

# THE SUSTAINABLE SATO 2021



sato

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

## SATO IN BRIEF

SATO is one of Finland's leading rental housing providers. Our goal is to build thriving and vibrant cities, pleasant homes and diverse living environments that will last for generations. We offer our residents homes in cities, along good public transport connections, and we develop services to make their daily lives easier.

We own, build, buy and renovate urban homes to ensure safe, carefree and pleasant living for our customers. We enable sustainable housing for our residents and encourage them to make sustainable choices in their daily lives.

We own close to 27,000 SATOhomes in Finland's largest growth centres and in St. Petersburg. As a major housing provider, we bear responsibility for urban development and the environmental impacts of housing. We invest in rental apartments that meet our residents' needs and are near good public transport connections, and we grow profitably. We increase the value of our assets through investments, divestments and repairs.

### THREE STARS IN GRESB

We participated in the Global Real Estate Sustainability Benchmark (GRESB) assessment for the seventh time. SATO received three stars on a scale of one to five. According to the assessment, SATO's strengths are, in addition to sustainability reporting, risk management, resident satisfaction and community, stakeholder engagement and comprehensive monitoring, as well as transparent operating principles and reporting.

50,000

RESIDENTS AT THE END OF THE YEAR

313

SATO EMPLOYEES AT THE END OF THE YEAR

27,000

SATOHOMES



GRESB  
☆☆☆ 2021

*Customer experience, sustainability and sustainable housing, and SATO employees are at the core of our strategy.*



## GREETINGS FROM THE CEO

SATO is one of Finland's largest rental housing providers. We have been experts in Finnish housing for more than 80 years, and hundreds of thousands of Finns live in homes built by SATO. We acquire and build rental apartments in growth centres near good public transport connections and services, with an eye on long-term ownership. We participate in developing entire residential areas together with cities. Our goal is to build pleasant homes and diverse living environments for decades to come.

### **SUSTAINABILITY AT THE CORE OF OUR STRATEGY**

Our sustainable operating principles lay the foundation for sustainable and profitable business operations over the long term. For us, sustainability is about concrete actions that can be seen in everything we do.

During the year under review, we refined our strategy, with SATO employees from different parts of the organisation participating in the strategy work. We made sustainability one of the

three cornerstones of our new strategy. Customer experience, sustainability and sustainable housing, and SATO employees now lie at the core of our strategy. We want to be closely involved in our customers' daily lives in order to serve them in the best possible way. We build homes that stand the test of time and we take care of them in line with the life-cycle principles. We enable sustainable housing for our residents and encourage them to make sustainable choices in their daily lives. Our intent is for each SATO employee to be able to contribute ideas and participate in developing future housing solutions.

You are reading SATO's sustainability report, which is the eighth consecutive report prepared in accordance with the GRI guidelines. Our sustainability reporting is based on the material aspects related to our business that have been identified in co-operation with our stakeholders and processed by SATO's Management Group.

**Antti Aarnio**  
Chief Executive Officer

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



## HIGHLIGHTS 2021

### POP-UP EVENT FOR RECYCLING STRUCTURAL COMPONENTS AND OTHER ITEMS

Together with the Helsinki Metropolitan Area Reuse Centre, we organised a circular economy experiment in Kallio, Helsinki, to recycle good-condition structural components and other items from an apartment building due to undergo renovation. The circular economy experiment helped save 46,000 kg of natural resources. [Read more](#)



### OUR RESIDENTS' WATER CONSUMPTION DECREASED

In the previous year, we failed to reach our target of reducing water consumption. Instead, water consumption grew as our residents spent an exceptional amount of time at home during the COVID-19 pandemic. We had to further postpone some of the water-saving measures during the year under review as only essential visits could be made to apartments during the pandemic. However, our residents' water consumption decreased compared to the previous year. At the end of the year, we launched a six-month water-saving pilot in ten of our buildings where we shared water-saving tips with our residents and encouraged them to inform us of any leaky water fixtures.

### OUR EMPLOYEE SATISFACTION IMPROVED

The results of the SATO Syke personnel survey conducted in autumn 2021 showed improvement in all areas compared to the previous year. According to the survey, SATO's internal employer image is strong. The majority of SATO employees would either very highly recommend or highly recommend the company as a workplace to others. Compared to the previous year, especially the results for trust in SATO's management and open communication improved.



### WE EXPANDED THE HOUSE EXPERT MODEL

We further expanded the house expert operating model in the Helsinki metropolitan area, Tampere and Turku. In the operating model launched at the end of 2019, SATO's house experts are responsible for 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 positive feedback on the house experts' activities, which can also be seen as slightly improved resident satisfaction (NPS) in the buildings where our house expert model is used.

> 50

At the end of 2021, more than 50 house experts worked at SATO



# CHALLENGES 2021

## CHALLENGES IN WASTE RECYCLING AND SORTING

Our goal is to reduce mixed waste and increase recycling and sorting. As the COVID-19 pandemic continued, we could only provide restricted recycling and sorting guidance in our buildings during the reporting year. In 2022, we will focus on measures that will make it easier for our residents to recycle and sort waste, thus improving living comfort.



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



## THE COVID-19 PANDEMIC CONTINUED

As the COVID-19 pandemic continued, we had to postpone some of the repairs and maintenance measures we had planned for the apartments because we were only able to make essential visits to the apartments.

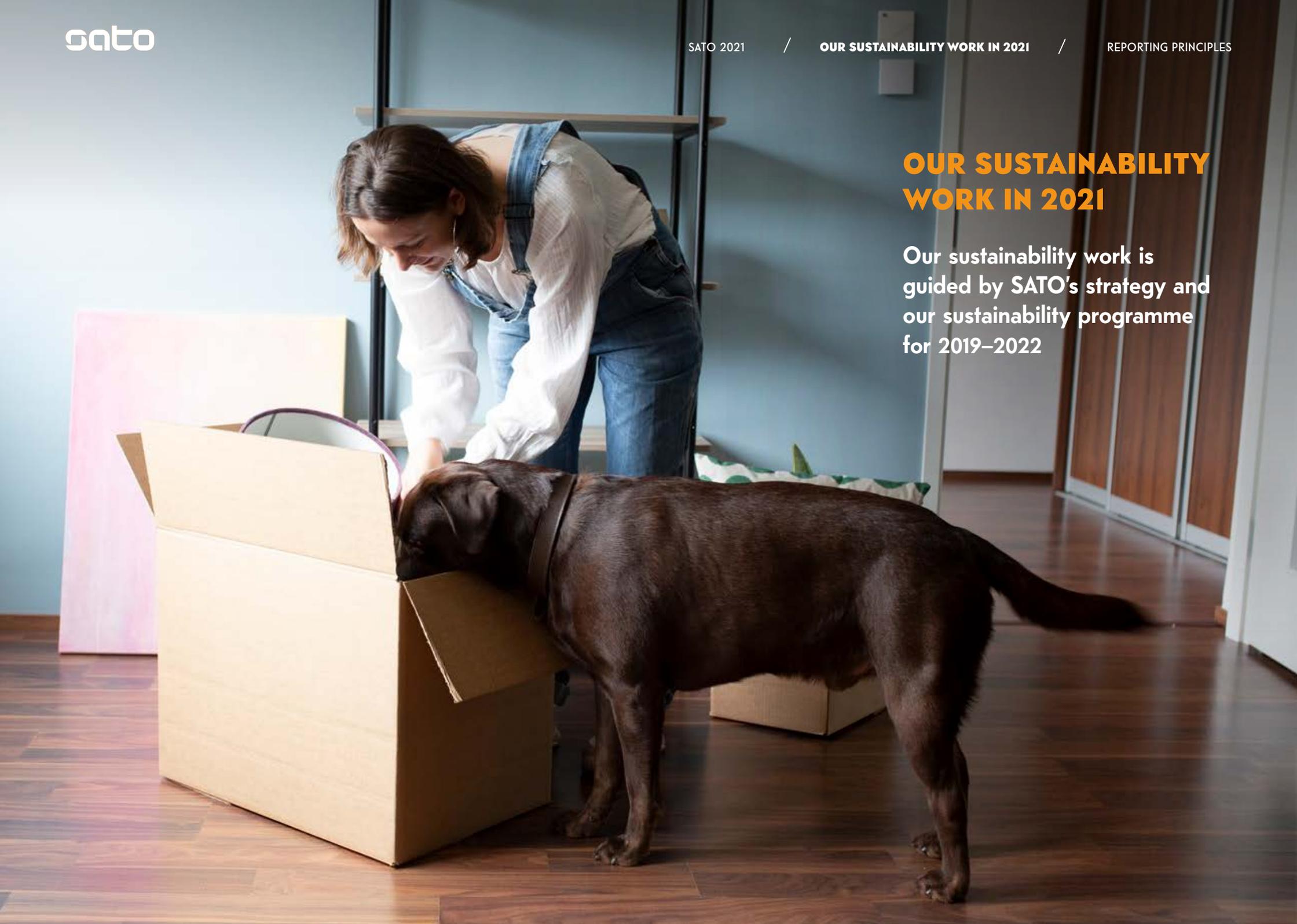
## OUR PROPERTIES' ENERGY CONSUMPTION GREW

During the year under review, we failed to reach our target of reducing energy consumption compared to the previous year. The increase in energy consumption can be explained by, among other reasons, higher heating needs in the cold periods in January-March and in December than in the previous winters.



## OUR SUSTAINABILITY WORK IN 2021

Our sustainability work is guided by SATO's strategy and our sustainability programme for 2019–2022



# SUSTAINABILITY GUIDES OUR OPERATIONS

We take care of the financial sustainability of our operations for the long term. As a responsible, well-managed and profitable company, SATO operates sustainably and transparently. We enable our residents to live sustainably, we take care of the value of our homes, and 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 2021, we continued to strengthen our balance sheet, and the Group's equity ratio was 46.2%, i.e. above our minimum strategic target of 40%. Our solvency ratio was 42.5%, which exceeds our long-term target of below 50%.

In line with the targets, the interest coverage ratio must be at least 1.8x and unencumbered assets at least 60%.

In the strategy updated during the year under review, sustainability was made one of the three strategic cornerstones and placed at the core of the company's operations.

## TRANSPARENT COMMUNICATIONS AND REPORTING

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

We communicate and report on our operations transparently in accordance with international accounting standards and the Finnish Corporate Governance Code, and we prepare our sustainability reports in accordance with the GRI framework. In the year under review, we drew up a climate scenario analysis in line with the TCFD framework on climate risks and opportunities in the two- and four-degree options.

## WE ACTIVELY PARTICIPATE 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 Green Building Council Finland and actively involved in its various committees. We are also part of the City of Helsinki's Climate Partners network. We are also 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 collaborate with players who tackle homelessness and unemployment and who promote the integration of immigrants through various cooperation projects, such as the #kämppäjaduuni (i.e. #homesandjobs), 'liisti töihin' and 'Living skills' projects.



