



# **SATO'S GREEN FINANCE FRAMEWORK REPORT 2023**

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## SATO IN BRIEF

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

We are a long-term and responsible housing provider for our residents. We increase the value of our assets through investments, divestments and repairs. We have been working as experts in Finnish housing for more than 80 years. Our sustainability work is governed by SATO's strategy and sustainability programme 2023–2026, according to which our goal is to be a forerunner in sustainable rental housing. Read more [here](#).

### ENVIRONMENTAL IMPACTS

Our most significant climate impacts arise from energy consumption during living and the construction and repair of our homes. Mitigating climate change and responding to it are at the core of our sustainability work. Our objective is to systematically reduce the negative impacts of our operations on the environment. We reduce the emissions caused by our operations and aim for carbon neutrality for in-use energy consumption by the end of 2030.

We reduce the load on the environment by regularly and proactively maintaining and repairing homes and properties according to the life-cycle principle, and by building properties primarily in existing urban environments and near good public transport connections. Read more: [Sustainable housing](#)

An independent third party has verified the use of proceeds and the impact disclosures reported for the green bond assets<sup>1</sup>. The report for 2023 was verified by KPMG Oy Ab.

<sup>1</sup> Energy Performance Certificate (EPC), Energy use (E figure), Specific greenhouse gas emissions kg CO<sub>2</sub>e/m<sup>2</sup>, Specific energy consumption (kWh/m<sup>2</sup>), Specific water consumption (l/m<sup>3</sup>) (together with the Use of Proceeds and Impact Disclosures)



# SATO'S SUSTAINABILITY PROGRAMME 2023–2026

The themes of our sustainability programme are sustainable housing (environmental responsibility), communities' well-being (social responsibility) and sustainably profitable (financial and governance responsibility). Our programme's policies are linked to UN Sustainable Development Goals (SDG).

## E – SUSTAINABLE HOUSING

In the area of environmental responsibility, our special focus is on climate change mitigation and adaptation. We constantly improve the energy efficiency of our homes, reduce energy and water consumption and invest in locally produced renewable energy. Our goal is to be carbon neutral by 2030 when it comes to in-use **energy consumption**. Additionally, we promote the circular economy and biodiversity in our operations.

## S – COMMUNITIES' WELLBEING

For us, social responsibility means taking care of our employees and their well-being and ability to cope, occupational health and safety, competence, and equality and non-discrimination. We also bear responsibility for our customers and their satisfaction and well-being in healthy and safe living environments. We promote diversity and work to reduce inequality in society. We enable sustainable housing for our residents and encourage them to make sustainable choices in their daily lives.

## G – SUSTAINABLY PROFITABLE

We ensure profitable business in the long term, transparently and sustainably. The foundation for our sustainable business is long-term ownership, shared and transparent ways of working, open communication and reporting, and co-operation with stakeholders. We communicate and report on our operations transparently in accordance with international accounting standards, the Finnish Corporate Governance Code and with reference to the GRI guidelines for sustainability reporting. In climate risk reporting, we follow the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD).

SATO participates annually in the Global Real Estate Sustainability Benchmark (GRESB). In 2023, SATO received three stars on a scale of one to five. In its peer group, SATO's result represents the average of northern European housing investors.



# GREEN FINANCE FRAMEWORK

In March 2023, we updated our Green Finance Framework – initially launched in 2020 – to reflect the most recent market trends and best practices. Within the Framework, SATO may issue green bonds, green hybrids, green commercial papers, green loans and other types of debt instruments to (re-)finance, for example, energy-efficient buildings, repair investments improving energy efficiency as well as projects relating to renewable energy or waste management.

The framework is aligned with the EU Taxonomy's climate change mitigation targets to the extent possible. The asset categories are "Green and energy efficient buildings" as well as "Energy efficiency" for new, existing and renovated buildings. Read more [here](#).

## THE GREEN BOND ISSUED 2020

SATO Corporation ("SATO") issued a EUR 350 million senior unsecured green bond under its EMTN programme on 24 September 2020.

The bond was offered to European investors. The unsecured bond has a maturity of over seven years and will bear an annual fixed coupon of 1.375 per cent.

