



THE SUSTAINABLE SATO 2023

sato.fi | **sato**

CONTENTS

SATO 2023	3
SATO in brief.....	3
CEO's review.....	4
Highlights and challenges 2023.....	5
OUR SUSTAINABILITY WORK IN 2023	7
Sustainability programme 2023–2026.....	8
Sustainability guides our operations.....	10
Climate-related risks and opportunities in accordance with the TCFD framework.....	12
Sustainable housing.....	16
Communities' well-being.....	21
Sustainably profitable.....	26
REPORTING PRINCIPLES 2023	29
Our reporting principles.....	30
Key figures.....	31
Management approach.....	37
GRI index.....	41
TCFD index.....	47
Assurance report.....	48
Sustainability concepts.....	49



SATO IN BRIEF

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

We offer our residents homes in cities, along good public transport routes, and we develop services to make their daily lives easier. We are involved in our residents' day-to-day lives and take care of our homes with decades of experience. We are a long-term and responsible housing provider for our residents. We have been working as experts in Finnish housing for more than 80 years.

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

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

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

THREE STARS IN GRESB

We participated in the Global Real Estate Sustainability Benchmark (GRESB) assessment for the ninth time. 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.

Our goal is to be a forerunner in sustainable rental housing.

43,000

residents at the end of the year

323

SATO employees at the end of the year

over

25,000

SATOhomes

CEO'S REVIEW

SATO is one of Finland's largest rental housing providers. We own over 25,000 rental apartments in the Helsinki metropolitan area, Tampere and Turku, providing homes for some 43,000 residents. SATO is a long-term housing investor, developer and owner. We have been working as experts in Finnish housing for more than 80 years.

We enable sustainable housing for our residents and encourage them to make sustainable choices in their daily lives. We build for our residents homes that last over generations, and we take care of our buildings in accordance with the life-cycle principles in a financially sustainable manner. We invest in homes along good public transportation connections and services, and we co-operate with cities in developing entire residential areas. During the reporting year, our investments in rental apartments were EUR 150.0 million (190.5).

Our sustainability efforts are governed by SATO's strategy and sustainability programme 2023–2026, the themes of which are sustainable housing (environmental responsibility), communities' well-being (social responsibility) and sustainably profitable business (financial and administrative responsibility). Our programme's policies are linked to the UN Sustainable Development Goals (SDG). Our goal, as laid down in the sustainability programme, is to be a forerunner in sustainable rental housing.

SATO's goal is to be carbon neutral by the end of 2030 when it comes to in-use energy consumption. During the reporting year, we drew up a carbon roadmap, which specifies our interim targets and actions to achieve this goal. In addition to continuous measures to improve energy efficiency and co-operation with energy suppliers, we invest in locally produced renewable

energy. We continue to increase the use of geothermal heat, and in the reporting year, we completed the installation of solar power plants in 24 residential buildings around the Helsinki metropolitan area, Tampere and Turku. The amount of solar power generated locally at our properties in 2023 corresponds to the annual power consumption of roughly 250 apartments.

In the reporting year, we also drew up our first biodiversity roadmap for 2024–2026. Our goal is to slow down biodiversity loss and improve biodiversity in housing development and in the areas where our existing buildings are located. We will start the work next year by, among other things, updating our design guidelines to reflect our biodiversity goals. We will initiate measures to enhance biodiversity at the properties we own and develop our competence in biodiversity matters.

For us, social responsibility means taking care of our own employees and taking responsibility for our customers' comfort and well-being in their living environment. In our sustainability programme, we are committed to promoting diversity and reducing inequality in society. During the reporting year, we initiated diversity, equality and inclusion work by providing coaching to the entire personnel and supervisors, and through discussions held in each team. Our goal is to increase and reinforce our understanding of the topic to even better understand our diverse customer base, promote and support our personnel's well-being and ensure our success also going forward. Work to develop our competence and practices in this area will continue next year.

In January 2023, SATO was awarded the Great Place To Work® certificate and ranked tenth in the list of Finland's Best Workplaces in the large company category. I am extremely proud and

grateful for this recognition as the entire organisation has worked long and hard to develop SATO's culture. A total of 85% of SATO employees feel that SATO as a whole is a great place to work.

SATO aims for long-term, sustainable and profitable business. Our success is based on not only professional skills and competence but also a strong ethical foundation. Our way of working is described in our Code of Ethics, which was updated during the reporting year. The guidelines are based on our values: Human to human, Be bold, aim high, and Joy of succeeding together.

Antti Aarnio, President and CEO

“
Our sustainability efforts are governed by SATO's strategy and sustainability programme 2023–2026, the themes of which are sustainable housing, communities' well-being and profitable business sustainably.