## THREE STARS IN GRESB

We participated in the Global Real Estate Sustainability Benchmark (GRESB) assessment for the seventh time. SATO's points fell slightly from the previous year, and SATO received three stars on a scale of one to five. According to the assessment, SATO's strengths are, in addition to sustainability reporting, risk management, resident satisfaction and community, stakeholder engagement and comprehensive monitoring, as well as transparent operating principles and reporting. In the year under review, due to the exceptional situation and restrictions, we were unable to carry out all of the planned measures on our properties, and we did not set and monitor sustainability management targets as usual. [Read more](#)

## WE TAKE RESPONSIBILITY FOR OUR FINANCIAL IMPACT ON OUR STAKEHOLDERS AND SOCIETY

We generate a steady financial benefit for our stakeholders, including shareholders, employees, customers, municipalities, the state, and 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.

*As a responsible, well-managed and profitable company, SATO operates sustainably and transparently.*

During the reporting year, SATO invested approximately EUR 167.1 million in rental apartments. Our housing stock is focussed on areas and types of apartments that will grow in demand and 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 93.6 million.

**WE PAY TAXES TO FINLAND**

SATO's net sales in 2021 amounted to EUR 298.3 million. The total amount of taxes paid and tax-like payments was EUR 81.3 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 20.0% in 2021.

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.

**NO TO THE GREY ECONOMY**

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 and the related whistleblowing channel for our stakeholders and employees support long-term and profitable operations, based on ethically sound and sustainable operating methods with regard to the economy, people, society and the environment.

To combat the grey economy, we only work with companies registered in tilaajavastuu.fi's Reliable Partner service. 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.

**GLOBAL INVESTOR DIALOGUE**

In 2021, we participated in several investor meetings, which attracted both Finnish and international (mainly European) investors interested in our business. Due to the pandemic, all meetings in 2021 took place remotely.

**SUSTAINABLE PROCUREMENT AND SUPPLY CHAINS**

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.

*Case*

**PARTNER FOR 2021**



We chose the floor material supplier Orient Occident as our partner for 2021. Orient Occident has collaborated with SATO for more than ten years. For the company, sustainability means taking the sustainable development of the environment into account in its operations and supporting people's well-being.

Orient Occident was chosen as the partner for 2021 due to our good long-term co-operation and the sustainability of the company's operations.

In the picture Marko Mikkola, Orient Occident

In the reporting year, we updated the auditing process by clarifying especially the criteria concerning social and environmental sustainability. 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.

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.

**CHRISTMAS DONATION TO NO FIXED ABODE AND TUKIKUMMIT FOUNDATION**

During the year under review, 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, and the Tukikummit foundation that works to prevent

the marginalisation of youths. SATO has collaborated with No Fixed Abode since 2018 through the #kämppäjaduuni (i.e. #homesandjobs) project. In addition, SATO's personnel took part in Hope ry's Christmas tree collection.

SATO's employees also participated during the reporting year in a playful contest encouraging biking. SATO made a donation to the Red Cross's Ketjureaktio campaign based on the number of kilometres that the participants collected.

*SATO requires that its partners practice responsible business.*



**FROM PLOT OF LAND INTO A HOME – STAGES OF A SUSTAINABLE CHAIN OF OPERATION**

**Opportunities for construction through land acquisitions and zoning processes**

Through **zoning development and land acquisitions**, we create opportunities for building apartments to match general demand for the increasing need for rental apartments in society and for the continuity of our investment activities. Our aim is to build versatile and high-quality apartments for rental housing. We strengthen sustainable urban development by promoting complementary construction in built-in areas to offer more housing options in the existing urban and service structure. Cities are responsible for their zoning processes. SATO takes part in zoning development as an expert and, if necessary, uses additional consultants as specialists.

**Investments increase the offering of apartments**

Through **investments**, we build and acquire new apartments, repair apartments we own, improve their energy efficiency and develop the distribution of apartments to match the needs of our customers. New rental apartments in growth centres promote the mobility of the workforce and urban development. We work with architects and specialists when designing apartments, and we order construction work from contractors and supervisory activities from consultants. We steer the design process and inspect new apartments, or order their inspection by third parties to ensure their high level of quality from the start. We purchase existing apartments from other property owners.

**We help our customers to find a home**

We mainly handle **apartment letting** and marketing ourselves. We want to understand the housing needs of our customers and find a home that matches their needs. Our aim is to have satisfied customers and to serve them quickly. If SATO does not have an organisation in a specific region, one of its partners will offer rental services.

**Enjoyable living**

We want that our customers feel at home and focus on living their one-of-a-kind, unique life. We are developing services to make the lives of our customers easier and produce savings, enabling sustainable living for our customers, and encouraging them to make environmentally conscious, sustainable choices. We communicate with our clients in multiple platforms, such as **Facebook**, **Kotona**, and through our **Customer service**. We take good care of the wellbeing of our customers, together with our extensive cooperation network.

**Maintenance of apartments and buildings**

Our property maintenance services ensure that our apartments maintain their condition and value. An enjoyable and properly looked-after building and outdoor area have an impact on the living experience. SATO is responsible for the management of apartment maintenance and for ordering major repairs. In addition we have SATO House Experts to look after our homes and houses. We acquire some maintenance and all cleaning services from maintenance companies, and supervise the quality of maintenance ourselves. We monitor the consumption of energy and water in our apartments, and we carry out activities that improve energy efficiency, together with our service providers.



**SATO'S STAKEHOLDER GROUPS**

Stakeholder group	Stakeholders' expectations of SATO	Channels of interaction	SATO's actions in 2021
<b>Customers</b>			
SATOhome residents approx. 50,000	<ul style="list-style-type: none"> <li>• Healthy and safe homes</li> <li>• A reliable and responsible housing provider</li> <li>• Smooth customer service</li> <li>• Open communication</li> </ul>	<ul style="list-style-type: none"> <li>• Customer service and communication in various channels: phone service, chat, social media, sato.fi, OmaSATO, newsletters, noticeboards</li> <li>• Customer surveys and feedback, Pulssi resident panel</li> <li>• Meetings, such as building-specific meet-ups, maintenance visits, resident meetings, customer workshops, customer events</li> </ul>	<ul style="list-style-type: none"> <li>• Development of customer service and communication</li> <li>• Maintenance of the properties and apartments</li> <li>• Concept and service development</li> <li>• Development of digital services</li> <li>• Development of operations and services together with customers</li> <li>• Customer surveys and measuring the customer experience</li> <li>• Promoting neighbourly living</li> <li>• Supporting sustainable choices in residents' daily lives</li> </ul>
<b>Personnel</b>			
Average of 313 employees	<ul style="list-style-type: none"> <li>• An open and inspiring workplace</li> <li>• Good management and supervisory work</li> <li>• Challenging tasks and developing personal competence</li> <li>• Safe and enjoyable work conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Regular employee events and open internal communication</li> <li>• Personnel work satisfaction surveys</li> <li>• Interaction with supervisors and personal performance reviews</li> <li>• The Tarmo management/personnel group</li> <li>• Exercise and recreational activities LiiVi</li> <li>• Operations of the OHS committee and OHS representatives</li> </ul>	<ul style="list-style-type: none"> <li>• Looking after well-being at work: comprehensive occupational healthcare and close co-operation with the occupational healthcare service</li> <li>• Increase in internal job rotation</li> <li>• Comprehensive inductions</li> <li>• Support for LiiVi, SATO's committee for recreation and sports</li> <li>• SATO Day for entire personnel</li> <li>• Internal Noste change programme and refined strategy</li> <li>• Training of supervisors</li> <li>• Ensuring occupational safety during the COVID-19 pandemic</li> <li>• Working in a hybrid model</li> </ul>
<b>Partners and service providers</b>			
Approx. 1,400 service and material providers	<ul style="list-style-type: none"> <li>• Long-term partnerships</li> <li>• Compliance with agreements</li> <li>• Openness and equality</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive bidding</li> <li>• Supplier audits</li> <li>• Negotiations</li> <li>• Agreements and guidelines</li> <li>• Partner co-operation steering groups</li> <li>• Joint real estate industry development projects</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term partnerships and service agreements</li> <li>• Partner channel</li> <li>• Concentrating purchases</li> <li>• Sustainable purchasing guidelines and criteria</li> <li>• Audits and quality control</li> <li>• Combating the grey economy</li> <li>• Partners' ethical guidelines</li> </ul>

Stakeholder group	Stakeholders' expectations of SATO	Channels of interaction	SATO's actions in 2021
<b>Owners and financiers</b>			
	<ul style="list-style-type: none"> <li>• Sustainable investment object</li> <li>• Maintaining profitability and value increase</li> <li>• Transparent practices</li> <li>• Open communication</li> <li>• Good management</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder meetings</li> <li>• Investor and financier meetings</li> <li>• Annual general meeting</li> <li>• Board meetings</li> <li>• Financial reviews and releases</li> <li>• GRI reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy work</li> <li>• Board work</li> <li>• Stakeholder events</li> <li>• Transparent and comprehensive business reporting</li> <li>• Sustainability programme for 2019–2022</li> <li>• GRESB</li> <li>• Good and transparent governance and communications</li> <li>• Green Finance Framework</li> </ul>
<b>Society</b>			
Authorities, organisations, media, land owners and neighbours	<ul style="list-style-type: none"> <li>• Legal and responsible operations and combating the grey economy</li> <li>• Development of rental housing</li> <li>• Employment</li> <li>• Tax revenues</li> <li>• Responding to climate change</li> <li>• Prevention of housing segregation</li> <li>• Reliable and timely communication</li> </ul>	<ul style="list-style-type: none"> <li>• Co-operation with authorities, partners and residents</li> <li>• Activities in industry associations</li> <li>• Open and reliable communication in various channels</li> </ul>	<ul style="list-style-type: none"> <li>• Providing and developing high-quality housing and associated services</li> <li>• Participating in urban development</li> <li>• Opinion on the amendment of the Finnish Planning and Building Act (formerly Land Use and Building Act)</li> <li>• Actively interacting with various stakeholders and a stakeholder event</li> <li>• Developing our industry in co-operation with industry associations</li> <li>• Personnel's participation in public projects</li> <li>• Energy efficiency and emission targets and reduction measures</li> <li>• Energy efficiency commitments with the state and the City of Helsinki</li> <li>• Sustainability programme for 2019–2022 and GRESB sustainability benchmark</li> <li>• The "Home and Job" (#kämppäjaduuni) project (in collaboration with No Fixed Abode and the Rehabilitation Foundation)</li> <li>• Reputation survey</li> </ul>

## SUSTAINABILITY MANAGEMENT

### SATO's Board of Directors

- Makes strategic policies and decisions concerning sustainability
- Approves the sustainability programme and the annual sustainability report as part of the financial statements
- Takes sustainability criteria into account in investment decisions
- Addresses climate-related risks twice a year

### SATO's Chief Executive Officer

- 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 in line with the Board of Directors' decisions

At the Corporate Management Group level, the Chief Financial Officer is responsible for sustainability issues

### Sustainability Specialist

- Is responsible for the company's sustainability issues, their development and sustainability reporting, and supports the company's business units as an expert in corporate responsibility issues
- Reports quarterly to the Corporate Management Group