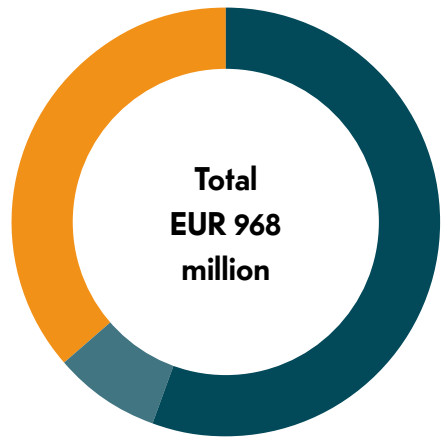
The net cash proceeds will be used for financing and/or refinancing of Eligible Green Assets as per SATO's Green Finance Framework 2020.

## ADVANTAGES

- Diversification of the capital structure and lower costs of capital
- Reputation and brand of the parties
- Positive impact of sustainability on competitiveness

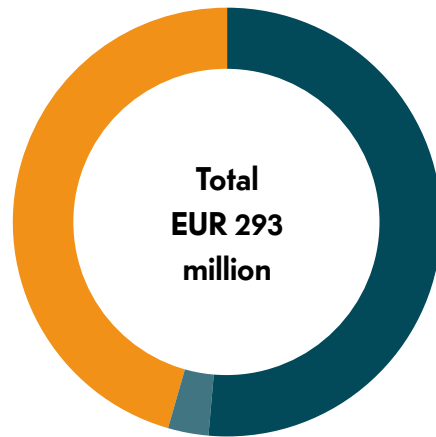


## ELIGIBLE GREEN ASSETS



### New Constructions

- Completed (fair value) **EUR 538 million**
- Under construction (investment cost) **EUR 78 million**
- In planning phase (investment cost) **EUR 352 million**



### Renovations

- Completed (investment cost) **EUR 151 million**
- Under construction (investment cost) **EUR 9 million**
- In planning phase (investment cost) **EUR 133 million**



## EXAMPLES OF GREEN BOND ASSETS

### NAME AND LOCATION OF THE PROJECT:

Lupajantie 2, Helsinki, Mellunkylä

### CONSTRUCTION YEAR:

2022

### PROJECT CATEGORY OF GREEN BOND:

Green and energy-efficient buildings



### ENERGY EFFICIENCY INFORMATION:

- **Energy Performance Certificate (EPC):** A
- **Energy consumption (E figure):** 80
- **Project feature:** 11% more energy efficient than required by Finnish building code
- **Specific energy consumption in 2023:** 18.3 kWh/m<sup>3</sup>
- **Specific greenhouse gas emissions in 2023:** 0 kg CO<sub>2</sub>e/m<sup>2</sup>
- **Specific water consumption in 2023:** 337.1 l/m<sup>3</sup>
- **Heating source:** Geothermal
- **Renewable energy production:** Solar panels
- **External sustainability evaluation:** yes, [Ostavastuullisesti.fi](https://ostavastuullisesti.fi)

An external, independent sustainability panel consisting of experts in sustainable production and consumption selects the products or services for the [ostavastuullisesti.fi](https://ostavastuullisesti.fi) website. "Osta vastuullisesti" (Buy more sustainably) products or services are more sustainable than other available options.

## NAME AND LOCATION OF THE PROJECT:

Jokiniityntie 28,  
Kirkkonummi

## CONSTRUCTION YEAR:

2022

## PROJECT CATEGORY OF GREEN BOND:

Green and energy-efficient buildings



## ENERGY EFFICIENCY INFORMATION:

- **Energy Performance Certificate (EPC):** A
- **Energy consumption (E figure):** 69
- **Project feature:** 23% more energy efficient than required by Finnish building code
- **Specific energy consumption in 2023:** 17.3 kWh/m<sup>3</sup>
- **Specific greenhouse gas emissions in 2023:** 0 kg CO<sub>2</sub>e/m<sup>2</sup>
- **Specific water consumption in 2023:** 272.9 l/m<sup>3</sup>
- **Heating source:** Geothermal
- **Renewable energy production:** Solar panels
- **External sustainability evaluation:** yes, [Ostavastuullisesti.fi](https://ostavastuullisesti.fi)

An external, independent sustainability panel consisting of experts in sustainable production and consumption selects the products or services for the [ostavastuullisesti.fi](https://ostavastuullisesti.fi) website. "Osta vastuullisesti" (Buy more sustainably) products or services are more sustainable than other available options.



