughly 25 state-subsidised rental apartments, thus promoting a diverse residential area and urban structure.

NEW SATOHOMES IN HELSINKI METROPOLITAN AREA, TAMPERE AND TURKU

In May 2022, the construction of non-subsidised rental apartments began in Rykmentinpuisto in Tuusula. Tuusula's Rykmentinpuisto is a collaboration by several parties and the area will include different types of housing. SATO is building 92 non-subsidised rental apartments in the area. The Rykmentinpuisto Pataljoonantie project is SATO's first new apartment investment in Tuusula in more than 15 years. The design of the residential buildings takes into account energy efficiency and building solutions that will last for decades. The property is energy class A. The heat source for the buildings will be district heat as it is not possible to install geothermal heat in a groundwater area. The buildings also have solar panels and cooling of the supply air.

In August 2022, SATO signed a deed to buy from Lujatalo an apartment building which is being built in Skanssi, Turku. The eight-storey apartment building under construction at the address Sorakatu 9 will have 77 new rental apartments. This is SATO's first new apartment investment in Turku in five years. Construction began in August 2022 and the apartments will be ready for residents at the end of 2023.

We are building 257 new rental apartments in Finnoo, Espoo. Construction began in August 2022 and the apartments will be completed in stages during autumn 2024. The Peijinkuja project is based on long-term development work in which we drew up a new local plan with the City of Espoo for a terraced house property in the old low-rise area in Hannus, which is now being transformed into the new Finnoo area. SATO's goal is to continue developing the Finnoo area in the future.

During the reporting year, new rental apartments were finished on Lupajantie in Mellunmäki, Helsinki (112 apartments) and on Jokiniityntie in Kirkkonummi (79 apartments).

We enable sustainable housing for our residents and encourage them to make sustainable choices in their daily lives.

SEVERAL RENOVATION PROJECTS UNDERWAY

We renovate our rental homes and properties according to the life-cycle principle. During the reporting year, we invested around EUR 92.4 million in repairing and improving the quality of apartments, of which repair investments accounted for a total of EUR 71.7 million.

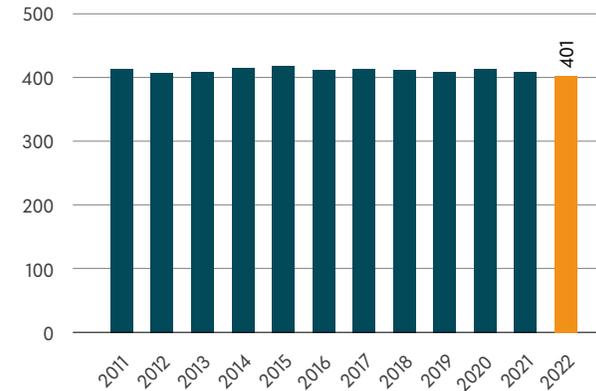
in 2022, renovations were completed on a total of 322 homes. The renovated homes are located in Kontula, Helsinki at Porttikuja 11 (88 apartments) and Keinulaudantie 7 (152 apartments), in Pihlajamäki at Graniittitie 8 and 13 (64 apartments) and in Itä-Hakkila, Vantaa at Kannelkuja 6 (18 apartments). Furthermore, a project was launched on Uudenmaankatu in the Kupittaa area of Turku to convert office spaces into homes (13 apartments).

During the year, we started up renovations in Kallio, Helsinki at Castréninkatu 3 (95 apartments) and Hämeentie 40 (56 apartments); Reimarla, Pitäjänmäki at Piispantie 5 (42 apartments); Etelä-Haaga at Ansarintie 1, 2-4 and 3 (105 apartments); Pohjois-Haaga at Näyttelijäntie 24 (112 apartments), and Martinlaakso, Vantaa at Raivosuonmäki 3 (84 apartments).

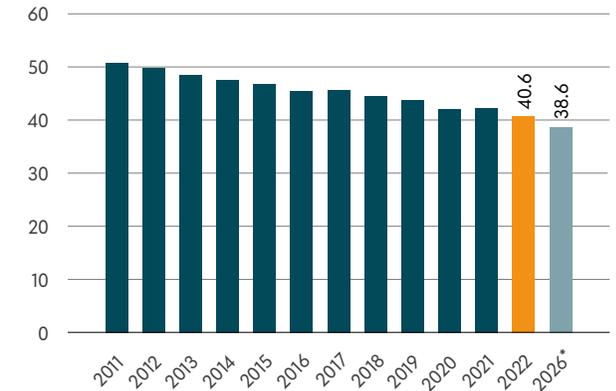
Our renovations involve significant improvements in the energy efficiency of the buildings and the comfort of the homes.

The design of the residential buildings takes into account energy efficiency and building solutions that will last for decades.

Specific water consumption, l/m³/year



Specific energy consumption, kWh/m³/year



* SATO's target

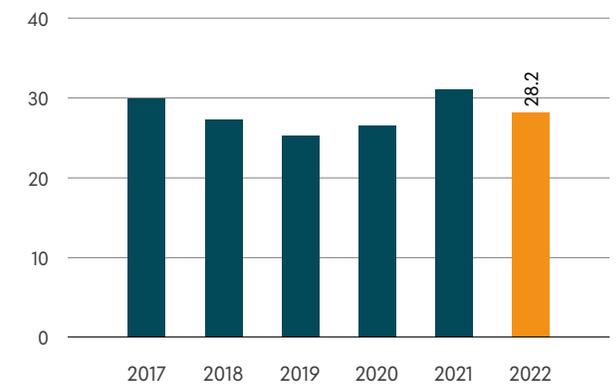
Figures are adjusted for weather

ENVIRONMENTAL OBJECTIVES 2022

Specific consumption	Target	Reference year
Emissions	-18.5%	2018
Water	-6%	2018
Energy	-9%	2015

Our sustainability programme for 2023–2026, prepared during the reporting year, steers the setting of our sustainability targets for the coming years. The targets will be specified during the year 2023.

Greenhouse gas emission intensity of buildings, kg CO₂-e/m²/year



LONG-TERM WORK TO IMPROVE ENERGY EFFICIENCY

For years, SATO has carried out long-term work to improve energy efficiency. We are committed to the Energy Efficiency Agreement targets for the property sector, aiming for a reduction in the total consumption of electricity and heat of 10.5 per cent from the 2015 baseline by 2025. Efficient and sensible energy use saves costs and increases business profitability. It is also one of the most important means of mitigating climate change and reducing greenhouse gas emissions. Energy efficiency agreements are an important part of Finland's energy and climate strategy.

The design of SATO's new rental apartments always takes into account energy efficiency and solutions that will last for decades. In new properties, SATO's goal is energy class A (energy performance indicator 75 or below), which is significantly better than that required by the building code (energy performance indicator 90). The energy performance indicator (EPI) for completed apartment buildings was 69 on average during the reporting year. In completed apartment buildings of at most two residential storeys, the average EPI was 76. All of the buildings that were completed during the reporting year were energy class A. The average EPI for buildings begun during 2022 was 72 and all of the housing starts are energy class A. In renovations, our goal is to improve energy efficiency by some 30 per cent compared to earlier.

The use of renewable energy in heating reduces significantly the in-use emissions of homes. At every new building and renovation site, we look into the possibility of geothermal heat. We currently have 17 properties that are carbon neutral in terms of electricity and heating. During the reporting year, geothermal heat was being built on 12 properties. In addition, six properties had a solar power plant and solar power plants were being built on nine properties. In 2022, building electricity did not produce any emissions because it was produced 100 per cent by nuclear power.

During 2022, SATO completed a rebuild of the heating system to geothermal heat at the last properties which still had

fossil-fuel-based heating, thus taking us a significant step closer to our goal of achieving in-use carbon neutrality.

Vantaa Energy and SATO signed an energy partnership agreement in February 2022. Together with Vantaa Energy, we are developing carbon-neutral energy solutions for heating and cooling in buildings, which will help us achieve our carbon neutrality target by 2030 for in-use energy consumption.

In 2022, the specific energy consumption of SATO's buildings decreased by 4.1 per cent, specific water consumption was down by 2.0 per cent and specific greenhouse gas emissions decreased by 9.3 per cent in comparison with 2021. The building electricity specific consumption rose 7.1 per cent.

We measure energy and water consumption, as well as waste volumes, for all our construction sites for new and renovated buildings. During the year under review, there were 25 active construction sites. We also measure the waste of demolition projects. There were no demolition projects during the reporting year.



SATO JOINS GREEN HOMES

We are involved in Rakli's Green Homes activities launched in 2022. At the end of the reporting year, we had in total 1,100 Green Homes which had either geothermal heat, consumption-based water invoicing or both. We share information with Green Homes residents on climate emissions resulting from housing and provide them with advice for more sustainable living.

Case

SATO INVOLVED IN ENERGY SAVING CAMPAIGN AND THE 'DOWN A DEGREE' CAMPAIGN



As it is important to secure a continuous supply of electricity and heat production during the heating season, SATO participated in the national energy saving campaign. Energy saving measures are also required to combat climate change and to increase energy production methods that are in line with sustainable development.

Measures to improve energy efficiency and also to ensure that buildings work correctly and as planned have been made for years already. Examples of these include the remote monitoring and control of properties using AI, the modernisation of properties' construction automation and district heat systems and the adjustment and balancing of heating and ventilation systems. Furthermore, especially due to the energy crisis that began during the reporting year, we focused on ensuring that the ventilation and heating systems of our buildings operate correctly and that the temperatures in our homes comply with recommendations during the heating season.