HIGHLIGHTS 2023

PUBLICATION OF OUR FIRST CARBON ROADMAP

During the reporting year, we drew up a carbon roadmap, which specifies our interim targets and actions to achieve our carbon neutrality goal. SATO's goal is to be carbon neutral by the end of 2030 when it comes to in-use energy consumption. In addition to continuous measures to improve energy efficiency, we invest in locally produced renewable energy. Read our carbon roadmap here [Sustainable housing](#)

OUR BIODIVERSITY ROADMAP 2024–2026 WILL GUIDE OUR WORK

In 2023, we drew up our first biodiversity roadmap, which will guide our sustainability work in the upcoming years. SATO's goal is to slow down biodiversity loss and improve biodiversity in housing development and in the areas where our existing buildings are located. We take biodiversity into consideration in everything we do, initiate actions to improve biodiversity in our properties and develop our competence in biodiversity issues. Read our biodiversity roadmap here [Sustainable housing](#)

EIGHT MORE BUILDINGS ADDED TO THE OSTA-VASTUULLISESTI.FI WEBSITE

An external, independent sustainability panel consisting of experts in sustainable production and consumption selected eight of SATO's renovated buildings for the Ostavastuullisesti.fi website in autumn 2023:

- Ansaritie 1A and 2–4 (Etelä-Haaga, Helsinki)
- Graniittitie 8 and 13 (Pihlajamäki, Helsinki)
- Kannelkuja 6 (Itä-Hakkila, Helsinki)
- Piispantie 3 and 5 as well as Rikhard Nymanintie 3 (Pitäjänmäki, Helsinki)
- Porttikuja 11 (Kontula, Helsinki)

For the time being, SATO is the only rental housing provider in the Ostavastuullisesti.fi service. The products or services selected for the website are more sustainable than other available options. Read more [sato.fi](#)

WE RECEIVED THE GREEN OFFICE CERTIFICATE

We received the WWF's Green Office environmental certification for our head office building located in Käpylä, Helsinki, in December 2023. We drew up an environmental programme in which we commit to reduce our workplace's carbon footprint and use natural resources sparingly. Read more: [Sustainably profitable](#)



DIVERSE, BETTER TOGETHER

During the reporting year, we initiated diversity, equity and inclusion work at SATO. We are committed to promoting diversity and reducing inequality in society. Our goal is to increase and reinforce our understanding of the topic to even better understand our diverse customer base, promote our personnel's well-being and achieve better results together. Read more: [Communities' well-being](#)

SATO IS FINLAND'S TENTH BEST WORKPLACE

In January 2023, SATO was awarded the Great Place To Work® certificate and ranked tenth in the list of Finland's Best Workplaces in the large company category. A total of 85% of SATO employees felt that SATO as a whole is a great place to work. Read more: [Communities' well-being](#)



CHALLENGES 2023

HOUSING STARTS POSTPONED FURTHER

As a result of dramatically increased costs and higher financing prices, we decided in October 2022 that we would not initiate new investments for the time being. While SATO completed close to a thousand new and 500 renovated rental apartments in Espoo, Helsinki, Tampere, Turku and Vantaa during the reporting year, next year will only see the completion of just over 400 new or renovated SATO rental apartments. The supply of new rental apartments will decrease over the next few years.

STUDY ON EXPANDING EMISSION REPORTING POSTPONED

When launching our sustainability programme, we set the development of emission calculation and reporting as one of the goals for our sustainability work. We looked into the calculation of the carbon footprint of new buildings, but we did not start the calculation because no new building projects were started up during the reporting year. The study on expanding emission reporting will start in 2024.

DEVELOPMENT OF CIRCULAR ECONOMY AND RECYCLING TARGETS CONTINUES

Our goal is to promote material efficiency and circular economy principles both during building use and in new building construction and renovation projects. During the reporting year, we did not have the opportunity to promote our goal of including recycling targets in the contracts concluded with contractors nor to test the reward and sanction model, because no new construction projects were started during the reporting year. The incorporation of circular economy principles into the material selection criteria will continue next year.

SATO completed close to a thousand new and 500 renovated rental apartments during the reporting year.



OUR SUSTAINABILITY WORK 2023

Our goal in the sustainability programme period 2023–2026 is to be a forerunner in sustainable rental housing.

SUSTAINABILITY PROGRAMME 2023–2026

Our sustainability work is governed by SATO's strategy and sustainability programme, according to which our goal is to be a forerunner in sustainable rental housing. The sustainability programme's targets guide our sustainability work.

Our goal in the sustainability programme period 2023–2026 is to be a forerunner in sustainable rental housing. The themes of our sustainability programme are sustainable housing (environmental responsibility), communities' well-being (social responsibility) and sustainably profitable business (financial and administrative responsibility). Our programme's policies are linked to the UN Sustainable Development Goals (SDG).

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 the end of the year 2030 when it comes to in-use energy consumption. Additionally, we promote circular economy and biodiversity in our operations. We enable sustainable housing for our residents and encourage them to make sustainable choices in their daily lives.