### Sustainability steering group

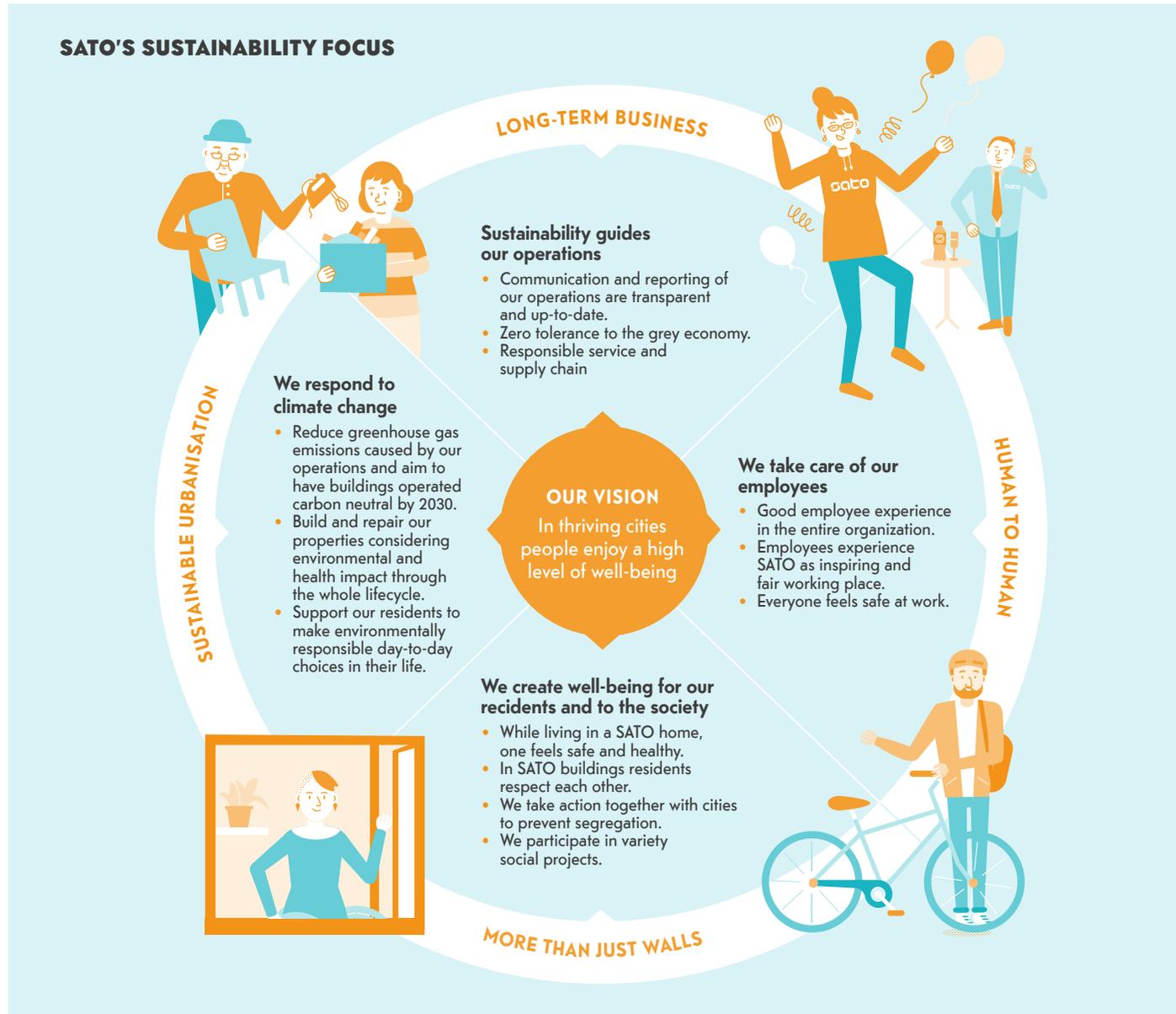
- Deals with sustainability development matters across organisational borders and monitors the development of targets
- Convenes at least four times a year
- Prepares a report for the Corporate Management Group each quarter

### Unit heads and supervisors:

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

*SATO's most important guidelines and principles include its Code of Conduct, values, sustainability programme and guidelines for combating the grey economy, its partners' ethical guidelines, as well as its procurement, financing, risk management and disclosure policies and its HR management principles.*

# SUSTAINABILITY PROGRAMME



*SATOs sustainability programme emphasises carbon-neutral cities and the well-being of residents and neighbourhoods.*

# FOR SATO, SUSTAINABILITY IS ABOUT CONCRETE ACTIONS

In 2021, our employee satisfaction improved, we expanded the house expert model, revamped our digital services and invested near good public transport connections and services.

In the reporting year, we succeeded in improving our employee satisfaction in all areas. In 2021, we deepened our understanding

of the risks and opportunities arising from climate change for SATO's entire supply chain in line with the TCFD framework. We also expanded the house expert model during the year under review, and at the end of the year, SATO employed over 50 house experts in the Helsinki metropolitan area, Tampere and Turku.

We did not reach our energy saving target during 2021: apartments needed to be heated more than normal due to the colder period, and as the COVID-19 pandemic continued, we had to postpone some of the most significant energy saving investments. This is why the CO<sub>2</sub> emissions resulting from our operations grew. We were able

to save water compared to 2020, but we did not reach our target.

The table below summarises SATO's sustainability goals and initiatives, as well as their connection to the UN's Sustainable Development Goals.

## SUSTAINABILITY GUIDES OUR OPERATIONS

Objective 2021	Measures taken	Outcome	Status of objective	Objective 2022	Sustainable Development Goals
More in depth reporting under the TCFD framework	We conducted an extensive assessment of the risks and opportunities arising from climate change for SATO's entire supply chain and a 2- and 4-degree scenario analysis.	Fulfilled	●	We assess climate risks and opportunities for each property	
We arrange supplier meetings and carry out supplier audits	Due to the COVID-19 pandemic we were unable to organise all of the planned meetings and audits.	Fulfilled in part	●	We arrange supplier meetings and carry out supplier audits as well as develop sustainability criteria for choosing partners	 

## WE RESPOND TO CLIMATE CHANGE

Objective 2021	Measures taken	Outcome	Status of objective	Objective 2022	Sustainable Development Goals
To reduce energy consumption compared to the previous year	There were exceptionally cold periods in 2021, which is why we raised the temperatures of apartments more than usual. We did not carry out any significant new energy saving measures during the reporting year.	Unfulfilled	●	To reduce energy consumption compared to the previous year	   

Objective 2021	Measures taken	Outcome	Status of objective	Objective 2022	Sustainable Development Goals
Specific water consumption 403 l/m <sup>3</sup>	At the end of 2021, we launched a six-month water-saving pilot in ten of our buildings. We advise and guide the residents on how to reduce water consumption and monitor the water consumption of these buildings on a monthly basis. In November, we gave water-saving tips to our residents, encouraging them to inform us of any leaky water fixtures.	Fulfilled in part 409 l/m <sup>3</sup>	●	Specific water consumption 397 l/m <sup>3</sup>	   
GHG emission intensity of buildings 22.7 kg CO <sub>2</sub> -e/m <sup>2</sup> /year	The rise in energy consumption also impacted our emissions in the reporting year.	Unfulfilled 26.0 kg CO <sub>2</sub> -e/m <sup>2</sup> /year	●	GHG emission intensity of buildings 22.2 kg CO <sub>2</sub> -e/m <sup>2</sup> /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 either along rail traffic routes and/or in major regional or municipal centres.	Fulfilled	●	New investments are targeted, from a public transport connection and urban structure perspective, to areas that enable a car-free lifestyle	  
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 individual waste guidance. We focussed on resident communications.	Fulfilled in part	●	Enhance the sorting of waste by residents and reduce the volume of mixed waste by 10% compared to the previous year	  

**WE TAKE CARE OF OUR EMPLOYEES**

Objective 2021	Measures taken	Outcome	Status of objective	Objective 2022	Sustainable Development Goals
The results of SATO's personnel survey at the same level or higher than 2020 in all key categories	In the year under review, we focussed on supporting supervisory work by organising regular training and workshops. We organised regular briefings for the entire personnel. We supported employees' well-being by arranging training and changing meeting practices.	Fulfilled	●	The results of SATO's personnel survey at the same level or higher than 2021 in all key categories	

**WE CREATE WELL-BEING FOR OUR RESIDENTS AND SOCIETY**

Objective 2021	Measures taken	Outcome	Status of objective	Objective 2022	Sustainable Development Goals
Continuous development of positive and safe neighbourly relations with the help of our housing advisors	There were 25 active neighbour mentors at the end of the year and our neighbour mentor recruitments continued throughout the year. We continued the building-specific tours. Our housing advisors gave advice especially on the condition and maintenance of apartments and waste and recycling matters.	Fulfilled in part	●	Continuous development of positive and safe neighbourly relations with the help of our housing advisors	
Making better use of digital services in customer service situations and increasing the presence of customer service personnel in SATO's buildings	We also expanded the house expert model and at the end of the year under review, SATO employed over 50 house experts in the Helsinki metropolitan area, Tampere and Turku. We revamped our digital services in the year under review.	Fulfilled	●	The continuous development of digital services and using them more extensively in customer service situations	  
Making proactive use of continuous condition measurement within the housing health operating model	During the year under review, we created an operating model which has not yet been launched entirely.	Fulfilled in part	●	Making the continuous condition measurement operating model a permanent part of the proactive housing health operations	

# 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 Disclosure) 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.

During the reporting year, 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 in-use carbon neutrality by 2030. We also assess the life-cycle emissions of the buildings with an aim to reduce them in the future.

## CLIMATE RISK MANAGEMENT AND STRATEGY

The risks resulting from climate change have been added to SATO's overall risk assessment which is carried out once a year internally. 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 also incorporated into every investment decision concerning new buildings. 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.

## CLIMATE RISKS, IMPACTS AND MANAGEMENT MEASURES

Type of risk and description	Impact on SATO (risks and opportunities)	Management measures
<p><b>Transition risks:</b> (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"> <li>SATO invests in buildings located near good public transport connections and services.</li> <li>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.</li> <li>We actively engage in open and transparent communications about SATO's sustainability efforts.</li> </ul>
<p><b>Acute physical risks:</b> 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 for 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"> <li>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.</li> <li>We take care of efficient building technology guidance.</li> </ul>

Type of risk and description	Impact on SATO (risks and opportunities)	Management measures
<p><b>Chronic physical risks:</b> 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"> <li>SATO's design guidelines take the increased precipitation into account.</li> <li>Our aim is to design buildings with optimal space efficiency in mind to avoid unnecessary spaces that have to be heated or cooled.</li> <li>We review the guidelines when building new buildings along the coast.</li> </ul>
<p><b>Social risks:</b> 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"> <li>We operate in line with our sustainability programme and communicate on it openly and transparently.</li> </ul>

**SCENARIO ANALYSIS AND HOW SATO IS PREPARED FOR THE DIFFERENT SCENARIOS**

	Two-degree scenario	Four-degree scenario
<b>Society</b>	<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 the 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.</p> <p>The pace of decarbonisation is decreasing and the 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 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>
<b>How SATO is prepared for the scenario</b>	<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. Our goal is to reach in-use carbon neutrality by 2030.</p>	<p>Rising temperatures will reduce heating needs in winter but increase the need for cooling in summer. The 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

Customer experience is at the core of SATO's refined strategy released in autumn 2021. Competition between housing providers has become tighter and a successful customer experience is more important than ever. We have responded to this challenge by adjusting the organisation and service processes.

We want to be closely involved in our customers' daily lives in order to serve them better. 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.