As a large rental apartment provider, SATO has the opportunity to make a significant impact on the energy consumption of its properties by optimising the residential buildings' heating, ventilation and hot water consumption. Due to the energy crisis, which began in 2022, we are focusing more on apartments' temperatures than before as the majority of homes' energy consumption comes from heating. Our goal is to maintain a temperature of approximately 21 degrees in SATOhomes, which is a healthy and energy-efficient indoor temperature. In addition to our own energy saving measures, we actively provide our residents with guidance on how they can impact energy saving in their day-to-day lives.

At the end of the year, we provided our residents with instructions on how to prepare for possible blackouts in the exceptional energy situation resulting from the war in Ukraine.

WE ENCOURAGED RESIDENTS TO USE WATER SUSTAINABLY

Hot water usage has a significant impact on a building's energy consumption and thus also on the carbon footprint of housing. During the reporting year, our total water consumption decreased by 5.5 per cent compared to the previous year.

As part of the water saving targets related to our sustainability programme, in 2022, we conducted water saving pilot projects and provided our residents with guidance in sensible water consumption. The six-month water saving pilot project that began in October 2021 continued in ten of our buildings until the end of March 2022. During the pilot project, water consumption fell in altogether six buildings.

At the end of the year, we reminded all of our residents about the responsible use of water, shared water saving tips and encouraged them to report leaky water fixtures, which we then repaired. During the year, we also pilot tested consumption-based water invoicing in 565 apartments and offered the residents in these buildings the opportunity to monitor their own water consumption in OmaSATO.

WE PROVIDED OUR RESIDENTS WITH GUIDANCE IN RECYCLING AND SORTING

We provided our residents with encouragement and guidance in recycling waste because it has a direct impact on reducing the environmental load caused by our operations. During the reporting year, we launched a development project related to waste and sorting, in which we surveyed waste-collection points in our properties and inspected their lighting, the number of waste bins and signage. Based on the survey, we targeted repairs at the sites that needed them, and repairs will continue in upcoming years.

The housing advisors provide our residents with guidance, especially in issues related to maintenance, living comfort and waste bins. During the reporting year, the housing advisors' tours focused on waste guidance. We provided our residents with advice for sorting waste also in our e-newsletters and bulletins.

At the end of the reporting year, we held a waste quiz, to which we received almost 1,000 answers.

We pilot tested a clothing collection point on Kauppakartanonkatu in Helsinki's Itäkeskus. In July 2022, we placed metal collection bin of our partner Recci at our building's waste-collection point, allowing residents to donate their clothes and textiles that are no longer in use but are still usable. Recci is responsible for emptying the collection bin and processing the textiles.

[Read more](#)

TEMPERATURE SENSORS COLLECT DATA ON INDOOR TEMPERATURE AND HUMIDITY

Some 21,000 SATOhomes have temperature and humidity sensors that collect real-time data on indoor temperature and humidity. The heating systems in our buildings are controlled by artificial intelligence, and residents can keep track of the temperature of their homes via the OmaSATO online service. These systems provide us with around two billion instances of measurement data annually. According to regular measurement data and AI, we have managed to reduce energy consumption by an average of around 7 per cent. Using AI, we can reduce the need for peak power heating energy by around 15–20 per cent. Balancing peak power plays a significant role in the energy package.

In the reporting year, we continued the pilot project started in 2021 in which we monitor an apartment's heating using IoT sensors, even for individual radiators. The pilot project, which will be completed in 2023, aims to improve the heating balance of the building in real time, reducing the need for heating.

Smart ventilation is used to eliminate draughts and excessive underpressure, and to improve energy efficiency and comfort of living. In connection with renovations, we have added heat recovery to the ventilation system of almost all our properties.

Regular maintenance rounds are also carried out at SATOhomes, ensuring that for example ventilation, the radiator network and

Case

SATOHOMES HAVE A LIFE CYCLE OF ONE HUNDRED YEARS



A life-cycle approach is a comprehensive approach to assessing operations, which takes into account the entire chain of operations, including all of the impacts, such as the environmental load. Sustainability is built into SATO's life-cycle approach.

"At SATO, the term 'life cycle' means the time that elapses from the planning of land use and construction, through the construction and the in-use maintenance and repairs on the building, all the way to the demolition of the building and sorting of the demolition waste," says Planning Manager **Jussi Väisänen**.

SATO considers decisions through the life-cycle approach not only when building new buildings, but also when modernising old ones. Design always takes into account energy efficiency and solutions that will last for decades. At every new building and renovation site, we look into the possibility of using geothermal heat and solar panels. In new buildings, energy efficiency is also impacted by the tightness of the building envelope and correctly dimensioned heat-recovery ventilation. In renovations, the aim is to improve energy efficiency by at least 30 per cent compared to

earlier. All of SATO's new buildings that received building permits in 2021 and 2022 are energy class A.

SATO is a long-term housing investor, developer and owner. Many of SATO's construction and repair solutions are slightly higher in price than in regular construction. For instance, the frames of the residential buildings built by SATO are designed for a hundred-year life cycle instead of the normal 50-year life cycle.

"Our idea is that we will own these buildings forever, which is why we want to use solutions that have proven themselves during the long life cycle and are financially profitable," explains Väisänen.

In accordance with the life-cycle approach, buildings or parts of buildings are repaired at exactly the right time. Hundreds of the homes that SATO owns are renovated each year.

"Our goal is for our buildings to have a useful life of one hundred years or more when we take good care of them," Väisänen concludes.

temperature sensors work, and to make other small repairs improving living comfort. Additionally, SATO's house experts observe the buildings' conditions in their daily work and react without delay to any deviations they notice.

SATO DEVELOPS CIRCULAR ECONOMY EXPERTISE AT THE VATTUNIEMI DEMOLITION SITE

Annually, approximately 1.6 million tonnes of construction demolition waste is created in Finland. It could be recycled for use at other construction sites, but the still-evolving legislation and the lack of shared practices in the sector are slowing down the use of circular economy in construction. SATO is committed to promoting circular economy by sorting and by steering usable materials to be reused.

SATO is part of the circular economy project started by the City of Helsinki in summer 2021, the objective of which is to bring together construction sector parties to discuss ways to promote circular economy. One of the target areas of the cluster project is Vattuniemi in Helsinki, where an extensive plan alteration project located on the plots of several landowners is pending.

SATO owns an office building completed in 1972 at the address Heikkiläntie 10 in Vattuniemi. In the current city structure, the office building's location is no longer ideal for business premises and the building is not suitable to be converted into apartments. SATO will build a new 80-resident rental apartment building in place of the demolished building.

**We want to provide
our residents with
homes that last over
generations.**

Case

'OSTA VASTUULLISESTI' HOMES ARE A MORE SUSTAINABLE CHOICE

In the autumn of 2022, an external sustainability panel consisting of experts in sustainable production and consumption chose six of SATO's rental apartment buildings to be among the Ostavastuullisesti.fi website's more sustainable choices. The sustainability panel evaluates a more sustainable lifestyle and more sustainable choices from the relative sustainability perspective, which means that the product or service meets consumers' needs more sustainably than other available options.

SATO was the first rental housing provider to have six of its buildings included on the Ostavastuullisesti.fi website. SATO's homes included on the website are Lupajantie 2 in Mellunkylä, Helsinki and Jokiniityntie 28 in Kirkkonummi, which were completed in 2022. Additionally, buildings located at Lincolnin aukio 4 in Keimola, Vantaa; Kotkatie 6 in Espoo and Jokiniementie 46 and 48 in Veräjämäki, Helsinki, which are currently under construction and scheduled to be completed during 2023, were approved for the website.

All of the properties are energy-efficient buildings with energy class A rating that use geothermal heat as the heating source. The design of the houses takes into account usability, maintainability and modifiability. All of the building components and technical systems can be repaired and replaced independently of one another. [Read more](#)





Our geothermal heat project began in 2020 and will be ready for the whole area in 2023. The number of apartments is really large, so even on a national scale, this is a unique project.

Case

MILLION-EURO INVESTMENT IN GEOTHERMAL HEAT IN REIMARLA – MORE THAN 170 RENTAL APARTMENTS TO SWITCH FROM DISTRICT HEAT TO GEOTHERMAL HEAT

SATO will switch from district heat to geothermal heat in the Reimarla residential area in Helsinki. The Reimarla geothermal heat project is a significant investment for SATO and unique in scope even on a national scale. SATO has a whole block of rental apartments in buildings built in the 1960s and 1990s in Reimarla. Altogether nine buildings and 171 apartments will switch from the previous district heat to geothermal heat as their form of heating in conjunction with renovations.

“Our geothermal heat project began in 2020 and will be ready for the whole area in 2023. The number of apartments is really large, so even on a national scale, this is a unique project,” says **Jari Kanervo**, Technical Director.

The size of Reimarla’s plots is altogether some two hectares, which equals almost three football fields. In addition to the plot size, the investment in the area is also significant, some EUR 1.5 million.

More than twelve kilometres of heat wells have been drilled in the area.

“Around 40 heat wells have been drilled into the bedrock in Reimarla, each of which will suck heat from a depth of approximately 300 metres and from an area of 20 metres surrounding the well,” Kanervo explains.

The use of geothermal heat is one of SATO’s ways to achieve in-use carbon neutrality by 2030. [Read more](#)



PERSONNEL

We work with professionalism and we encounter our customers with warmth. Openness, teamwork and the joy of succeeding together carry us to our shared goals. Genuine interaction, human to human, is at the heart of our work culture. For us that means caring, bearing responsibility, listening and putting ourselves in someone else's shoes. We want to help our customers make a home out of their rental apartment.