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 provide our customers with meaningful housing and work together with them to create pleasant living environments that promote wellbeing.

Profitable business enables our investment in sustainability work and the creation of living environments that improve the well-being of our residents. We ensure profitable business in the long term, transparently and sustainably. The foundation for our sustainable business is long-term ownership, shared and transparent ways of working, open communication and reporting, and co-operation with stakeholders.

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

SUSTAINABILITY PROGRAMME 2023–2026

SUSTAINABLE HOUSING

- Carbon neutrality and energy efficiency
- Circular economy
- Biodiversity

COMMUNITIES' WELL-BEING

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



FORERUNNER OF SUSTAINABLE RENTAL HOUSING

SUSTAINABLY PROFITABLE

- Consistency and transparency
- Profitable business sustainably



MATERIALITY AS THE BASIS FOR SUSTAINABILITY WORK

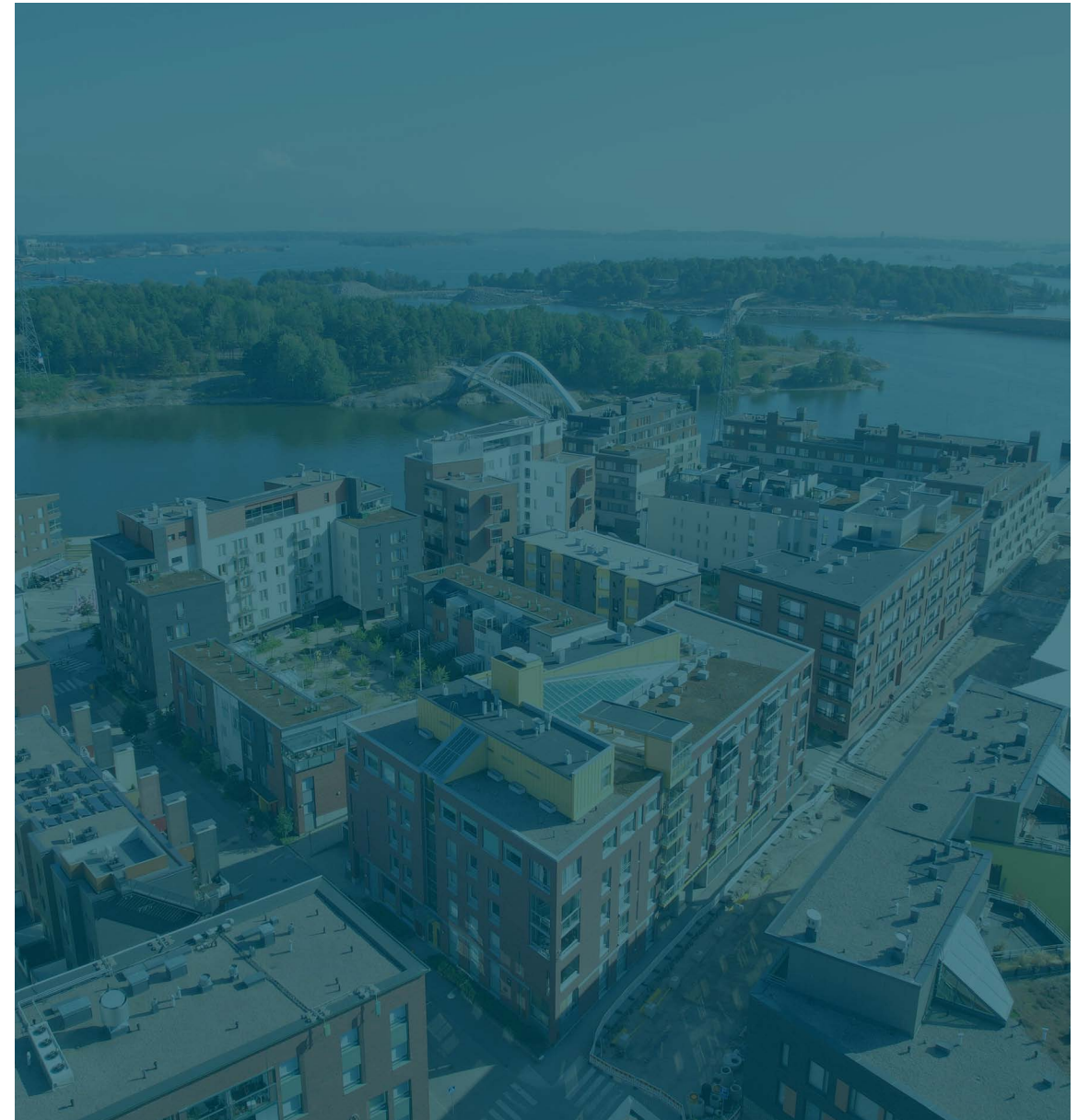
We released the sustainability programme 2023–2026 in September 2022. Our sustainability programme is based on the materiality analysis carried out in 2022. Using the materiality analysis, we ensure that sustainability work and reporting are focused on topics that are significant for our customers and other stakeholders.