## WE EXPANDED THE HOUSE EXPERT MODEL

We further expanded the house expert operating model in the Helsinki metropolitan area, Tampere and Turku. At the end of 2021, more than 50 house experts worked at SATO. In the operating model launched at the end of 2019, SATO's house experts are responsible for 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 positive feedback on the house experts' activities, which can also be seen as slightly improved resident satisfaction (NPS) in the buildings that have a house expert.

## WE MEASURE AND MONITOR THE CUSTOMER EXPERIENCE

We measure our successes in customer encounters using the Net Promoter Score (NPS). The experience is measured using the NPS score 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. During the reporting year, our customer satisfaction did not improve: one of the reasons for weakened customer satisfaction was that some of the planned repair projects had to be further postponed due to the COVID-19 pandemic and our opportunities to serve our customers were more limited during the pandemic.

In addition to the NPS score, we use customers' open feedback, which we get from discussions with customers and open-ended responses to customer surveys. Based on the customer feedback, we have recognised that there are improvement areas in our operations and our customers would like us to especially focus on the moving day itself. Our aim is to identify our customers' needs related to housing, and to develop our operating models and services to fit each stage of the customer path. A successful moving-in experience is one of the key customer experience development measures of 2022.

Customer communication was also identified as having a positive impact on SATO customers' service experience. During the year, we kept our residents informed of the latest housing news with ten newsletters that were delivered electronically, and through building-specific newsletters and notifications.

### Case

## FOR SATO'S RESIDENTS OF THE YEAR 2021 TAKING CARE OF THEIR HOUSE COMES NATURALLY



Terttu and Erkki Pyökkänen have resided in Etelä-Haaga, Helsinki for three decades. Even after retiring from their janitor careers the couple has continued to take care of their home building in Isonnevantie 18, and one of the lucky beneficiaries of their know-how has been the new SATO House Expert.

"I have just shared some tips and tricks concerning this house, and toured it with him", says Erkki. Service Manager Olli Eräniemi however reveals that the knowledge shared by the couple has really helped both the House Expert and the Maintenance Service personnel to familiarize themselves with the building.

SATO acknowledges yearly a resident or residents who are cooperating with the neighbours and SATO regarding the matters of their home building, or who with their own example keep up the spirits of the whole house.

"Erkki is the first to chat with our neighbours outside", Terttu smiles. "The pandemic has reduced the encounters. But come summer – if the situation allows it - we are organizing a traditional barbeque event, and all the neighbours are invited!" [Read more](#)

In the picture, Terttu and Erkki Pyökkänen

## WE ALSO SERVE OUR CUSTOMERS THROUGH MULTIPLE CHANNELS

We serve our customers via several channels: by phone, in the website's chat service, in OmaSATO, by email and in social media. During the year under review, our customer service experts responded to 207,125 queries. The number of customer contacts grew from the previous year. This was affected by, for instance, the expansion of the house expert model, when calls earlier directed to the maintenance companies were transferred to SATO's customer service. The average telephone wait time was 2.53 minutes and in chat, 49 seconds. Our customer service received an NPS of 60.25. 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 year under review, we began to monitor our residents' NPS for chat discussions taking place with our customer service.

## SMOOTHER SERVICE FOR OUR CUSTOMERS

We revamped our digital services in the year under review. The daily work of our customer services and rental activities became more efficient and this also meant smoother service for our customers. We adopted a new customer relationship management system and telephone system, and developed the digital OmaSATO service. Our customers can report defects or contact us through OmaSATO 24/7 by leaving us a contact request in the Messages section.

In addition, we improved the usability of the housing application, watchdog feature and chatbot on the sato.fi website. At SATO, we have been developing our digital service environment for a few years now and we will continue this work diligently in the coming 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.

In December, as part of the shift over to the new ERP system, we adopted a field work management tool that facilitates the work of our housing professionals working at our properties, as well as a user interface for SATO's partner companies, i.e. a partner channel.

## WE PROMOTE NEIGHBOURLY LIVING

After the neighbour mentor pilot that ended last year, the activities were made part of SATO's regular community-oriented work. At SATO, the neighbour mentor activities are coordinated by the housing advisors, who additionally guide and support residents in issues related to rental housing. Housing advisors recruit new neighbour mentors and at the end of the year under review, SATO had altogether 25 neighbour mentors in the Helsinki metropolitan area, Tampere and Turku.

The exceptional situation meant that the neighbour mentors met via Teams.

During the pandemic, the building-specific tours held by housing advisors were put on hold in the first half of the year, but started up again in

summer 2021. Our housing advisors toured eight buildings with altogether more than 650 apartments. Moreover, the housing advisors made around 15 separate apartment visits per week. The housing advisors provide our residents with guidance, especially in issues related to maintenance, living comfort and waste bins.

During the pandemic, there have been more reports of disturbances in our buildings. Many residents have worked at home or spent more time at home than before, and also feel that the normal sounds of apartment building life are disturbing. Our aim has been to handle disturbance reports as quickly as possible and to discuss matters with residents and advise them, to ensure that they enjoy a good day-to-day life and comfortable living in their SATOhomes.

## CUSTOMER FEEDBACK ON HOUSE EXPERTS

*“A big thumbs up to SATO's house expert, a good system and a nice and helpful guy, at least in this building!”*

*“A big thank you to the house expert! Excellent and expert service.”*

## SUSTAINABLE HOUSING

**Our most significant climate impacts arise from energy consumption during living and the construction and repair of our homes. Responding to climate change and enabling our residents to make sustainable housing and day-to-day choices are an important part of our sustainability efforts. We want to provide our residents with homes that last over generations, and we take care of our buildings in accordance with the life-cycle principles.**

### WE INVEST RESPONSIBLY

SATO acquires and builds rental apartments and participates in developing entire residential areas. We focus our housing stock on Finland's largest cities, near good services and transport routes. We carry out an investment sustainability evaluation as part of every investment decision. In addition to the fulfilment of financial criteria, the evaluation focuses on the environmental impact of the investment, transport connections and the execution of the procurement process in accordance with good corporate governance, among other aspects.

We collaborate with cities when areas are being developed and new housing is planned for them. The parties involved share common interests: as a long-term housing provider, SATO wants to build nice homes and pleasant urban areas for decades to come. During the year under review, we concentrated on planning and building new homes and on renovating existing buildings.

During the year under review, SATO invested EUR 167.1 million in its housing portfolio. A total of 235 rental apartments and 71 owner-occupied apartments were completed in 2021. Renovations

on a total of 354 rental apartments were completed during the reporting year. On 31 December 2021, 1,100 rental apartments and 52 FlexHomes were under construction, and 422 rental apartments were under renovation.

### NEW HOMES IN EXISTING URBAN ENVIRONMENTS

Complementary planning, where new buildings are built alongside or in place of existing buildings, supports not only the creation of denser urban structures in line with the objectives of master plans, but also 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 and the Raide-Jokeri tramline. In addition to good public transport connections, the basis for planning new areas is efficient parking solutions combined with cycling and light traffic possibilities.

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 2021, our investments in infrastructure totalled EUR 19.5 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 500–550 owner-occupied apartments and roughly 20 state-subsidised rental apartments, thus promoting a diverse residential area and urban structure.

### NEW SATOHOMES IN THE HELSINKI METROPOLITAN AREA AND TAMPERE

In the beginning of 2021, construction was begun on the 'Wise Mobility City Block' located in Helsinki's Oulunkylä district on Maaherrantie. The block, located at the junction of the Raide-Jokeri tramline and the main railway, will see the construction of altogether around 500 rental, owner-occupied and part ownership apartments over the next few years. Geothermal heat was chosen as the heat source for the property and a solar power system producing renewable energy is also in the works. All of the parking spots will be equipped for charging electric vehicles. The buildings will be carbon neutral in terms of in-use energy, when renewable electricity is used alongside geothermal heating.

In June 2021, construction of a privately financed rental housing building and a part-ownership FlexHome building was begun in the Hervantajärvi area in Tampere. SATO will build a total of close to 200 rental and part-ownership apartments in the developing Hervantajärvi area, near the last stop of the first phase of the Tampere Tramway, which was completed in 2021. FlexHome is a short-term ownership concept that enables home ownership with a small initial capital outlay and a five-year part-ownership period.

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

In early summer 2021, the construction of a wooden apartment building was begun on Lupajantie in Mellunmäki, Helsinki. The two-storey wooden apartment buildings will house 112 new privately financed rental homes, replacing the 80 apartments that were demolished on the plot. The building on Lupajantie is designed to be energy efficient and feature building solutions and materials that will last decades. The efficient design of the apartments and shared spaces contributes to reducing the building's energy consumption and carbon footprint. Geothermal heat is used as the heat source for the buildings, which will additionally be equipped with solar panels.

In addition, construction of new rental housing began during the year under review in the Hakunila area of Vantaa on Raudikkokuja (161 apartments), in the Keimolanmäki area of Vantaa (159 apartments), in the Karakallio area of Espoo (100 apartments) and in the Vermonniitty area of Espoo (135 apartments).

**SEVERAL RENOVATION PROJECTS UNDERWAY**

We renovate our rental homes and properties in accordance with the life-cycle principle.

During the year under review, we invested around EUR 93.6 million in repairing and improving the quality of apartments, of which repair investments accounted for a total of EUR 75.9 million.

Renovations on a total of 349 homes were completed in 2021. In early 2021, 105 apartments were completed in Kontula, Helsinki (Kaarenjalka 5), 48 apartments in Reimarla, Pitäjänmäki (Piispantie 3) and 107 apartments in Matinkylä, Espoo (Aape-linkatu 1, Matinkartanontie 2 ja 6). In early autumn,

Helsinki saw the completion of 48 apartments in Reimarla, Pitäjänmäki (Rikhard Nymanintie 3) and 41 apartments in Hakaniemi (Hakaniemenkatu 9).

During the year, we started renovations in Helsinki as follows: Pihlajamäki (64 apartments), Töölö (105 apartments) and Kontula (88 apartments). Our renovations involve significant improvements in the energy efficiency of the buildings and the comfort of the homes. The buildings on Graniittitie in Pihlajamäki and on Porttikuja in Kontula will also switch from district heat to geothermal heat. Furthermore, a project was launched on Uudenmaankatu in the Kupittaa area of Turku to convert office spaces into homes (13).

**ENERGY EFFICIENCY THROUGH INVESTMENTS AND PROACTIVE MEASURES**

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% between 2015 and 2025. Efficient and sensible energy use saves costs and increases business profitability. It is 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.

In 2021, the specific energy consumption of SATO's buildings increased by 0.7%, specific water consumption was down by 1.2% and specific greenhouse gas emissions increased by 16.6% in comparison with 2020. The rated consumption of electricity decreased by 0.5%.

Hot water usage has a significant impact on a building's energy consumption and thus also on

*Case*

**CIRCULAR ECONOMY POP-UP: RECYCLING STRUCTURAL COMPONENTS AND OTHER ITEMS FROM AN APARTMENT BUILDING**



In autumn 2021, SATO and the Helsinki Metropolitan Area Reuse Centre organised a circular economy experiment in Kallio, Helsinki, aiming to recycle good-condition structural components and other items from an apartment building due to undergo renovation. The circular economy pop-up was part of the Circular Construction in Regenerative Cities (CIRCult) project.