WE SUPPORT PERSONNEL'S WELL-BEING

During 2022, we focused on improving our employees' well-being and competence.

Sick leave days due to mental health rose somewhat during the reporting year compared to previous years. We wish to actively support the well-being of SATO employees and prevent overload. Towards the end of the year, we conducted a pilot test of a low-threshold mental well-being service in the commercial organisation and housing business units, together with Auntie Oy. The purpose of the service is to offer discussion support for SATO employees in challenging situations and in times of change, and support for coping at work. We will assess whether it is worth expanding and adopting the service based on feedback from the SATO employees involved in the pilot.

The Tarmo group, consisting of members of management and personnel, convened ten times during the reporting year. The group focuses on work well-being themes raised by personnel. During the reporting year, the Tarmo group discussed, in line with the continuous dialogue themes, improving employees' well-being and developing the work community and competence in particular. SATO's committee for recreation and sports activities, called Liivi, arranges activities for SATO employees that maintain and improve employees' ability to work. During the year under review, Liivi arranged the opportunity to participate in a virtual running event for companies, SATO's golf tournament, theatre shows and handicraft workshops.

"OSAAMISEN NOSTE" STEERS OUR DEVELOPMENT

We encourage SATO employees to learn and grow continually. Our goal is for each person to be able to come up with ideas in their work and develop solutions for future rental housing. We want everyone at SATO to have the courage to reinvent themselves and the ability to succeed.

At the end of the year 2021, SATO launched the "Osaamisen Noste" programme, through which we support the development of personnel, units and the entire organisation. We study and envision our strengths, development areas and future competence needs in each unit and throughout the entire company. Based on these conversations and analyses, we created an action plan to develop competence. Development priorities that were identified together and that apply to the whole of SATO are self-management, a coaching management style, understanding the business, sustainability knowhow and renewal models.

During the reporting year, we created SATO's management cornerstones by describing what type of leadership we wish to strengthen and develop at SATO, and what type of leadership inspires our employees and teams and enables them to achieve our strategic targets in line with our values. Based on the management cornerstones, we conducted a 360 feedback survey among our supervisors as well as a personal debriefing conversation in which the supervisors discussed their performance and identified their strengths and improvement areas.

At the end of the reporting year, we began training supervisors in the coaching management style, and the training will continue in 2023. We also continued with coaching new supervisors. During the year, we also made training packages on information security, GDPR and the Code of Conduct available on SATO's e-learning platform Kampus for all SATO employees.

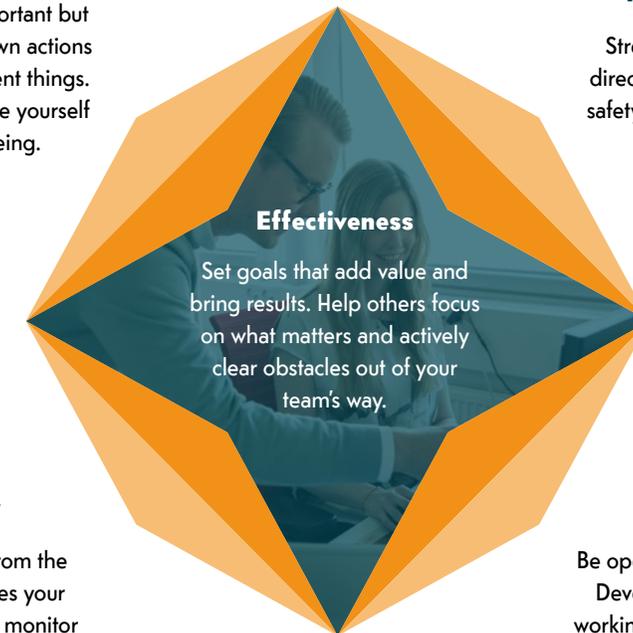
MANAGEMENT AT SATO

Self-management

Focus on what is important but also reflect on your own actions and attitude to different things. Remember to manage yourself and your well-being.

A coaching management style

Strengthen your team's self-direction. Create psychological safety with present, emotionally intelligent interaction.



Visionary

Formulate a path from the strategy that inspires your team. Remember to monitor and predict changes in your operating environment.

Renewal

Be open to different perspectives. Develop and test new ways of working and remember to actively reflect on how well the big picture works.

Understanding the business

Know how your organisation works. Take the overall impacts into account in decision-making and find cost-effective operating methods.

One important priority in Osaamisen Noste was the personal development of each SATO employee. Our goal was for each SATO employee to have a personal development plan drawn up together with their supervisor by the end of the year. At the end of the year, 91 per cent of SATO employees had personal development plans.

In 2022, SATO employees took part in 3.9 training days (men 3.8, women 4.0). Around 0.5 working days per employee were spent in training provided by a third party. The number of training days for supervisors was 5.6 days per person and for employees 3.3 days per person. The number of training days fell compared to the previous year.

SATO DAY BRINGS THE ENTIRE PERSONNEL TOGETHER

In September, we celebrated SATO Day and held an evening event for the entire personnel in Vierumäki. The day's theme was sustainability. During SATO Day, we revealed to the personnel our second-ever [sustainability programme](#) and listened to external experts talk about sustainability from a number of perspectives. The afternoon's informal programme involving sports activities received good feedback from the participants.

WE ADOPTED THE OKR MODEL

At the start of the reporting year, we adopted the Objectives and Key Results (OKR) model with which we are working towards better setting of objectives, closer monitoring of results and openness. The model has increased the transparency of setting targets and monitoring results throughout the organisation: in addition to supervisors, also team members are more closely involved in both defining development targets and results monitoring. The development goals of all of the units and teams and their progress are open at SATO. We will continue to develop the model together with supervisors in 2023.

During the reporting year, units and teams had OKR objectives related to sustainability, and individual managers and employees at SATO had sustainability targets as part of the remuneration

scheme. In early 2023, we will initiate a dialogue on more extensive incorporation of sustainability into SATO's remuneration scheme.

WE DEVELOPED AND HARMONISED INDUCTION

Each year, we recruit dozens of new SATO employees. To provide an excellent employee experience, we developed a more uniform recruitment and induction process for SATO to make it more employee-oriented. We added a welcome video and welcome package to the induction material for new SATO employees. We also provided our supervisors with coaching on the new uniform induction process. We regularly measure how successful new SATO employees consider the induction. Measurement results improved during the year to an excellent level. According to the measurement made in November 2022, new SATO employees were very enthusiastic to be working at SATO, with a score of 4.81 (on a scale of 1–5).

WE ARE RENEWING OUR PERSONNEL SURVEY

During the spring of the reporting year, a SATO Pulse survey was conducted by Promenade Insight Oy. The results of the survey were approximately on a par with the previous year's in all measured areas. We decided not to conduct the main personnel survey in 2022 and to instead, take part in the more extensive Great Place To Work survey in January 2023.

MODERNISED MULTIFUNCTIONAL SPACES SUPPORT OUR WORK

During the reporting year, we modernised the SATO building's multifunctional spaces to better support hybrid work. Based on feedback from SATO employees, we added meeting rooms, quiet rooms that enable solo work, as well as spaces for team-work. If they wish, teams can assemble in their own team areas. The goal is for the premises to support personnel's well-being and increase activity levels during the working day. We also built a living room for all SATO employees, which functions as a communal day-to-day meeting space and as a shared space for personnel events or free-form workshops, for example.

WE ADOPTED A HYBRID WORK MODEL

In the autumn of the reporting year, SATO adopted a hybrid work model in which we work at least 50 per cent of the working hours at the workplace, which include SATO's offices and properties. SATO offers its entire personnel the option of working from home, with the exception of house experts who mostly work in SATO's buildings. Each team will agree on hybrid practices in more detail with their supervisor.

THE NUMBER OF PERSONNEL REMAINED ALMOST ON A PAR WITH THE PREVIOUS YEAR

Our number of personnel rose during the year compared to the previous year. At the start of 2022, we completed the house expert model in Helsinki metropolitan area, Tampere and Turku. At the end of the year, 62 house experts worked at SATO.

During the reporting year, we developed the sales operating model in the Helsinki metropolitan area. Sales were reorganised by region and the change resulted in deeper collaboration within sales, especially with housing business service managers and house experts. In conjunction with the change, a new viewing agent role was added to the unit, for which a total of 10 new agency workers were hired. To boost our development operations, we appointed Miikka Karjaluoto, who has been with SATO since 2009, to the role of Director, Business Development.

During the reporting year, SATO recruited 79 new employees, 44 of whom on a permanent basis. We also continued to support the personal growth and job rotation of SATO personnel. A total of 17 SATO employees were assigned to a new task within the company during the year. Despite the challenges in the real estate sector, we did not have to temporarily lay off or dismiss personnel.

At the end of the year, the SATO Group employed 325 (313) people, of whom 299 (278) had a permanent employment contract.

SATO's values – Human to human, Be bold, aim high, and Joy of succeeding together – guide us in everything we do.

WE IMPROVED OUR EXTERNAL EMPLOYER IMAGE

During 2022, we studied SATO's external employer image among the construction sector and commercial professionals. The study showed that SATO is a well-known company, but relatively unknown as an employer, especially among commercial professionals. The image factors that best describe the company, according to the study, were taking care of employees and sustainable operations. The study showed that the weakest areas were competitive pay and interesting jobs.

Based on the study, we actively developed communications that appealed to the target groups on different channels, LinkedIn in particular, and we put SATO's experts in the spotlight in different media. We also revamped the sato.fi employer website.