## IMPACT DISCLOSURES: SATO GREEN BOND ASSETS

Name of property/project	City	Status	Green Finance Framework category	Building year	Total fair value EUR million (at the end of quarter)	Amount allocated to the green bond EUR million	Heating source	Energy Performance Certificate (EPC)	Energy use/ "e-value"	Energy use – % below new building requirements	Specific greenhouse gas emissions kg CO <sub>2</sub> e/m <sup>2</sup>	Specific energy consumption (kWh/m <sup>3</sup> )	Specific water consumption (l/m <sup>3</sup> )
Kiinteistö Oy Espoon Kilvoituksentie 1	Espoo	Completed	Green and energy efficient buildings	2016	11.0	6.2	Geotherm+ solar power	A	71	21%	0	16	329
Kiinteistö Oy Helsingin Gadolininkatu 1	Helsinki	Completed	Green and energy efficient buildings	2018	24.3	16.2	District heating	B	77	14%	16.3	26.2	265.3
Kiinteistö Oy Espoon Runoratsunkatu 5	Espoo	Completed	Green and energy efficient buildings	2018	30.7	18.3	District heating + solar power	B	76	16%	16.3	24.3	281
Asunto Oy Vantaan Talvikkitie 38	Vantaa	Completed	Green and energy efficient buildings	2018	34.5	19.5	District heating	B	79	12%	19.6	27.1	330.7
Raivosuonmäki 7	Vantaa	Completed	Green and energy efficient buildings	2019	28.5	19.2	District heating	B	82	9%	17.9	29.5	396.5
Kiinteistö Oy Helsingin Capellan puistotie 21	Helsinki	Completed	Green and energy efficient buildings	2020	30.3	18.8	District heating	B	77	14%	19.2	31.6	329
Kiinteistö Oy Helsingin Ida Aalbergintie 1b	Helsinki	Completed	Green and energy efficient buildings	2020	24.3	14.2	District heating	B	78	13%	18.4	28	384.2
Kiinteistö Oy Kaarenjalka 5	Helsinki	Completed	Green and energy efficient buildings	2020	12.9	8.3	District heating	B	81	10%	16.4	28.6	453.5
Kiinteistö Oy Keinulaudantie 7	Helsinki	Completed	Green and energy efficient buildings	2020	13.0	8.4	District heating	B	76	16%	15.3	37.5	410.6
Raivosuonmäki 9	Vantaa	Completed	Green and energy efficient buildings	2020	34.5	23.2	District heating	B	81	10%	16.3	26.7	396.2

Name of property/project	City	Status	Green Finance Framework category	Building year	Total fair value EUR million (at the end of quarter)	Amount allocated to the green bond EUR million	Heating source	Energy Performance Certificate (EPC)	Energy use/ "e-value"	Energy use – % below new building requirements	Specific greenhouse gas emissions kg CO <sub>2</sub> e/m <sup>2</sup>	Specific energy consumption (kWh/m <sup>3</sup> )	Specific water consumption (l/m <sup>3</sup> )
Kiinteistö Oy Espoon Kappelirinne 4	Espoo	Completed	Green and energy efficient buildings	2021	20.5	20.5	Geothermal heating	A	73	19%	0	15.5	302.1
Kiinteistö Oy Vantaan Virtakuja 6	Vantaa	Completed	Green and energy efficient buildings	2021	16.1	16.1	District heating	B	76	16%	16.8	26.6	391.6
Kiinteistö Oy Espoon Humisevanportti 2	Espoo	Completed	Green and energy efficient buildings	2021	11.1	11.1	District heating	B	81	10%	14.7	23.5	263.3
Jokiniityntie 28	Kirkkonummi	Completed	Green and energy efficient buildings	2022	15.5	15.5	Geotherm+solar power	A	69	23%	0	17.3	272.9
Lupajantie 2	Helsinki	Completed	Green and energy efficient buildings	2022	24.8	24.8	Geotherm+solar power	A	80	11%	0	18.3	337.1
Kiinteistö Oy Vantaan Lincolninaukio 4	Vantaa	Completed	Green and energy efficient buildings	2023	30.7	30.7	Geotherm+solar power	A	75	17%	0*	17.5*	342*
Kiinteistö Oy Tampereen Heittoniitynkuja 5	Tampere	Completed	Green and energy efficient buildings	2023	23.0	23.0	Geotherm+solar power	A	72	20%	0*	17.6*	340*
Kiinteistö Oy Turun Sorakatu 9	Turku	Completed	Green and energy efficient buildings	2023	12.3	12.3	District + solar power	A	69	23%	13*	25.1*	332*
Kotkatie 6 M-N	Espoo	Completed	Green and energy efficient buildings	2023	19.9	19.9	Geotherm+solar power	A	70	22%	0*	18.1*	324*
Kiinteistö Oy Helsingin Jokiniementie 46	Helsinki	Completed	Green and energy efficient buildings	2023	26.3	26.3	Geotherm+solar power	A	71	21%	0*	17*	322*