The experiment entailed salvaging structural components and apartment

items such as doors, cold appliances, wardrobes and coat hooks that are in good condition from a SATO-owned 1930s apartment building in the Kallio district of Helsinki. The Reuse Centre uninstalled and inspected the items to be sold, ensuring that they are suitable and safe for recycling. The items could be bought from the Reuse Centre's online store. The circular economy experiment helped save 46,000 kg of natural resources.

[Read more](#)

the carbon footprint of housing. In the previous year, we failed to reach our target of reducing water consumption. Instead, water consumption grew as our residents spent an exceptional amount of time at home during the COVID-19 pandemic. Some water-saving measures were further postponed during the year under review as only essential visits were made to buildings during the pandemic. However, our residents' water consumption decreased during the year under review compared to 2020.

**TEMPERATURE SENSORS COLLECT DATA ON INDOOR TEMPERATURE AND HUMIDITY**

We monitor and regulate the heating of some 20,000 SATOhomes through various IoT services. Our buildings' heating systems are controlled by artificial intelligence, and residents can keep track of the temperature of their home via the OmaSATO online service. These systems provide us with around two billion instances of measurement data annually, which allows us to successfully foresee problems and make repairs on a needs basis, thereby further contributing to the sustainability of our business. Temperature sensors reduce energy consumption by roughly 7% and the need for peak power by some 20%. In the year under review, we decided to expand the monitoring of heating in two pilot buildings by using IoT sensors to measure the temperature at the level of individual radiators instead of the entire apartment. 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.

We are looking into adjusting ventilation based on needs through various pilot projects. Smart ventilation is used to eliminate draughts and excessive under pressure, 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.

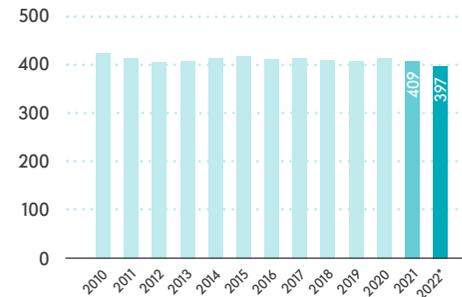
**WE SEEK ENERGY EFFICIENCY IMPROVEMENTS IN MANY WAYS IN OUR PROPERTIES**

At every new building and renovation site, we look into the possibility of geothermal heating. The use of renewable energy in heating significantly reduces the in-use emissions of homes. We currently have seven buildings that are carbon neutral in terms of electricity and heating.

We have also developed a separate energy efficiency rating for our residential buildings, taking into account the energy efficiency and costs of each building. Using this rating, we are able to calculate an energy figure for each building for action planning. We report on energy consumption monthly to SATO's Corporate Management Group. In 2021, building electricity did not produce any emissions because it was produced 100% by wind power.

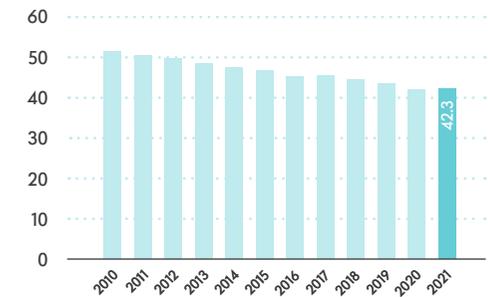
Legislation governing the energy efficiency of residential buildings requires an energy efficiency figure of 90 for new buildings. SATO is committed to building markedly more energy-efficient buildings: we target an energy efficiency figure of 82 or lower for new buildings. The average for our completed buildings during the year under review

Specific water consumption, dm<sup>3</sup>/m<sup>3</sup>/year



\* SATO's target

Specific energy consumption, kWh/m<sup>3</sup>/year

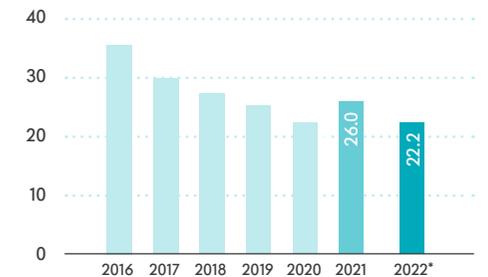


Figures are adjusted for weather

**ENVIRONMENTAL OBJECTIVES 2022**

Specific consumption	Target	Reference year
Emissions	-18,5%	2018
Water	-6%	2018
Electricity	-9%	2015

Greenhouse gas emission intensity of buildings, kg CO<sub>2</sub>-e/m<sup>2</sup>/year



\* SATO's target

was 80 and the average for housing starts during 2021 was 76.1. We aim for at least 30% improvement in energy efficiency in all our renovations.

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 24 active construction sites. We also measure the waste of demolition projects. There were 3 demolition projects during the reporting year.

**A LIFE-CYCLE APPROACH AND SUSTAINABLE MATERIALS**

We reduce SATO's load on the environment by regularly maintaining and repairing homes and properties according to the life-cycle principle. When we select building materials for indoor spaces, our intention is to minimise their environmental impacts and promote circular economy. At the same time, we lower the life-cycle and maintenance costs of our residential buildings and properties by investing in quality products and materials. Properly installed, long-lasting materials save natural resources, and in most cases, they can be recycled or disposed of after use.

In 2021, we introduced the new sets of sofas and recliners that were designed by our product development team and manufactured in Finland for our club rooms. The frames of the products are made from Finnish wood and they are upholstered in a recycled Finnish wool fabric. We closely monitor the quality of the products.

**WE ENCOURAGED OUR RESIDENTS TO ADOPT MORE SUSTAINABLE DAILY HABITS**

We encouraged and guided our residents to actively recycle their waste, as their actions directly affect SATO's total emission reductions. At the end of 2021, all SATOhomes in the Helsinki metropolitan area and almost all SATOhomes in other cities had a system for recycling plastic. Our goal is to have a recycling bin for plastic in all SATOhomes during 2022. In the Helsinki metropolitan area, recycling bins for metal and glass were also added to smaller buildings that previously did not have any.

Our housing advisors guide our residents in how to recycle waste when they are given a tour of the building and in connection with other meetings with residents. We also actively communicate information on sorting waste to our residents in our newsletters and releases.

At the end of 2021, we launched a six-month water-saving pilot in ten of our buildings. We advise and guide the residents on how to reduce water consumption and monitor the water consumption of these buildings on a monthly basis. In November, we gave water-saving tips to our residents, encouraging them to inform us of any leaky water fixtures.

*Case*

**LOAN FROM EUROPEAN INVESTMENT BANK FOR IMPROVING ENERGY EFFICIENCY OF RENTAL HOMES**



In November 2021, we agreed on a loan of EUR 80 million with the European Investment Bank. The funding will support renovations that will improve the energy efficiency of SATO's current rental housing stock in the Helsinki metropolitan area, Turku and Tampere. The renovation projects aim to improve the energy efficiency of properties by at least 30%, while at the same time supporting the EU's climate change mitigation targets. "In line with our strategy, we offer our residents sustainable housing. We seek energy efficiency improvements in many different ways in our proper-

ties and always explore the best solutions specifically for each property," says SATO President and CEO Antti Aarnio.

Our renovations involve energy efficiency improvements through measures such as switching from district heat to geothermal heat as well as introducing heat recovery ventilation and LED lighting. Energy efficiency can also be increased by changes such as adjusting and balancing the heat distribution system, replacing or repairing the windows, and adding roof and wall insulation. [Read more](#)

## PERSONNEL

**SATO employees work with professionalism, engaging sincerely with our customers. 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.**

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

### **SATO EMPLOYEES – LEADING THE WAY FORWARD**

We released our refined strategy in late 2021. During the year under review, a group of SATO employees from different parts of the organisation participated in the strategy work. In SATO's new strategy, the personnel was made one of the three priorities: we want SATO to have innovators in the future, too.

As part of the in-house cascading of the strategy, everyone at SATO set off on a journey of change with the aim of refining what the strategy means for each person, reinforcing SATO's shared culture and renewing the development approaches. The "Noste" journey is a shared growth story leading to a more rapidly evolving and more successful SATO.

Our intention is for each SATO employee to be able to innovate and participate in developing future housing solutions in their own work.

We want for everyone at SATO to have the courage to reinvent themselves and the ability to succeed.

### **STRONG INTERNAL EMPLOYER IMAGE**

The results of the personnel survey conducted by Promenade Insight Oy in autumn 2021 showed improvement in all areas compared to the previous year. According to the survey, SATO's internal employer image is strong. The majority of SATO employees would either very highly recommend or highly recommend the company as a workplace to others 4.31/5 (4.17/5). Our employees described the company with the words reliable, fair, evolving, flexible and open. Compared to the previous year, especially the results for trust in SATO's management and open communication improved. During the year under review, we arranged bi-monthly briefings for the entire personnel on current topics that support the strategy. According to the personnel survey, SATO's direction and destination are clearer than ever to a greater number of SATO employees. Ninety-one % of SATO employees took part in the personnel survey.

### **SATO DAY OFFERED ENERGY DURING EXCEPTIONAL PERIOD**

During the year under review, the pandemic influenced our work especially in the exceptional arrangements we made to try to ensure the safety and well-being of both our employees and our residents. As a result, we postponed non-urgent maintenance and repair work during the year and only visited buildings when it was absolutely necessary. As the pandemic situation eased, we moved over to a hybrid working model between

September and November. The teams decided on the number of in-office and remote days depending on their needs. In December, we again moved into mostly remote work based on the government's recommendations.

In November, when the pandemic momentarily eased up, we organised the traditional SATO Day and an evening party for the entire personnel. We used the COVID-19 passport to ensure a safe event for everyone, and the majority of SATO personnel wished to participate in person. In addition to the strategic themes, the event was memorable due to the genuinely happy encounters between old and new SATO employees. The day offered energy and joy following a long stretch of remote work.

### **WE SUPPORTED EMPLOYEES' WELL-BEING AND SUPERVISORY WORK**

During the reporting year, SATO invested in improving the well-being of our personnel in a number of ways. Supporting the well-being of SATO employees also impacted the results of the personnel survey.

Based on a proposal by the personnel, we changed meeting practices for the whole of SATO. Meetings will now last 25 or 50 minutes instead of 30 or 60 minutes. We will also make a collective effort to ensure that breaks are held more consistently. The weekly programme also included regular exercise breaks led by a SATO employee. During 2021, we organised a total of ten well-being webinars where we discussed topics such as recovery, emotional intelligence, self-management, time management and meeting practices.

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

SATO employees also participated actively in the well-being webinars. Furthermore, we arranged coaching on recovery and prioritising for service managers working in the customer interface.

A further priority during the year under review was supporting supervisory work. In June, we launched afternoon clubs for supervisors where we discussed developing teams, hybrid working and cascading the strategy, and other topics suggested by the supervisors. Together with our occupational health partner Aava Medical Centre, we organised early support coaching for our supervisors. During 2021, we also started up coaching for supervisors to help develop their ability to function in their jobs. SATO employees' assessment of supervisory work improved from the previous year 4.17/5 (3.96/5). In November, we organised an event for supervisors where they could discuss what is required to successfully implement the strategy, including operating methods, collaboration, communication and management. Together, we identified areas in need of improvement, which we will work on in order to give the strategy the best chances of success.