SAFE WORKSITES AND OCCUPATIONAL SAFETY IN FOCUS

During the reporting year, supervisors received coaching on how to manage and deal with hazardous situations at the customer interface together with employees. In the Helsinki metropolitan area, we transferred the service point for meeting customers to the SATO building in Käpylä. At the same time, we audited the SATO building's safety and created a process for taking care of any exceptional situations. According to our new sustainability programme, our goal in 2023 is to develop the active management of occupational safety. In the reporting year, an online course improving the occupational safety of house experts was launched and around 70 per cent of the house experts completed it during the reporting year.

Every year, we spend approximately EUR 190.5 million on the construction and repair of our buildings. The occupational health and safety of the people working on our construction sites and the construction of healthy and high-quality homes are extremely important to us. Occupational safety on the work sites of buildings and renovation sites commissioned by SATO is primarily the contractors' responsibility, which we, however, develop together with the contractors. We monitor compliance with occupational safety practices, and we keep track of the accident frequency rate. We aim for zero accidents. In 2022, a total of 8 (13) accidents were recorded on 25 (26) SATO sites, and the rolling accident frequency rate was 10.7 (22.3).

Working hours on our construction sites amounted to roughly 745,926. We regularly report and analyse any accidents that occur on our construction sites. We monitor the quality of apartment repairs carried out by our contractors by performing spot checks. We prepare six-month summary reports on the spot checks, and their results have an impact on the fees paid to contractors.

The occupational health and safety of the people working on our construction sites and the construction of healthy and high-quality homes are extremely important to us.

Case

WE REWARDED HIGH-ACHIEVING SATO EMPLOYEES



Each year, SATO rewards its high achievers, who are voted by the personnel. **Vilma Pyykönen**, Procurement Specialist, was voted SATO Employee of the Year 2022, and she played a big role in the modernisation of the SATO building premises located in Käpylä, Helsinki. Pyykönen was described as responsible, hard-working and helpful, and as someone who inspires a team spirit. Her positive attitude has not gone unnoticed by random SATO employees either – her happy greeting in the hallway can save a colleague's morning. She was described as follows: "Vilma is sunny, helpful and gentle. When you work with Vilma, even bad days become good days."

In addition to the SATO Employee of the Year, honourable mentions were given to Service Manager **Joni Haverinen**, Customer Service Manager **Mari Härkönen** and the house expert team leader **Sami Korhonen**.

The sales team was voted SATO Team of the Year 2022 because they work together for a common goal and achieve results even in challenging market situations. The members of the sales team were described as positive and helpful, and they received praise for their co-operation with the house experts, in particular. Further honourable mentions went to service managers who are real resident experience experts and whose role highlights their work as solvers of daily housing challenges.

REPORTING PRINCIPLES



OUR REPORTING PRINCIPLES

Sustainability is one of the three cornerstones of SATO's strategy and a key component of our business. The aim of the Sustainability Report is to openly and transparently provide our stakeholders with information about our operations and our value creation.

This Sustainability Report is SATO's ninth consecutive report in line with the GRI guidelines (Global Reporting Initiative). It is also compliant with the industry-specific guidelines for the construction and real estate sector (CRESS).

The report covers the universal standards of the GRI guidelines, as well as the topic-specific standards, which consist of descriptions of management practices and indicators for aspects identified as material for SATO. We have additionally reported on information related to SATO's own sustainability topics in accordance with the GRI Standards.

This Sustainability Report covers the period from 1 January 2022 to 31 December 2022. The boundaries for the calculation of key figures are mainly based on information concerning the SATO Group and the rental apartments it owns in Finland. Descriptions of management practices, reporting indicators and calculation boundaries are described in the management approach table. The report is published electronically in Finnish and in English. Contact point for reporting: viestinta@sato.fi.

MATERIALITY AS THE STARTING POINT

Our sustainable operating principles lay the foundation for sustainable and profitable business operations over the long term. Our sustainability reporting is based on the material sustainability aspects related to our operations that have been identified in co-operation with our stakeholders and processed by SATO's Corporate Management Group. As part of defining the material aspects, SATO has taken into account the financial, social and environmental impacts related to, in particular, the real estate and construction sector and

housing. In addition, the impacts related to the operations' geographical locations are included in the materiality assessment.

Our 2022 report is based on the policies of our sustainability programme 2019–2022 and the annually defined sustainability targets, and it is steered by a materiality analysis conducted in 2018. You can read more about our sustainability analysis and the update carried out in 2022 in the section [Our Sustainability Programme](#).

The impacts of the material aspects on stakeholders are described in the report's sections 'Sustainability guides our operations', 'Customer experience', 'Sustainable housing' and 'Personnel'. The comparison of the content of the report with the GRI standards is indicated in the GRI content index.

TRANSPARENT AND VERIFIED INFORMATION

In our sustainability reporting, we focus on the precision, comprehensiveness and comparability of the data. In addition, we have accounted for the clarity of information and verifiability of our reporting principles.

The information concerning environmental responsibility in the report has been verified by an independent third party. The following information has been verified by KPMG Oy Ab:

- Energy (GRI 302-1, 302-4, CRE1)
- Water and effluents (GRI 303-3, CRE2)
- Emissions (GRI 305-1, 305-2, 305-3, 305-5, CRE3)
- Waste (GRI 306-3)
- Land degradation, contamination and remediation (CRE5)
- Environmental compliance (GRI 307-1)
- Supplier environmental assessment (GRI 308-1)



FINANCES

SATO'S TAX FOOTPRINT IN 2022

Taxes to be paid during the financial year

Direct

- Income tax **EUR 42.5 million**
- Employer contributions **EUR 3.8 million**
- Transfer tax on investments **EUR 0.2 million**
- Property tax **EUR 8.4 million**

Indirect

- Energy and insurance tax **EUR 0.9 million**
- VAT included in investments that is not deducted **EUR 33.7 million**
- VAT included in purchases that is not deducted **EUR 18.1 million**



Taxes to be reported during the financial year

- Tax withheld on salaries **EUR 4.5 million**
- Net VAT on sales **EUR 0.7 million**



Total **EUR 112.7 million**

**Taxes paid to Finland
EUR 111.2 million**

CASH FLOW IN 2022, EUR MILLION

CUSTOMERS

Net sales **291.2**

FINANCIERS, INVESTORS

Withdrawal of loans **147.1**

Equity issued **0**

OTHER MARKET PARTICIPANTS

Divestments of housing property **210.6**

Other operating income **2.7**



SUPPLIERS

Purchases **106**
Investments **207.5**

PUBLIC SECTOR

Direct taxes **54.9**
Indirect taxes **52.6**
Land rents and land use fees **5.2**

FINANCIERS, INVESTORS

Interest and financial expenses **-50.2**
Repayments **174.2**
Dividend **28.3**

PERSONNEL

Salaries, benefits and pension expenses **21.6**

ENVIRONMENT

ENERGY

Energy consumption within the organization	2015	2016	2017	2018	2019	2020	2021	2022	Change, 2021–2022	Change, % 2021–2022	
Total, MWh	238,263	283,484	264,874	263,465	256,624	236,480	272,351	242,107	-30,244	-11.1%	
Share of purchased energy:											
Electricity, MWh	23,689	24,531	23,624	24,285	24,243	27,033	27,025	27,791	766	2.8%	
District heat, MWh	214,056	258,299	240,427	238,493	231,701	208,884	244,910	214,236	-30,674	-12.5%	
Share of own production:											
Oil, MWh	518	654	823	687	680	563	416	80	-336	-80.8%	
Specific energy consumption	2015	2016	2017	2018	2019	2020	2021	2022	Change, 2021–2022	Change, % 2021–2022	Change, % 2015–2022
Consumption of heating energy, adjusted for weather, kWh/m ³ /a	42.9	41.5	41.8	40.7	39.8	37.8	38.1	36.1	-2.1	-5.4%	-16.0%
Consumption of electricity, kWh/m ³ /a	3.9	3.9	3.9	3.9	3.9	4.2	4.2	4.5	0.3	7.1%	15.7%
Total, kWh/m ³ /a	46.8	45.4	45.7	44.6	43.7	42.0	42.3	40.6	-1.8	-4.1%	-13.3%

The following SATO environmental sustainability indicators have been assured by an independent third party. See [Sustainability concepts](#) for more information about key figures and definitions of concepts.

EMISSIONS

Greenhouse gas (GHG) emissions	2015	2016	2017	2018	2019	2020	2021	2022	Change, 2021–2022	Change, % 2021–2022
GRI 305-1 Direct greenhouse gas emissions, t CO₂-e (scope 1)	135	170	214	179	177	147	105	20	-85	-81.0%
GRI 305-2 Indirect greenhouse gas emissions*, t CO₂-e (scope 2)										
Indirect greenhouse gas emissions, t CO ₂ -e (market-based)	37,674	48,560	39,430	36,728	34,292	30,915	43,349	37,920	-5,429	-12.5%
Indirect greenhouse gas emissions, t CO ₂ -e (location-based)	41,962	52,583	43,163	40,152	37,468	34,456	45,754	40,393	-5,361	-11.7%
GRI-305-3 Other indirect greenhouse gas emissions, t CO₂-e** (scope 3)	1,834	948	240	49	46	37	49	49	0	0.0%
Total emissions of greenhouse gases, t CO ₂ -e	39,643	49,678	39,884	36,955	34,515	31,098	43,503	37,989	-5,514	-12.7%

* In line with the GHG Protocol standard, a location-based emission figure has been reported for electricity consumption. The market-based figure is used in combined emission figures. The location-based figure refers to figures calculated using country-specific emission coefficients and figures calculated using electricity-supplier-specific, market-based emission coefficients. If the emission coefficients given for the calculation year were not available for the previous year's calculation, this data was recalculated for this report using the emission coefficient data given for the year in question. Due to a possible recalculation, the emissions data reported for the preceding year may deviate from the data reporting in the previous emissions report. Electricity does not produce any emissions because it is produced 100% by nuclear power.