\* Specific greenhouse gas emissions, energy and water consumption are estimations as actual consumption is not yet available by the end of February 2024.

# INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE MANAGEMENT OF SATO OYJ

We have been engaged by the Management of Sato Oyj (0201470-5) (hereafter "Sato") to provide limited assurance on the use of proceeds and the following impact disclosures for the Green Bond Assets: Energy Performance Certificate (EPC), Energy use (E figure), Specific greenhouse gas emissions kg CO<sub>2</sub>e/m<sup>2</sup>, Specific energy consumption (kWh/m<sup>3</sup>), Specific water consumption (l/m<sup>3</sup>) (together the Use of Proceeds and Impact Disclosures) in the Sato Green Finance Framework Report 2023 dated March 2024 (hereafter "Report").

## MANAGEMENT'S RESPONSIBILITIES

The Management of Sato is responsible for the preparation and presentation of the Report in accordance with the reporting criteria, i.e. Sato's Green Finance Framework. 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 Report 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 Report is free from material misstatement. The nature, timing and extent of the assurance procedures selected depend on professional judgement, including the assessment of material misstatement due to

irregularity or error. We believe that the evidence we obtain is sufficient and appropriate to provide a basis for our conclusion on limited assurance.

We are independent of the company in accordance with the ethical requirements applicable in Finland to the engagement we have undertaken and have fulfilled our other ethical obligations under those requirements.

KPMG Oy Ab applies International Standard on Quality Management ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## PROCEDURES PERFORMED

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

- Interviewed relevant staff responsible for providing the Report;
- Assessed the application of the Sato's Green Finance Framework reporting principles in the presentation of the Report;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Report;
- Reviewed the presented Report and assessed its quality and reporting boundary definitions and;

- Assessed the Report's data accuracy and completeness through a review of the original documents and systems on a sample basis.

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

## INHERENT LIMITATIONS

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

## CONCLUSION

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

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

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Corporate Sustainability Information subject to the limited assurance engagement is not prepared, in all material respects, in accordance with Sato's Green Finance Framework.

Helsinki, 4 March 2024

KPMG Oy Ab

Esa Kailiala  
Authorized Public Accountant

Tomas Otterström  
Partner, Advisory

## GREEN FINANCE COMMITTEE

The Green Finance Committee consisting of the CFO, group treasurer and sustainability manager selects the eligible green assets. All decisions are made in consensus and the sustainability manager has a veto in all decisions with regards to the asset selection.

**MARKKU HONKASALO**  
**CFO**  
**markku.honkasalo@sato.fi**  
**+358 50 598 8728**

**HENRY LINDQVIST**  
**group treasurer**  
**henry.lindqvist@sato.fi**  
**+358 50 317 2352**

**JENNI RANTANEN**  
**sustainability manager**  
**jenni.rantanen@sato.fi**  
**+358 50 386 4381**



sato

p. 020 334 443  
sato.fi/en