The Tarmo group, consisting of members of management and personnel, convened six times during the reporting year. The group focuses on well-being-at-work themes raised by personnel. During the year under review, special consideration was given to how to maintain employees' well-being at work during the exceptional circumstances.

SATO's committee for recreation and sports activities, called LiiVi, arranges activities that maintain and improve employees' work ability. During the year under review, LiiVi arranged the opportunity to participate in a virtual running event for companies, SATO's golf tournament and a virtual cooking course.

**ADOPTING THE NEW ERP SYSTEM AT THE CORE OF DEVELOPING PERSONNEL**

In 2021, SATO employees took part in 5.4 training days (men 5.4/women 5.5). Around 0.7 working days per employee were spent in training provided by a third party. The number of training days for supervisors was 5.1 days per person and for employees 3.6 days per person. The number of training days rose compared to the previous year.

In the year under review, we focused on revamping our customer services. Headway was made in several development projects under the Dreams change project, in order to improve customer service and achieve smoother mobile work. The majority of SATO employees took part in the training to use the new processes and tools, such as the ERP system, related to the Dreams project. During the year, 100 hours of training related to the Dreams project was organised for SATO employees.

As part of the internal Noste programme, a decision was made to chart competence. This work will be ready in early 2022.

**NUMBER OF PERSONNEL GREW**

Regardless of the exceptional period, we increased our personnel numbers in accordance with our targets in the strategic areas. We further expanded the house expert operating model in the Helsinki metropolitan area, Tampere and Turku, and recruited 39 new house experts and 4 team supervisors during the year. At the end of 2021, 54 house experts worked at SATO. In the operating model launched at the end of 2019, SATO's house experts are responsible for 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.

As the number of new building and renovation sites grew, we increased our competence and number of personnel also in the Investments business through new recruitments. We hired project managers, among others, to the new building and renovation teams. We made the decision to make some of the surveillance work that was previously supplied by an external partner an in-house function, and we started up a recruitment process.

During the reporting year, SATO recruited 113 new employees, 70 of whom on a permanent basis. We also continued to support the personal growth and job rotation of SATO personnel. A total of 19 SATO employees were assigned to a new task within the company during the year. Despite the exceptional circumstances, we did not have to temporarily lay off or dismiss personnel due to the pandemic.

5.4

NUMBER OF TRAINING DAYS PER SATO EMPLOYEE, AVERAGE (MEN 5.4/WOMEN 5.5)

113

NEW SATO EMPLOYEES

19

SATO EMPLOYEES REASSIGNED IN-HOUSE

At the end of the year, the SATO Group employed 313 people (242), of whom 278 (226) had a permanent employment contract. The increase in personnel largely resulted from the expansion of the house expert model.

As the number of personnel increased, we also added HR management resources and adopted the HR Partner model. In the Partner model, each unit and supervisor has their own HR Partner that support´s supervisory work.

**SPOTLIGHT ON OCCUPATIONAL SAFETY**

The continuing COVID-19 pandemic caused us to focus particularly on occupational safety. We made sure to keep our communications up to date, and we guided our employees in working safely in the office, at worksites and in their encounters with customers. During the reporting year, we arranged Occupational Safety Card training for service managers, house experts and project managers, in addition to first aid training. During the year under review, we also rolled out an online learning solution improving occupational safety.

**SAFE CONSTRUCTION SITES**

Every year, we spend approximately EUR 167.1 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 2021, a total of 13 accidents (5) were recorded on 26 SATO sites (23), and the rolling accident frequency rate was 22.3 (10).

Working hours on our construction sites amounted to roughly 584.227. 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.

*Case*

**SATO EMPLOYEES RECOGNISED AT SATO DAY**



At the SATO Day event organised in November, we recognised SATO employees who have excelled in their work, based on votes by the personnel. Service Director Johanna Vaara was voted SATO Employee of the Year by the employees. Vaara, who works as a Service Director in the Helsinki metropolitan area, is an excellent supervisor according to her employees, and a solid and reliable professional according to her colleagues. She works in line with SATO's values, putting others before herself and always being ready to help. Honourable mentions were also presented to Maintenance Manager Juha Saario, Assistant Minna Niironen and the house expert team leader Sami Korhonen.

The house expert team was voted SATO Team of the Year for 2021. The house experts are customer experience leaders and function as SATO's calling cards in homes, yards and in traffic. Their positive attitude and good vibes are obvious, and customers value our ever-helpful house experts. SATO's digital and IT team received an honourable mention, in particular the professional and helpful SATO Desk.

Marketing and Communications Director Laura Laamanen was chosen as Newcomer of the Year and Service Manager Fanny Salo as Inspiration of the Year.

In the picture, Johanna Vaara

## REPORTING PRINCIPLES

The aim of the Sustainability Report is to openly provide our stakeholders with information about our operations and our value creation.



# REPORTING PRINCIPLES

**Sustainability is a core aspect of SATO's business and we made sustainability one of the three cornerstones of our new strategy. The aim of the Sustainability Report is to openly provide our stakeholders with information about our operations and our value creation.**

SATO's annual Sustainability Report has now been drawn up for the eighth consecutive year in line with the GRI guidelines: GRI-G3 2014, GRI-G4 2015 and 2016, GRI Standards 2017–2018 and 2020. The report has been prepared in accordance with the international Global Reporting Initiative Standards Core option. 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.

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.

## SUSTAINABILITY BASED ON MATERIALITY

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 aspects related to our business that have been identified in cooperation with our stakeholders and processed by SATO's Management Group. The effects of the material aspects on stakeholders are described in the 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 ASSURED INFORMATION

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

The indicators presented in the tables of the Annual Report's The Sustainable SATO/Environment section:

- 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)

Key indicators presented in GRI index table:

- Environmental compliance (GRI 307-1)
- Supplier environmental assessment (GRI 308-1)



# FINANCES

## SATO'S TAX FOOTPRINT IN 2021

Taxes to be paid during the financial year

### Direct

- Income tax **EUR 18.6 million**
- Employer contributions **EUR 3.1 million**
- Transfer tax on investments **EUR 0.5 million**
- Property tax **EUR 9.1 million**

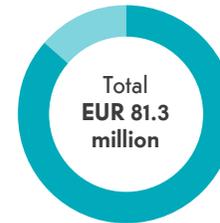
### Indirect

- Energy and insurance tax **EUR 0.8 million**
- VAT included in investments that is not deducted, **EUR 27.5 million**
- VAT included in purchases that is not deducted, **EUR 16.7 million**



Taxes to be reported during the financial year

- Tax withheld on salaries **EUR 4.2 million**
- Net VAT on sales **EUR 0.7 million**



Total **EUR 81.3 million**

*Taxes paid to Finland  
EUR 79.0 million*

## CASH FLOW IN 2021, EUR MILLION

### CUSTOMERS

- Net sales **298.3**

### FINANCIERS, INVESTORS

- Withdrawal of loans **86.4**
- Equity issued **0**

### OTHER MARKET PARTICIPANTS

- Divestments of housing property **7.9**
- Other operating income **-0.2**



### SUPPLIERS

- Purchases **101.4**
- Investments **183.7**

### PUBLIC SECTOR

- Direct taxes **31.3**
- Indirect taxes **45.1**
- Land rents and land use fees **5**

### FINANCIERS, INVESTORS

- Interest and financial expenses **41.9**
- Repayments **298.9**
- Dividend **28.3**

### PERSONNEL

- Salaries, benefits and pension expenses **18.8**

# ENVIRONMENT

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.

## ENERGY

Energy consumption within the organisation	2015	2016	2017	2018	2019	2020	2021	Changes, 2020–2021	Changes, % 2020–2021	
Total, MWh	238,263	283,484	264,874	263,465	256,624	236,480	272,351	35,871	15.2%	
<b>Share of purchased energy:</b>										
Electricity, MWh	23,689	24,531	23,624	24,285	24,243	27,033	27,025	-8	0.0%	
District heating, MWh	214,056	258,299	240,427	238,493	231,701	208,884	244,910	36,026	17.2%	
<b>Share of own production:</b>										
Oil, MWh	518	654	823	687	680	563	416	-147	-26.2%	
Building energy intensity	2015	2016	2017	2018	2019	2020	2021	Changes, 2020–2021	Changes, % 2020–2021	Changes, % 2015–2021
Consumption of heating energy, adjusted for weather, kWh/rm <sup>3</sup> /a	42.9	41.5	41.8	40.7	39.8	37.8	38.1	0.3	0.8%	-11.2%
Consumption of electricity, kWh/m <sup>3</sup> /a	3.9	3.9	3.9	3.9	3.9	4.2	4.2	0.0	-0.5%	8.0%
Total, kWh/m <sup>3</sup> /a	46.8	45.4	45.7	44.6	43.7	42.0	42.3	0.3	0.7%	-9.6%

## EMISSIONS

Greenhouse gas emissions	2015	2016	2017	2018	2019	2020	2021	Changes, 2020–2021	Changes, % 2018–2021
<b>GRI 305-1 Direct greenhouse gas emissions, t CO<sub>2</sub>-e (scope 1)</b>	135	170	214	179	177	147	108	-39	-26.5%
<b>GRI 305-2 Indirect greenhouse gas emissions*, t CO<sub>2</sub>-e (scope 2)</b>									
Indirect greenhouse gas emissions, t CO <sub>2</sub> -e (market-based)	37,674	48,560	39,430	36,728	34,292	30,915	36,247	5,332	17.2%
Indirect greenhouse gas emissions, t CO <sub>2</sub> -e (location-based)	41,962	52,583	43,163	40,152	37,468	34,456	39,787	5,331	15.5%
<b>GRI-305-3 Other indirect greenhouse gas emissions**, t CO<sub>2</sub>-e (scope 3)</b>	1,834	948	240	49	46	37	49	12	34.0%
Total emissions of greenhouse gases, t CO <sub>2</sub> -e	39,643	49,678	39,884	36,955	34,515	31,098	36,404	5,306	17.1%

\* 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 wind power.

\*\* Emissions from residents' waste

GHG emission intensity of buildings	2018	2019	2020	2021	Changes, 2020–2021	Changes, % 2020–2021	Changes % 2018–2021
kg CO <sub>2</sub> -e/m <sup>2</sup>	27.3	25.3	22.3	26	3.7	16.6%	-4.8%
kg CO <sub>2</sub> -e/person	781.2	697.6	624.8	727.5	102.7	16.4%	-6.9%

**WATER**

Total water withdrawal	2015	2016	2017	2018	2019	2020	2021	Changes, 2020–2021	Changes, % 2020–2021
Total, 1,000 m <sup>3</sup>	2,329	2,622	2,507	2,537	2,578	2,674	2,620	-54	-2.0%

All SATO properties use municipal water supply.