** Emissions from residents' waste

GHG emission intensity of buildings	2015	2016	2017	2018	2019	2020	2021	2022	Change, 2021–2022	Change, % 2021–2022	Change, % 2018–2022
kg CO ₂ -e/m ²	32.2	35.5	29.9	27.3	25.3	26.6	31.1	28.2	-2.9	-9.3%	3.3%
kg CO ₂ -e/person	903.7	1,033.5	850.8	781.2	697.6	746.4	869.4	815.1	-54.3	-6.2%	4.4%

WATER

Total water withdrawal by source	2015	2016	2017	2018	2019	2020	2021	2022	Change, 2021–2022	Change, % 2021–2022
Total, 1,000 m ³	2,329	2,622	2,507	2,537	2,578	2,674	2,620	2,477	-143	-5.5%

All SATO properties use municipal water supply.

Specific water consumption	2015	2016	2017	2018	2019	2020	2021	2022	Change, 2021–2022	Change, % 2021–2022	Change, % 2018–2022
l/m ³ /a	418	412	414	411	409	414	409	401	-8	-2.0%	-2.4%

WASTE

Total weight of waste from tenants	2015	2016	2017	2018	2019	2020	2021	2022	Change, 2021–2022	Change, % 2021–2022
tonnes	21,578	23,985	23,573	24,124	27,269	28,131	29,806	28,361	-1,445	-4.8%
t CO ₂ -e	1,834	948	240	49	46	37	49	49	0	0.0%

Distribution of waste from tenants by disposal method	2020, %	2021, %	2022, %	2020, t	2021, t	2022, t
For recycling	29.3%	28.1%	24.6%	8,249	8,378	6,978
For energy	55.6%	58.0%	62.3%	15,631	17,226	17,667
To landfill sites	1.0%	0.5%	0.4%	267	163	122
Composting	14.1%	13.5%	12.5%	3,978	4,017	3,543
Incineration without energy recovery	0.0%	0.1%	0.2%	6	23	51

Land remediated and in need of remediation for the existing or intended land use	2020	2021	2022
Remediated soil*, t	0	2,463	415
Soil known to be in need of remediation, m ²	2,500	0**	1,200

* The reporting unit has been changed to reflect the measured data

** There are areas known to be in need of remediation, but the investigations on these are still in progress

ENERGY & WATER CONSUMPTION AND WASTE VOLUMES AT CONSTRUCTION SITES IN 2022

Basic information	Number of worksites	25
	Number of apartments (under construction or renovation 2019)	2,408
	Floor area, m ²	115,946
	Gross floor area, m ²	166,761
	Net floor area, m ²	102,778
	Volume m ³	510,009
	Number of construction months construction and renovation	212
Water	Water consumption, m ³	3,095
	Water consumption, l/gm ² /month	3.29
Energy	Electricity consumption, MWh	1,637
	Electricity consumption, kWh/gm ² /month	2.00
	District heat, MWh	3,554
	District heat consumption, kWh/gm ² /month	8.02
Waste	Total volume of waste from construction and renovation sites, t	9,575
	Mixed waste, t	1,151
	Wood waste, t	1,452
	Stone waste, t	367
	Concrete waste, t	3,468
	Plaster waste, t	217
	Energy, t	51
	Metal, t	148
	Other waste, t	152
	Soil, t	2,099
	Asbestos, t	204
	Other hazardous materials, t	314
Impregnated wood, t	3	

WASTE VOLUMES FROM DEMOLISHED BUILDINGS

Total waste volume, t	0
Number of worksites	0
Mixed waste, t	0
Wood waste, t	0
Concrete waste, t	0
Metal, t	0
Other waste, t	0
Asbestos, t	0
Impregnated wood, t	0

PERSONNEL

SATO'S EMPLOYMENT IMPACT IN 2022

Direct and indirect employment impact	Person-years
Investments in construction and renovations	2,184
Maintenance and upkeep services	1,413
Other purchased services	584
Personnel	328
Total	4,509

REMUNERATION OF WOMEN TO MEN

	%*
Senior managers	98
Senior salaried employees	95
Employees	98
All employees	96

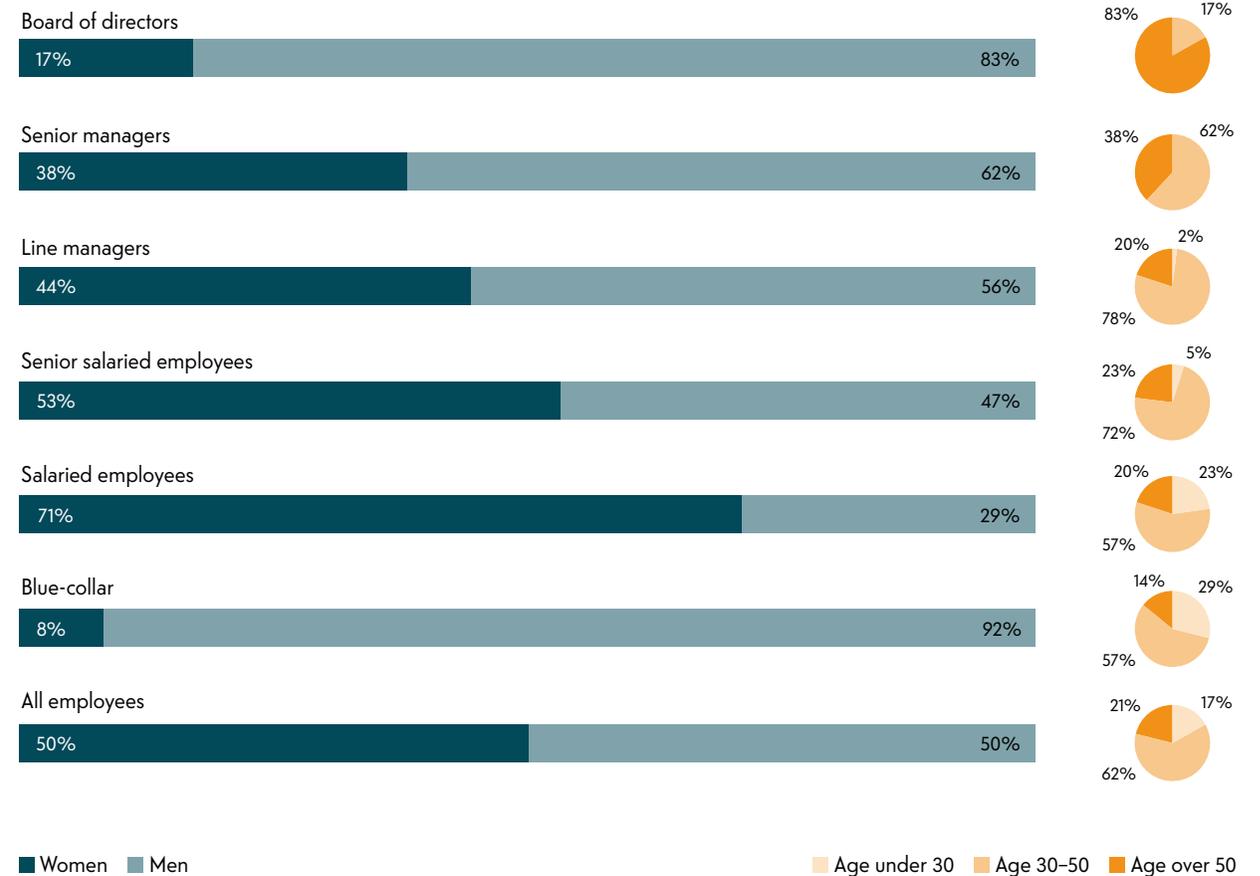
* Proportion of women's salary to men's
Personal development plan drawn up with the supervisor, implemented 91%.

COLLECTIVE AGREEMENTS

	%
Personnel covered by the general collective agreement	52

For senior salaried employees, we use YTN's basic collective agreement for senior salaried employees. In addition, we apply the terms of Palta's collective agreements for senior salaried employees in many parts, such as for salary adjustments. Only SATO's Corporate Management Group is not covered by pay raises based on a collective agreement.

Gender distribution of personnel groups and board of directors, 31 Dec 2022



In 2022, 17% of SATO's personnel were under 30, 62% were between 30 and 50, and 21% were over 50. By personnel group, those under 30 were represented the most in the salaried employees group (29%) and in the blue-collar group (23%).

The 30-50 age group represented 62% of those working in senior management positions, 78% of supervisors, 72% of senior salaried employees, and 57% of salaried employees.

The over-50 age group was represented the most in senior management positions (38%), and in senior salaried employee positions (23%). 20% of all supervisors and 20% of salaried employees are over the age of 50.

INFORMATION ABOUT PERSONNEL**Total number of personnel at end of 2022 (2021)**

Total personnel	permanent	fixed-term	agency-workers	men	women	men, %	women, %
total 325 (313)	299 (278)	26 (35)	22	164 (156)	161 (157)	50.5	49.5
of which the number of personnel in Russia 11 (12)	9 (10)	2 (2)	0	3 (4)	8 (7)	27.3	72.7

During the year, the Group had an average of 328 (313) employees.

Agency workers work in SATO's customer service and in sales as viewing agents.

We do not separately report persons working under a zero-hour contract due to their small number.

New employee hires and employee turnover; total numbers, by age group, gender and region

New employment contracts	total 79	under 30	30–50	over 50
New, permanent employment contracts	44	10	27	7
men	29	8	16	6
women	14	2	11	1
New fixed-term employment contracts	total 16	under 30	30–50	over 50
men	6	3	3	0
women	10	5	4	1
Summer trainees	total 20	under 30	30–50	over 50
men	13	8	4	1
women	7	5	2	0

Terminated employment contracts	total	under 30	30–50	over 50
Permanent employment contracts	31	3	19	9
men	19	3	11	5
women	12	0	8	4
Employment contracts terminated by the employer	14			
Total personnel turnover, % (summer trainees excluded)	13			

The largest number of summer trainees can be found as house experts and in customer service as service experts. Temporary workers were also employed in the Investments unit. In addition to the summer months, there was no major seasonal variation in personnel numbers in 2022 compared to 2021.

Work accidents, occupational diseases, sick leave and deaths, whole personnel

absentee rate	2.5 %
days lost	0.1 %

See [Sustainability concepts and key indicators](#) for more information about how we calculated the figures

ANNUAL COMPENSATION RATIOS

Ratio of the highest annual earnings to median earnings (full-time employees)	1:10
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The change in the highest annual earnings from 2021 to 2022 was -2%, and the change in median earnings from 2021 to 2022 was -1%.

MANAGEMENT APPROACH

Sustainable operations – Transparent operating practices, a sustainable procurement and service chain, and combating the grey economy

Approach	As a responsible, well-managed and profitable company, SATO is able to operate sustainably and transparently for the good of the economy, the environment, society and key stakeholders. Long-term partnerships benefit both parties. Combating the grey economy in the construction industry plays a key role in our procurement. We require our service providers to be registered with the "Suomen Tilaajavastuu" Reliable Partner service and to commit to SATO's ethical guidelines for procurement. We report on our tax policies and our tax footprint, and we pay taxes to Finland.
Main topics and key indicators to be reported	<ul style="list-style-type: none"> • Ethics and integrity (GRI 2-25, 2-26, 2-27) • Economic performance (GRI 201-1, 201-4) • Procurement practices (GRI 204-1) • Indirect economic impacts (GRI 203-1, 203-2) • Anti-corruption and anti-bribery (GRI 205-3) • Labour/management relations (GRI 402-1) • Customer privacy (GRI 418-1) • Environmental compliance (GRI 307-1) • Supplier environmental assessment (GRI 308-1) • Socioeconomic compliance (GRI 419-1) • Land degradation, contamination and remediation (CRE5)
Objectives	<ul style="list-style-type: none"> • Transparent and up-to-date communications and reporting • Combating the grey economy • Responsible service and procurement chain
Operating principles, guidelines and policies	<p>SATO complies with the Finnish Corporate Governance Code and with SATO's internal guidelines, principles and policies. The most important of these are the sustainability programme, the Code of Conduct, guidelines on personal data processing, guidelines on data privacy, guidelines on combating the grey economy, and financing, risk management and disclosure policies, communication and sponsorship policies, HR management principles, and the gender equality plan.</p> <p>The procurement principles are written in the Code of Conduct, the ethical guidelines for procurement and guidelines for combating the grey economy. The guidelines for preventing money laundering, related party guidelines, stakeholder policy, and cooperation agreements supplement the principles.</p>
Evaluation of the management approach	The management approach is evaluated continuously as part of operations and the partnership management system. Changes that take place in the operating environment and within SATO are responded to by adjusting the operating principles, monitoring systems and resources. On a Group level, changes in situations and the sufficiency of management are evaluated on a quarterly basis, while persons responsible for each risk area perform continuous evaluations.
Boundaries	SATO Group and the most significant outsourced services related to building management, maintenance, repair and construction.

Customers and society with a high level of well-being – we take care of housing health and promote neighbourly living	
Approach	We offer our customers a safe rental relationship and an excellent customer experience. We ensure healthy and safe living conditions, we place high importance on responding quickly and on communicating with our customers, and we develop our internal analyses and reporting. We promote interaction between residents and foster a sense of community. We increase knowledge of different cultures among our personnel, residents and partners.
Main topics and key indicators to be reported	<ul style="list-style-type: none"> • Approach to stakeholder engagement (GRI 2-29, 2-30) • Indirect economic impacts (GRI 203-1, 203-2) • Customer health and safety (GRI 416-1, 416-2) • Customer service and satisfaction
Objectives	<ul style="list-style-type: none"> • People feel safe and enjoy healthy living in a SATO home. • In SATO's buildings, neighbours respect one another. • Co-operation with cities to prevent the segregation of areas. • We participate in public projects
Operating principles, guidelines and policies	Housing health operating model, customer promises, service principles, partnership policy and principles, good rental practices
Evaluation of the management approach	The management approach is evaluated continuously as part of operations. Changes that take place in the operating environment and within SATO are responded to by adjusting the operating principles, monitoring systems and resources.
Boundaries	SATO Group customers

Taking care of personnel – a fair and inspiring workplace, evolving competence and occupational safety	
Approach	SATO's organisation is developed in a way that ensures that our personnel's competence corresponds to business needs, now and going forward. We focus on personnel's overall well-being through good supervisory work and an inspiring work atmosphere. Personnel's ability to cope at work and occupational safety are well taken care of. We offer our employees services that promote well-being, and we promote practices that enable a balance between work and leisure time. All of SATO's employees in Finland are covered by occupational health care. We are committed to a high level of occupational safety in our operations and in our subcontracting chain, and we monitor occupational safety practices and related indicators. Every new SATO employee receives occupational safety induction. Every SATO employee whose work requires it also receives occupational safety training.
Main topics and key indicators to be reported	<ul style="list-style-type: none"> • Employment (GRI 401-1) • Labour/management relations (GRI 402-1) • Occupational health and safety (GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, CRE-6) • Training and education (GRI 404-1, 404-3) • Diversity and equal opportunity (GRI 405-1, 405-2) • Indirect economic impacts (GRI 203-2)
Objectives	<ul style="list-style-type: none"> • A positive employee experience throughout the organisation. • SATO is seen as an inspiring and responsible workplace. • Every SATO employee feels safe at work.
Operating principles, guidelines and policies	<p>HR management is based on the company's values and sustainable operating principles. The objective of HR management is to ensure SATO's ability to achieve the company's strategic targets. The objectives, targets and measures of HR management are defined in the operating principles. The criteria for equal and non-discriminatory operations are expressed in SATO's Code of Conduct, HR management principles and gender equality plan.</p> <p>In the area of occupational safety, an emergency plan, comprehensive safety manual, activity-specific guidelines and crisis communications guidelines for various dangerous situations and accidents have been drawn up. The OHS committee supports well-being at work and conflict situations. The OHS committee draws up an action plan once a year. The occupational health care provider has an action plan for 2020–2022 that is monitored and developed in regular meetings between SATO and the occupational health care provider.</p>
Evaluation of the management approach	The management approach is evaluated continuously as part of operations. Changes that take place in the operating environment and within SATO are responded to by adjusting the operating principles, monitoring systems and resources.
Boundaries	SATO Group personnel

Responding to climate change – Energy-efficient buildings and targeting carbon-neutrality, a sustainable life cycle for properties and environmental responsibility in day-to-day living

Approach	We work with our stakeholders to reduce the environmental load from living and to mitigate climate change. The biggest impact of SATO's environmental responsibility stems from improving energy efficiency and reducing emissions. We continuously work to save water by measuring water consumption monthly, making water-saving investments, performing repairs quickly, communicating on the importance of saving water to our residents and invoicing residents for water consumption based on the number of people living in the home. SATO guides residents and increases recycling opportunities in order to reduce the volume of waste. In land acquisition and planning, we evaluate possible soil impurities, on the basis of which we implement remediation measures. When making new investments, we strive to situate the sites we build near good transport connections and public transport routes, and we encourage our residents to use public transport.
Main topics and key indicators to be reported	<ul style="list-style-type: none"> • Energy (GRI 302-1, 302-4, CRE1, CRE8) • Water and effluents (GRI 303-1, 303-2, 303-3, CRE2) • Emissions (GRI 305-1, 305-2, 305-3, 305-5, CRE3) • Waste (GRI 306-1, 306-2, 306-3, 306-4, 306-5) • Land degradation, contamination and remediation (CRE5) • Indirect economic impacts (GRI 203-1) • Location of investments • Maintenance and repair operations
Objectives	<ul style="list-style-type: none"> • Reduction in greenhouse gas emissions from operations and sights set on carbon neutrality by 2030 in terms of carbon dioxide emissions related to the energy consumption of properties. • Profitable construction and repair of buildings, taking environmental and health impacts into account over the full life cycle. • Supporting our residents in making sustainable choices in day-to-day living in terms of the environment.
Operating principles, guidelines and policies	SATO's investment criteria and planning guidelines determine the location of acquired plots, complementary construction projects and new investments. SATO's partnership policy and principles and sustainability programme guide the servicing and maintenance of properties. Maintenance partners monitor water consumption monthly and contractors are obligated to use water-saving products in renovations. SATO complies with the Waste Act and ensures that its properties have appropriate recycling opportunities. A municipal or private waste management company is responsible for waste processing.
Evaluation of the management approach	The management approach is evaluated continuously as part of operations and the partnership management system. Energy reports are drawn up regularly on properties. Changes that take place in the operating environment and within SATO are responded to by adjusting the operating principles, monitoring systems and resources.
Boundaries	SATO Group and the most significant outsourced services related to building management, maintenance, repair and construction