Building water intensity	2015	2016	2017	2018	2019	2020	2021	Changes, 2020–2021	Changes, % 2020–2021	Changes, % 2018–2021
dm <sup>3</sup> /rm <sup>3</sup> /a	418	412	414	411	409	414	409	-5	-1.2%	-0.5%

**WASTE**

Total weight of waste from tenants	2015	2016	2017	2018	2019	2020	2021	Changes, 2020–2021	Changes, % 2020–2021
tonnes	21,578	23,985	23,573	24,124	27,269	28,131	29,806	1,675	6.0%
t CO <sub>2</sub> -e	1834	948	240	49	46	37	49	12	34.0%

Distribution of waste from tenants by disposal method	2020, %	2021, %	2020, t	2021, t
For recycling	29.3%	28.1%	8,249	8,378
For energy	55.6%	58.0 %	15,631	17,226
To landfill sites	1.0%	0.5 %	267	163
Composting	14.1%	13.5 %	3,978	4,017
Incineration without energy recover	0.0%	0.1 %	6	23

Initiatives to reduce energy consumption, and their impact	2016	2017	2018	2019	2020	2021
Energy efficiency investments, MEUR	1.3	1.5	1.5	1.5	0.8	0
GRI 302-4 Reduction of energy consumption as a result of initiatives, MWh	4,070	7,750	7,200	820	3,100	
GRI 305-5 Reduction of greenhouse gas emissions as a result of initiatives, t CO <sub>2</sub> -e	721	1,364	1,113	126	477	
Land remediated or in need of remediation	2020	2021				
Remediated soil*, t	0	2,463				
Soil known to be in need of remediation, m <sup>2</sup>	2,500	0**				

\* 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 2021\***

<b>Basic information</b>	Number of construction sites, pcs	24
	Number of apartments, pcs	2,123
	Floor square metres, m <sup>2</sup>	126,077
	Gross floor area, m <sup>2</sup>	147,561
	Apartment area, m <sup>2</sup>	94,596
	Volume, m <sup>3</sup>	458,571
	Number of building months new building and renovation site	190
	<b>Water</b>	Water consumption, m <sup>3</sup>
Water consumption, ltr/brm <sup>2</sup> /month		3.08
<b>Energy</b>	Electricity consumption, MWh	1,604
	Electricity consumption, kWh/brm <sup>2</sup> /month	1,05
	District heating consumption, MWh	3,743
	District heating consumption, kWh/brm <sup>2</sup> /kk	3.22
<b>Waste</b>	Total waste volume of consumption in new building and renovation sites, t	5,145
	Mixed waste, t	1,350
	Wood, t	714
	Stone, t	81
	Concrete waste, t	2,033
	Plaster, t	49
	Energy, t	34
	Metal, t	66
	Other, t	9
	Soil, t	165.1
	Asbestos, t	67.1
	Other hazardous materials, t	3.45
Impregnated wood, t	1.1	

**WASTE VOLUMES OF DEMOLISHED BUILDINGS**

<b>Total waste volume, tn</b>	<b>28,235</b>
Number of construction sites, pcs	3
Mixed waste, tn	571
Wood waste, tn	1,491
Concrete waste, tn	23,495
Metal, tn	874
Other waste, tn	1,740
Asbestos, tn	1
Impregnated wood, tn	62

\* Only applies to construction sites for new and renovated buildings that were started in or after 2018.

# PERSONNEL

## SATO'S EMPLOYMENT IMPACT 2021

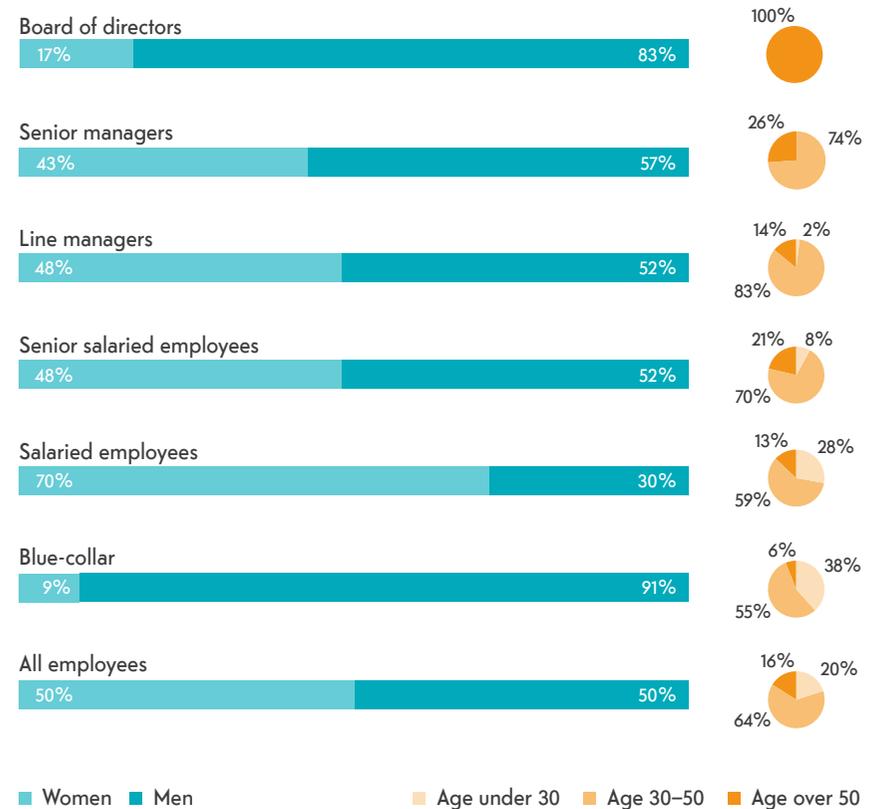
Direct and indirect employment impact	Person-years
Investments in construction and renovations	1,907
Maintenance and upkeep services	654
Other purchased services	138
Personnel	276
<b>Total</b>	<b>2,975</b>

## REMUNERATION OF WOMEN TO MEN

	%
Senior managers	90
Senior salaried employees	98
Employees	106
All employees	99

*During the reporting year, SATO recruited 113 new employees.*

## Gender distribution of personnel groups and board of directors, 31 Dec 2021



In 2021, 20% of SATO's personnel were under 30, 64% were between 30 and 50, and 16% were over 50. By personnel group, those under 30 were represented the most in the salaried employees group (38%) and in the blue-collar group (28%).

The 30-50 age group represented 74% of those working in senior management positions, 83% of supervisors, 70% of senior salaried employees, and 59% of salaried employees.

The over-50 age group was represented the most in senior management positions (26%), and in senior salaried employee positions (21%). 14% of all supervisors and 13% of salaried employees are over the age of 50.

**INFORMATION ABOUT PERSONNEL**

**Total number of personnel at end of 2021 (2020)**

Number of personnel	permanent	fixed-term	men	women	men, %	women, %
total 313 (242)	278 (226)	35 (16)	156 (105)	157 (137)	49.8	50.2
of which the number of personnel in Russia 11 (12)	9 (10)	2 (2)	4 (4)	7(8)	36.4	63.6

During the year, the Group had an average of 276 (229) employees.

**Total number and rates of new employee hires and employee turnover by age group, gender and region.**

New employment contracts	total 113	under 30	30–50	over 50
permanent employment contracts	70	21	44	5
men	53	19	31	3
women	17	2	13	2

**New fixed-term employment contracts**

	total 26	under 30	30–50	over 50
men	12	8	4	0
women	14	6	7	1

Summer trainees	total 17	under 30	30–50	over 50
men	6	6	0	0
women	11	9	2	0
Terminated employment contracts	total 29	under 30	30–50	over 50
permanent employment contracts	26	3	16	7
men	15	2	11	2
women	11	1	5	5
Employment contracts terminated by the employer	1			
Total personnel turnover, % (summer trainees excluded)	12			

**Work accidents, occupational diseases, sick leave and deaths entire personnel**

absentee rate (AR)	1.20%
lost day rate	0.11%

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

# 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 Suomen Tilajaavastuu's 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**

- Ethics and integrity (GRI 102-16, 102-17)
- 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**

- Transparent and up-to-date communications and reporting
- Combating the grey economy
- Responsible service and procurement chain

**Operating principles, guidelines and policies**

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.

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.

**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

<p><b>Approach</b></p>	<p>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.</p>
<p><b>Main topics and key indicators to be reported</b></p>	<ul style="list-style-type: none"> <li>• Approach to stakeholder engagement (GRI 102-43, 102-44)</li> <li>• Indirect economic impacts (GRI 203-1, 203-2)</li> <li>• Customer health and safety (GRI 416-1, 416-2)</li> <li>• Customer service and satisfaction</li> </ul>
<p><b>Objectives</b></p>	<ul style="list-style-type: none"> <li>• People feel safe and enjoy healthy living in a SATO home.</li> <li>• In SATO's buildings, neighbours respect one another.</li> <li>• Co-operation with cities to prevent the segregation of areas.</li> <li>• We participate in public projects</li> </ul>
<p><b>Operating principles, guidelines and policies</b></p>	<p>Housing health operating model, customer promises, service principles, partnership policy and principles, good rental practices</p>
<p><b>Evaluation of the management approach</b></p>	<p>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.</p>
<p><b>Boundaries</b></p>	<p>SATO Group customers</p>

**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**

- 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**

- 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**

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.

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.

**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**

- 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**

- 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
<b>GRI 102 Organisational profile 2016</b>		
102-1	Name of the organization	Contact information
102-2	Activities, brands, products, and services	Report of the Board of Directors
102-3	Location of headquarters	Contact information
102-4	Location of operations	Report of the Board of Directors
102-5	Ownership and legal form	Report of the Board of Directors
102-6	Markets served	Report of the Board of Directors
102-7	Scale of the organization	Financial Statements
102-8	Information on employees and other workers	Personnel
102-9	Supply chain	Sustainability guides our operations
102-10	Significant changes to the organization and its supply chain	Report of the Board of Directors
102-11	Precautionary Principle or approach	Risk management
102-12	External initiatives	Sustainability focus, Sustainable housing, Corporate governance statement
102-13	Membership of associations	Sustainability focus
<b>GRI 102 Strategy 2016</b>		
102-14	Statement from senior decision-maker	CEO's review
102-15	Key impacts, risks and opportunities	Sustainability focus, TCFD-report, Risk management
<b>GRI 102 Ethics and integrity 2016</b>		
102-16	Values, principles, standards, and norms of behaviour	Report of the Board of Directors, Sustainability focus
102-17	Mechanisms for advice and concerns about ethics	Sustainability management
<b>GRI 102 Governance 2016</b>		
102-18	Governance structure	Corporate governance statement, Sustainability management
102-19	Delegating authority	Sustainability management
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability management
102-22	Composition of the highest governance body and its committees	Board of Directors, Corporate Management Group
102-23	Chair of the highest governance body	The Chairman of the Board of Directors is not the CEO, and the CEO is not a member of the Board of Directors
102-24	Nominating and selecting the highest governance body	Corporate governance statement

102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability management, Corporate governance statement
102-27	Collective knowledge of highest governance body	Sustainability management
102-28	Evaluating the highest governance body's performance	Corporate governance statement
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability management, Corporate governance statement, Rules of procedure of the Audit Committee
102-30	Effectiveness of risk management processes	
102-31	Review of economic, environmental, and social topics	Risk management
102-35	Remuneration policies	Remuneration statement
<b>GRI 102 Stakeholder engagement 2016</b>		
102-40	List of stakeholder groups	Sustainability guides our operations
102-41	Collective bargaining agreements	Personnel
102-42	Identifying and selecting stakeholders	Sustainability guides our operations
102-43	Approach to stakeholder engagement	Sustainability guides our operations, Sustainability focus, Customer experience, Personnel
102-44	Key topics and concerns raised	Sustainability focus, Sustainability guides our operations
<b>GRI 102 Reporting practice 2016</b>		
102-45	Entities included in the consolidated financial statements	Financial Statements
102-46	Defining report content and topic boundaries	Sustainability focus, Management approach
102-47	List of material topics	Sustainability focus, Management approach
102-48	Restatements of information	Reporting principles
102-49	Changes in reporting	Reporting principles, Management approach
102-50	Reporting period	2021
102-51	Date of most recent report	11.2.2021
102-52	Reporting cycle	Reporting principles
102-53	Contact point for questions regarding the report	Contact information
102-54	Claims of reporting in accordance with the GRI Standards	Reporting principles
102-55	GRI content index	GRI-index
102-56	External assurance	Assurance report