GRI INDEX

Sustainability focus areas	Disclosure	Location and additional information
GRI 2: General disclosures (2021)		
Organizational profile		
2-1	Organizational details	Report of the Board of Directors, Notes to the consolidated financial statements, IFRS, Corporate governance statement
2-2	Entities included in the organization's sustainability reporting	Report of the Board of Directors, Notes to the consolidated financial statements, IFRS
2-3	Reporting period, frequency and contact point	Sustainability reporting principles
2-4	Restatements of information	Sustainability reporting principles No adjustments made to 2021 report.
2-5	External assurance	Assurance report
Activities and workers		
2-6	Activities, value chain and other business relationships	Report of the Board of Directors, SATO in brief, Sustainability guides our operations, Code of Conduct
2-7	Employees	Reporting principles, Sustainability concepts
2-8	Workers who are not employees	Reporting principles
Governance		
2-9	Governance structure and composition	Corporate governance statement, Remuneration statement
2-10	External initiatives	Corporate governance statement, Corporate governance principles
2-11	Chair of the highest governance body	Report of the Board of Directors, Corporate governance statement, Remuneration statement
2-12	Role of the highest governance body in overseeing the management of impacts	Greetings from the CEO, Sustainability guides our operations, Governance
2-13	Delegation of responsibility for managing impacts	Sustainability guides our operations, Governance
2-14	Role of the highest governance body in sustainability reporting	Sustainability guides our operations, Governance
2-15	Conflicts of interest	Corporate governance statement, Code of Conduct
2-16	Communication of critical concerns	Sustainability guides our operations
2-17	Collective knowledge of the highest governance body	Sustainability guides our operations, Governance
2-18	Evaluation of the performance of the highest governance body	Sustainability guides our operations, Corporate governance statement The Board of Directors assesses its operations and the sufficiency of its measures regularly. Currently, the assessment does not include specific environmental or social aspects. Our goal is to add these aspects to the assessment during 2023.
2-19	Remuneration policies	Remuneration statement, Personnel

Sustainability focus areas	Disclosure	Location and additional information
2-20	Process to determine remuneration	Remuneration statement
2-21	Annual total compensation ratio	Key figures
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Greetings from the CEO
2-23	Policy commitments	Sustainability guides our operations, Sustainability programme 2019–2022, TCFD-report, Management approach, Governance
2-24	Embedding policy commitments	Management approach
2-25	Processes to remediate negative impacts	For SATO, sustainability is about concrete actions
2-26	Mechanisms for seeking advice and raising concerns	Sustainability guides our operations
2-27	Compliance with laws and regulations	No convictions or fines resulting from non-compliance with laws in 2022.
2-28	Membership associations	Sustainability guides our operations
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Sustainability guides our operations
2-30	Collective bargaining agreements	Key figures
GRI 3: Material Topics (2021)		
3-1	Process to determine material topics	New sustainability programme 2023–2026, Governance, Sustainability: Materiality analysis
3-2	List of material topics	New sustainability programme 2023–2026
3-3	Management of material topics	New sustainability programme 2023–2026, For SATO, sustainability is about concrete actions, Sustainable housing, Personnel, Management approach
Economic standards		
GRI 201: Economic performance (2016)		
201-1	Direct economic value generated and distributed	Report of the Board of Directors
201-2	Financial implications and other risks and opportunities due to climate change	TCFD-report
201-4	Financial assistance received from government	Report of the Board of Directors SATO did not receive financial assistance from the government for renovations or new construction in 2022.
GRI 203: Indirect economic impacts (2016)		
203-1	Infrastructure investments and services supported	Sustainable housing
203-2	Significant indirect economic impacts	Sustainability guides our operations, Sustainable housing, Personnel
GRI 204: Procurement practices (2016)		
204-1	Proportion of spending on local suppliers	Sustainability guides our operations Altogether 97% of SATO's purchases in 2022 were sourced from local suppliers. Foreign suppliers represented 3% of SATO's purchases.

Sustainability focus areas	Disclosure	Location and additional information
GRI 205: Anti-corruption (2016)		
205-3	Confirmed incidents of corruption and actions taken	Sustainability guides our operations Two cases of bribery among personnel in 2022, which resulted in labour law and other measures.
Environmental standards		
GRI 302: Energy (2016)		
302-1	Energy consumption within the organization	Sustainable housing, Key figures
302-3	Energy intensity	Key figures SATO reports intensities relative to apartment volumes.
302-4	Reduction of energy consumption	Key figures
CRE1 sector supplement	Building energy intensity	Key figures SATO reports intensities relative to apartment volumes.
CRE8 sector supplement	Sustainability certification for buildings	Sustainable housing, Key figures
GRI 303: Water and Effluents (2018)		
303-1	Interactions with water as a shared resource	Key figures All SATO properties use municipal water supply. Tenants consume a large share of the water, which constitutes water consumption related to living. Effluents are discharged into the municipal wastewater network, where they undergo wastewater treatment.
303-2	Management of water discharge-related impacts	The municipal water utilities analyse the water quality. Individual water analyses are performed in properties as needed. SATO does not operate in areas with water stress.
303-3	Water withdrawal	Sustainable housing, Key figures SATO does not operate in areas with water stress.
303-4	Water discharge	The municipal water utilities analyse the water quality.
303-5	Water consumption	Key figures
CRE2 sector supplement	Building water intensity	Sustainable housing, Key figures SATO reports intensities relative to apartment volumes.
GRI 305: Emissions (2016)		
305-1	Direct (Scope 1) GHG emissions	Key figures
305-2	Energy indirect (Scope 2) GHG emissions	Key figures
305-3	Other indirect (Scope 3) GHG emissions	Key figures
305-4	Greenhouse gas emissions intensity from buildings	Sustainable housing, Key figures
305-5	Reduction of GHG emissions	Sustainable housing, Key figures
CRE3 sector supplement	Greenhouse gas emissions intensity from buildings	Sustainable housing, Key figures
GRI 306: Waste (2020)		
306-1	Waste generation and significant waste-related impacts	Sustainable housing

Sustainability focus areas	Disclosure	Location and additional information
306-2	Management of significant waste- related impacts	Sustainable housing The waste reported by SATO is household waste produced by SATO's residents. SATO pays a local waste management company for the collection of the waste. The waste management company empties and processes the waste bins. In accordance with the Waste Act, residential buildings must have a contract with a local waste management company in SATO's operating area. It is SATO's task to ensure that a place has been set aside for residents to bring their waste and sort it. Reporting uses data from Statistics Finland.
306-3	Waste generated	Sustainable housing, Key figures The total amount of waste includes non-hazardous waste generated by residents. The amount of waste from SATO's own operations is marginal. SATO did not have any demolition worksites in 2022.
306-4	Waste diverted from disposal	This includes residents' non-hazardous waste that is sorted by the residents into waste collection bins to be transported and processed by the local waste management company. Currently, SATO only has approximate calculated data on waste delivered to recycling. We will develop our waste reporting during the new sustainability programme period 2023–2026.
306-5	Waste directed to disposal	This includes residents' non-hazardous waste that is sorted by the residents into waste collection bins to be transported and processed by the local waste management company. Currently, SATO only has approximate calculated data on waste delivered to recycling. We will develop our waste reporting during the new sustainability programme period 2023–2026.
SATO	Enhance the sorting of waste from residents	Sustainable housing
SATO	Communication on the environment and open data	Sustainable housing
GRI 307: Environmental compliance (2016)		
307-1	Non-compliance with environmental laws and regulations	Sustainability management No fines or sanctions in 2022.
GRI 308: Supplier environmental assessment (2016)		
308-1	New suppliers that were screened using environmental criteria	Sustainability guides our operations In line with our auditing process, we require that the environmental responsibility procedures of our new suppliers are fully adequate. 3.2% of SATO's suppliers have been audited. We performed three audits during 2022.
Sector-specific topic: Land degradation, contamination and remediation		
CRE5 sector supplement	Land remediated and in need of remediation for the existing or intended land use	Key figures
SATO's own material topic: Location of investments		
SATO	Public transport routes	Sustainable housing

Sustainability focus areas	Disclosure	Location and additional information
SATO's own material topic: Property maintenance		
SATO	Maintenance and repair operations	Report of the Board of Directors, Sustainable housing
Social standards		
GRI 401: Employment (2016)		
401-1	New employee hires and employee turnover	Personnel, Key figures
GRI 402: Labor/management relations (2016)		
402-1	Minimum notice periods regarding operational changes	The Act on Co-operation within Undertakings (334/2007) applies to corporate restructuring in Finland. In all of its countries of operation, SATO complies with the local statutory periods (1–6 months)
GRI 403: Occupational health and safety (2018)		
403-1	Occupational health and safety management system	Personnel, Sustainability concepts SATO does not yet have a documented occupational health and safety management system. Development work will continue in 2023.
403-2	Hazard identification, risk assessment, and incident investigation	Personnel SATO does not yet have a documented occupational health and safety management system. Development work will continue in 2023.
403-3	Occupational health services	Personnel SATO's employees have comprehensive occupational health care at Aava Medical Centre. In accident situations, employees must seek the best and nearest treatment.
403-4	Worker participation, consultation, and communication on occupational health and safety	Personnel, Sustainability concepts SATO has in place the employees' and management's shared committees, the Tarmo group and the OHS committee. The task of the Tarmo group is to engage in open dialogue on operating models related to SATO's personnel, including promoting well-being and occupational safety. The OHS committee focuses on improving and ensuring occupational safety.
403-5	Worker training on occupational health and safety	Personnel
403-6	Promotion of worker health	Personnel
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	For SATO, sustainability is about concrete actions, Customer experience, Personnel SATO has a housing health manager, who looks after residents' home health and safety. House experts, service managers and maintenance partners also oversee safety in SATO's buildings.
403-9	Work-related injuries	Personnel, Sustainability concepts
403-10	Work-related ill health	Personnel
CRE6 sector supplement	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system	The figure is material in terms of the supply chain, but it is not available.

Sustainability focus areas	Disclosure	Location and additional information
GRI 404: Training and education (2016)		
404-1	Average hours of training per year per employee	Personnel
404-2	Programs for upgrading employee skills and transition assistance programs	Personnel
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability guides our operations Performance reviews apply to all employees; the personal data on employees in St Petersburg is not in the system due to Russian data privacy legislation. During 2022, 95% of active personnel have attended a performance review.
GRI 405: Diversity and equal opportunity (2016)		
405-1	Diversity of governance bodies and employees	Key figures
405-2	Ratio of basic salary and remuneration of women to men	Key figures
GRI 415: Public policy (2016)		
415-1	Political contributions	In line with our Code of Conduct, we do not financially support political parties or groups or politicians.
GRI 416: Customer health and safety (2016)		
416-1	Assessment of the health and safety impacts of product and service categories	Customer experience As stated in SATO's design guidelines, construction work must be carried out in accordance with good construction practices. Construction work follows valid legislation, regulations and regulatory provisions and general quality requirements for construction work. We use M1 class construction materials as specified in the list maintained by Rakennustietosäätiö in interior surface structures.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer experience No fines or convictions from the safety or health perspectives of products/services in 2022.
GRI 418: Customer privacy (2016)		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No known confirmed complaints. During the reporting year we identified 5 incidents in which customer data had been sent to the wrong persons. The customers were informed of the incidents.
GRI 419: Socio-economic compliance (2016)		
419-1	Non-compliance with laws and regulations in the social and economic area	Corporate governance statement No fines or sanctions in 2022.
SATO's own material topic: Customer service and satisfaction		
	Multilingual customer service and communication	Customer experience
	Promoting a sense of community	Customer experience

TCFD INDEX

Main theme of reporting and recommendation on disclosures	Location and additional information
Governance	
a. Describe the board's oversight of climate-related risks and opportunities.	TCFD report, Corporate governance statement
b. Describe management's role in assessing and managing climate-related risks and opportunities.	Corporate governance statement, Sustainability management
Strategy	
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	TCFD report
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	TCFD report, Strategy
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Sustainability programme, TCFD report, Risk management
Risk management	
a. Describe the organisation's processes for identifying and assessing climate-related risks.	Risk management, TCFD report
b. Describe the organisation's processes for managing climate-related risks.	Risk management, TCFD report
c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Risk management, TCFD report
Metrics and targets	
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability programme, Objectives table
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.	Key indicators
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Sustainability programme, Objectives table, TCFD report

ASSURANCE REPORT

INDEPENDENT ASSURANCE REPORT TO THE MANAGEMENT OF SATO OYJ

We have been engaged by the Management of Sato Oyj (hereafter "Sato") to provide limited assurance on selected corporate environmental indicators¹ presented in Sato's Sustainability Report 2022 (hereafter "Corporate Sustainability Information") for the year ended 31 Dec 2022.

Management's responsibilities

The Management of Sato is responsible for the preparation and presentation of the Corporate Sustainability Information in accordance with the reporting criteria, i.e. GRI Sustainability Reporting Standards, and the information and assertions contained within it. The Management is also responsible for determining Sato's objectives with regard to sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement on the Corporate Sustainability Information in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board IAASB. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Corporate Sustainability Information is free from material misstatement.

KPMG Oy Ab applies International Standard on Quality Management ISQM 1 which requires the firm to design, implement and operate a system of quality management including policies

or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants, (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on Corporate Sustainability Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Corporate Sustainability Information, and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

- Interviewed a member of Sato's senior management and relevant staff responsible for providing the Corporate Sustainability Information;
- Assessed the application of the GRI Sustainability Reporting Standards reporting principles in the presentation of the Corporate Sustainability Information;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Corporate Sustainability Information;
- Reviewed the presented Corporate Sustainability Information and assessed its quality and reporting boundary definitions; and
- Assessed the Corporate Sustainability Information's data accuracy and completeness through a review of the original documents and systems on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Corporate Sustainability Information subject to the assurance engagement is not prepared, in all material respects, in accordance with the GRI Sustainability Reporting Standards.

Helsinki, 15 February 2023
KPMG Oy Ab

Tomas Otterström
Partner, Advisory

Esa Kailiala
Authorized Public Accountant

¹ Energy (GRI 302-1, 302-4, CRE1), Water (GRI 303-3, CRE2), Emissions (GRI 305-1, 305-2, 305-3, 305-5, CRE3), Effluents and waste (GRI 306-3), Land remediated and in need of remediation (CRE5), Environmental compliance (GRI 307-1), Supplier environmental assessment (GRI 308-1).

SUSTAINABILITY CONCEPTS AND KEY INDICATORS

ENVIRONMENT

Concept or indicator	Definition
Initiatives to reduce energy consumption, and their impact	Energy-efficiency projects include all measures taken to conserve electricity, heat and water. The decrease in energy consumption through energy-efficiency measures has been estimated by calculating the reduction in heating energy compared to the previous year.
Objects covered by energy and water consumption monitoring	Properties in which SATO holds more than 50%, consumption by SATO's offices is not included in the consumption figure
Total heat consumption, MWh	The year's absolute heat consumption in all the owned properties held throughout the year and within the scope of consumption monitoring, expanded by estimated consumption in properties purchased and sold during the year and properties outside the scope of consumption monitoring (average rated consumption multiplied by the surface area of apartments owned on average during the year)
Total electricity consumption, MWh	The year's absolute electricity consumption in all the owned properties held throughout the year and within the scope of consumption monitoring, expanded by estimated consumption in properties purchased and sold during the year and properties outside the scope of consumption monitoring (average rated consumption multiplied by the surface area of apartments owned on average during the year)
Total energy consumption, MWh	Total consumption of heat and electricity during the year
Total water withdrawal by source, 1,000 m ³	The year's absolute water consumption in all owned properties held throughout the year and within the scope of consumption monitoring, expanded by estimated consumption in properties purchased and sold during the year and properties outside the scope of consumption monitoring (average specific consumption multiplied by the surface area of apartments owned on average during the year)
Specific electricity consumption, kWh/m ³ /year	Electricity consumption per m ³ in all properties that have been rented for the entire year
Specific water consumption, litres/m ³ /year	Water consumption per m ³ in all properties that have been rented for the entire year
Standardised specific heat consumption, kWh/m ³ /year	Heat consumption per m ³ in all properties that have been rented for the entire year. The figure is weather adjusted to make years comparable.
Specific energy consumption, kWh/m ³ /year	Specific electricity consumption for the year and standardised specific heat consumption
Greenhouse gas emissions, tCO ₂ -e	Emissions from heat, electricity, water and waste produced by residents. The emissions of properties within the scope of consumption monitoring have been expanded to apply to apartments owned on average during the year, similarly to the total consumption of heat, electricity and water. The emission multiplier of district heating is defined by Motiva Oy and has been updated in 2022. WWF's Climate Calculator's multipliers, which are based on the Helsinki Region Environmental Services Authority's (HSY) multipliers for 2018, are used for mixed waste and biowaste.
GHG emission intensity of buildings, kg CO ₂ -e/m ²	Greenhouse gas emissions per square metre. The emissions of properties within the scope of consumption monitoring have been expanded to apply to apartments owned on average during the year.
Total amount of waste, tonnes	The total volume of waste produced by residents has been estimated on the basis of the number of SATO residents and the annual resident-specific waste volume reported by Statistics Finland.

PERSONNEL

Concept or indicator	Definition
Total personnel turnover, %	Sum of terminated employment contracts in relation to the number of personnel for the last month of the previous year, summer jobs excluded
Absentee rate, %	Hours of sick leave as a percentage of calculated working hours
Injury rate, %	Number of accidents during the work commute and number of occupational diseases in relation to the number of employees
Days lost, %	The percentage of work-related accidents and occupational diseases in relation to calculated working hours
Number of new employment contracts	Permanent and fixed-term employment contracts that started during the reported period, summer jobs excluded.
Number of terminated employment contracts	Permanent and fixed-term employment contracts that ended during the reported period, summer jobs excluded
Number of training days	One training day comprises six hours of training.
Person-year	SATO's direct and indirect employment impact has been evaluated applying a calculation of the employment footprint of the maintenance services and other purchased services prepared by VATT for Senate Properties and the estimate of the Confederation of Finnish Construction Industries and VTT of the employment impact of building investments. The employment multipliers obtained from the aforementioned sources have been combined with SATO's 2016 cost structure.
Tarmo	Tarmo is a discussion forum for SATO's management and personnel, comprised of 11 employee representatives and 2 representatives of the employer and an OHS representative.
LiiVi	LiiVi is SATO's committee for recreation and sports activities, comprised of 7 employee representatives and 1 representative of the employer.
Occupational Health & Safety (OHS) committee	The OHS committee and OHS representatives provide support for well-being at work and in conflict situations. The members of the OHS committee represent SATO's personnel in Finland. The OHS committee is made up of the OHS representative, two deputies, the OHS manager and the HR director. SATO's employees voted for the OHS representative and deputy representatives. The OHS committee convenes four times a year and prepares an annual action plan.

CUSTOMER RELATIONSHIP

Concept or indicator	Definition
NPS (Net Promoter Score)	Net Promoter Score (NPS) among customers

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