Material topics		
Topic-specific content is reported with regard to aspects identified as begin material		
<b>GRI 103 Management approach 2016</b>		
103-1	Explanation of the material topic and its boundary	Sustainability focus, Management approach
103-2	The management approach and its components	Management approach
103-3	Evaluation of the management approach	Management approach
<b>GRI 200 Economic performance</b>		
<b>GRI 201 Financial results 2016</b>		
201-1	Direct economic value generated and distributed	Report of the Board of Directors
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 2021.
<b>GRI 203 Indirect financial impacts 2016</b>		
203-1	Infrastructure investments and services supported	Sustainable housing
203-2	Significant indirect economic impacts	Personnel, Sustainable housing, Sustainability guides our operations
<b>GRI 204 Procurement practices 2016</b>		
204-1	Proportion of spending on local suppliers	Sustainability guides our operations Local suppliers represent 95.5% of SATO's purchases. Foreign suppliers represent 4.5% of SATO's purchases.
<b>GRI 205 Anti-corruption 2016</b>		
205-3	Confirmed incidents of corruption and actions taken	Sustainability management, Sustainability guides our operations No incidents of bribery in 2021
<b>GRI 300 Environmental standards series</b>		
<b>GRI 302 Energy 2016</b>		
302-1	Energy consumption within the organization	Key figures
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
<b>GRI 303 Water and effluents 2018</b>		
303-1	Interactions with water as shared resource	Management approach 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 waste water network, where they undergo wastewater treatment.

303-2	Management of water discharge-related impacts	<b>Management approach</b> 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	Total water withdrawal by source	<b>Key figures</b> SATO does not operate in areas with water stress.
CRE2-sector supplement	Building water intensity	<b>Key figures</b> SATO reports intensities relative to apartment volumes.
<b>GRI 305 Emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	<b>Key figures</b>
305-2	Energy indirect (Scope 2) GHG emissions	<b>Key figures</b>
305-3	Other indirect (Scope 3) GHG emissions	<b>Key figures</b>
305-5	Reduction of GHG emissions	<b>Key figures</b>
CRE3-sector supplement	Greenhouse gas emissions intensity from buildings	<b>Key figures</b>
<b>GRI 306 Waste 2020</b>		
306-1	Waste generation and significant waste-related impacts	<b>Sustainable housing, Management approach</b>
306-2	Management of significant waste-related impacts	<b>Sustainable housing, Management approach</b> 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. Reported data is based on the information from Statistics Finland.
306-3	Waste generated	<b>Sustainable housing, Management approach, Sustainability concepts</b> The total amount of waste includes non-hazardous waste generated by residents. The amount of waste from SATO's own operations is marginal.
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.
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.
SATO	Enhance the sorting of waste from residents	<b>Sustainable housing</b>
SATO	Communication on the environment and open data	<b>Sustainable housing</b>
<b>GRI 307 Environmental compliance 2016</b>		
307-1	Non-compliance with environmental laws and regulations	<b>Sustainability management</b> No fines or sanctions in 2021

**GRI 308 Supplier environmental assessments 2016**

308-1	New suppliers that were screened using environmental criteria	<b>Sustainability guides our operations</b> In line with our auditing process, we require that the environmental responsibility procedures of our new suppliers are fully adequate. Four per cent of SATO's suppliers have been audited. During 2021, we audited one supplier.
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**Sector aspect: Land degradation, contamination and remediation**

CRE5 toimialakohtainen lisäys	Land remediated and in need of remediation for the existing or intended land use	<b>Key figures</b>
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**SATO's own material topic: Location of investments**

SATO	Public transport routes	<b>Sustainable housing</b>
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**SATO's own material topic: Property maintenance**

SATO	Maintenance and repair operations	<b>Sustainable housing, Report of the Board of Directors</b>
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**GRI 400 Social standards series**

**GRI 401 Employment 2016**

401-1	New employee hires and employee turnover	<b>Personnel, Key figures</b>
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**GRI 402 Employee-employer 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)
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**GRI 403 Occupational health and safety 2018**

403-1	Occupational health and safety management system	<b>Personnel, Management approach, Sustainability concepts</b> SATO complies with occupational health and safety legislation and the Occupational Health Care Act
403-2	Hazard identification, risk assessment, and incident investigation	<b>Personnel, Management approach</b>
403-3	Occupational health services	<b>Personnel, Management approach</b>
403-4	Worker participation, consultation, and communication on occupational health and safety	<b>Personnel, Sustainability concepts</b>
403-5	Worker training on occupational health and safety	<b>Personnel, Management approach</b>
403-6	Promotion of worker health	<b>Personnel, Management approach</b> SATO's employees have very comprehensive occupational health care at Aava Medical Centre. In accident situations, employees must seek the best and nearest treatment.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<b>Personnel</b> 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	<b>Personnel, Sustainability concepts</b>

CRE6-sector supplement	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system	The figure would be material in terms of the supply chain, but it is not available.
<b>GRI 404 Training and education 2016</b>		
404-1	Average hours of training per year per employee	Personnel
404-3	Percentage of employees receiving regular performance and career development reviews	Applies to all employees; the personal data on employees in St. Petersburg is not in the system due to Russian data privacy legislation.
<b>GRI 405 Diversity and equality 2016</b>		
405-1	Diversity of governance bodies and personnel groups	Key figures
405-2	Ratio of basic salary and remuneration of women to men	Personnel
<b>GRI 416 Customer health and safety 2016</b>		
416-1	Assessment of the health and safety impacts of product and service categories	Customer experience
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer experience
<b>GRI 418 Customer privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints in 2021
<b>GRI 419 Socio-economic compliance 2016</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	Corporate governance statement No fines or sanctions in 2021
<b>SATOs own material topic: customer service and satisfaction</b>		
	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
<b>Recommendation on disclosures</b>	
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
<b>Strategy</b>	
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
<b>Risk management</b>	
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
<b>Metrics and targets</b>	
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 figures
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 CORPORATION

This document is an English translation of the Finnish report.

We have been engaged by the Management of SATO Corporation (hereafter "SATO") to provide limited assurance on selected environmental indicators presented in SATO's Sustainability Report 2021 (hereafter "Selected Environmental Information") for the year ended 31 Dec 2021.

The Selected Environmental Information consists of the following indicators:

Indicators presented in the "Environment" tables of the "Key Figures" section

- Energy (GRI 302-1, 302-4, CRE1)
- Water (GRI 303-1, 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)

Indicators presented in the "GRI-index" table of the "Reporting Principles" section

- Environmental compliance (GRI 307-1)
- Supplier environmental assessment (GRI 308-1)

### Management's responsibilities

The Management of SATO is responsible for the preparation and presentation of the Selected Environmental 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 Selected Environmental 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 Selected Environmental Information is free from material misstatement.

KPMG Oy Ab applies International Standard on Quality Control ISQC 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG Oy Ab, a Finnish limited liability company and a member firm of the KPMG network of

independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants IESBA, 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 Selected Environmental Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Environmental Information, and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

- Interviewed SATO's relevant staff responsible for providing the Selected Environmental Information;
- Assessed the application of the GRI Sustainability Reporting Standards reporting principles in the presentation of the Selected Environmental Information;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Selected Environmental Information;
- Reviewed the presented Selected Environmental Information and assessed its quality and reporting boundary definitions and;
- Assessed of the Selected Environmental 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

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 information subject to the assurance engagement is not prepared, in all material respects, in accordance with the *GRI Sustainability Reporting Standards*.

Helsinki, 16 February 2022  
KPMG Oy Ab

Tomas Otterström  
Partner, Advisory

# SUSTAINABILITY CONCEPTS

## ENVIRONMENT

Concept or indicator	Definition
<b>Initiatives to reduce energy consumption, and their impact</b>	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.
<b>Objects covered by energy and water consumption monitoring</b>	Properties in Finland which SATO holds more than 50%, consumption in SATOs offices is not included in the consumption figure.
<b>Total heat consumption, MWh</b>	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).
<b>Total electricity consumption, MWh</b>	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).
<b>Total energy consumption, MWh</b>	Total consumption of heat and electricity during the year.
<b>Total water consumption, 1,000 m<sup>3</sup></b>	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 rated consumption multiplied by the surface area of apartments owned on average during the year).
<b>Standardised Specific heat consumption, kWh/m<sup>3</sup>/year</b>	Electricity consumption per m <sup>3</sup> in all objects that have been rented for the entire year.
<b>Specific electricity consumption, kWh/m<sup>3</sup>/year</b>	Water consumption per m <sup>3</sup> in all objects that have been rented for the entire year.
<b>Specific energy consumption, kWh/m<sup>3</sup>/year</b>	Heat consumption per m <sup>3</sup> in all objects that have been rented for the entire year. The figure is weather adjusted to make years comparable.
<b>Specific water consumption, litres/m<sup>3</sup>/year</b>	Specific electricity consumption for the year and standardised specific heat consumption.
<b>Greenhouse gas emissions, tCO<sub>2</sub>e</b>	Emissions from heat, electricity, heated 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. The emission multiplier of district heating is from 2019. For mixed waste and biowaste, WWF's climate calculator multipliers that are based on HSY's 2018 multipliers, are used. Electricity does not produce any emissions because it is green electricity produced 100% by wind power.
<b>Greenhouse gas emission intensity of buildings, kg CO<sub>2</sub>-e/m<sup>2</sup>/year</b>	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.
<b>Total amount of waste, tonnes</b>	The total volume of waste produced by residents is based on the annual resident-specific waste volume reported by Statistics Finland and the population of Finland. Based on these, the reported total amount of waste produced by residents has been calculated by using SATO residents.

**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 in relation to calculated working hours.
Injury rate, %	Number of accidents during the work commute and number of occupational diseases in relation to the number of employees.
Lost day rate, %	The percentage of work-related accidents and occupational diseases in relation to calculated working hours.
Number of new employment contracts, pcs	Permanent and fixed-term employment contracts that started during the reported period, summer jobs excluded.
Number of terminated employment contracts, pcs	Permanent and fixed-term employment contracts that ended during the reported period, summer jobs excluded.
Number of training days, days	One training day comprises six hours of training.
Person-year	SATOs 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 SATOs 2016 cost structure.
TARMO	TARMO is a discussion forum for SATOs management and personnel, comprised of 9 employee representatives and 2 representatives of the employer and OHS representative.
LiiVi	LiiVi is SATOs committee for recreation and sports activities, comprised of 9 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 RELATIONSHIPS**

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

sato

[asiakaspalvelu@sato.fi](mailto:asiakaspalvelu@sato.fi)  
tel. +358 20 334 443  
[sato.fi/en](https://sato.fi/en)