We provided background for the materiality analysis update by conducting an operating environment survey in which SATO was viewed within a real estate and construction sector framework. We analysed global megatrends impacting the built environment, housing trends and the sector's best practices and risks and opportunities. We delved deeper into the development of national and international regulation in our sector. In early 2022, we commissioned a stakeholder survey and interviews and an internal workshop to identify SATO's most material sustainability themes. In the identification, we took into account SATO's most significant financial, social and environmental impacts and our stakeholders' key expectations and concerns related to these impacts.

More than 500 people responded to our online stakeholder survey. The respondents consisted of our residents, personnel, partners and service providers, authorities, organisations and SATO's owners. Representatives from cities, SATO's Board of Directors and Finnish Property Owners RAKLI took part in the in-depth interviews. Based on the materiality analysis, the well-being of employees and residents, financial responsibility, and climate change mitigation and adaptation were highlighted as the most important areas.

SATO's Corporate Management Group confirmed the results of the materiality analysis and the sustainability targets based on them in spring 2022. The themes identified in the materiality analysis guided the priorities of our sustainability work during and after the reporting year.

Our sustainability programme is based on the materiality analysis carried out in 2022. We ensure that sustainability work and reporting are focused on topics that are significant for our customers and other stakeholders.



SUSTAINABILITY GUIDES OUR OPERATIONS

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

LONG-TERM, TRANSPARENT AND RESPONSIBLE BUSINESS

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 2023, we continued to further strengthen our balance sheet, and the Group's equity ratio was 47.90 per cent, i.e. above our minimum strategic target of 40 per cent. Our solvency ratio was 42.40 per cent, which exceeds our long-term target of below 50 per cent. In line with the targets, the interest coverage ratio must be at least 1.8x and unencumbered assets at least 60 per cent.

SATO's net sales in 2023 amounted to EUR 288.4 million. The total amount of taxes paid and tax-like payments was EUR 86.4 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 17.2 per cent in 2023.

One of the three themes of our sustainability programme for 2023–2026 is sustainable profitability. Profitable business also enables our investment in sustainability work and the creation of living environments that improve the well-being of our residents. More information about our work to promote sustainable

profitability during the reporting year is available in the section **Sustainably profitable**. 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 with reference to the GRI guidelines.

We follow good rental practices and operate in compliance with best practices and rules concerning marketing and advertising. We comply with the International Labour Organization's (ILO) standards and other internationally approved human rights. Our way of working is described in our **Code of Ethics**, which was updated during the reporting year.

SATO requires its partners to practice responsible business, follow laws and regulations and good business practices in everything they do and to commit to SATO's values and Code of Ethics for partners.

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.

Sustainability management at SATO and our key guidelines and policies are described in the Annual Report's **Governance** section.

WE COMMUNICATE OPENLY ABOUT OUR OPERATIONS

SATO's stakeholders include parties affected by our operations, as well as parties whose operations affect us directly or indirectly. Our stakeholders include our customers, employees, shareholders, financiers, partners and service providers, as well as the authorities and other operators in society. Open interaction with

stakeholders helps us identify topics that are material to sustainable business operations and corporate responsibility. It also helps us define our goals and achieve them. We communicate our operations and finances to our stakeholders in a transparent and timely manner.

WE TAKE RESPONSIBILITY FOR OUR IMPACTS ON OUR STAKEHOLDERS AND SOCIETY

We generate a steady financial benefit for our stakeholders, including shareholders, employees, customers, municipalities, the state, 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, in the Helsinki metropolitan area, Tampere and Turku.

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

During the reporting year, SATO invested around EUR 150.0 million in rental apartments. Our housing stock is focused on areas and homes that will grow in demand and in value. During the reporting year, 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 99.1 million.

SATO invested EUR

150
million in rental
apartments.

We paid taxes to Finland EUR

85 million

Our repair investments
were EUR

99.1 million

WE ACTIVELY PARTICIPATE IN AND INFLUENCE THE DEVELOPMENT OF THE SECTOR

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

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

THREE STARS IN GRESB

SATO participated in the Global Real Estate Sustainability Benchmark (GRESB) assessment for the ninth time during the reporting year. SATO's score in the Standing Investments Benchmark (existing properties) rose to 76 from the previous year's 73 points, and in the Development Benchmark (construction projects), SATO's score rose to 79 points from 75 points in the previous year. Additionally, SATO received the Green Star recognition in both categories, which is granted if the result is at least 50% of the available points. In its peer group, SATO's result represents the average of northern European housing investors.

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

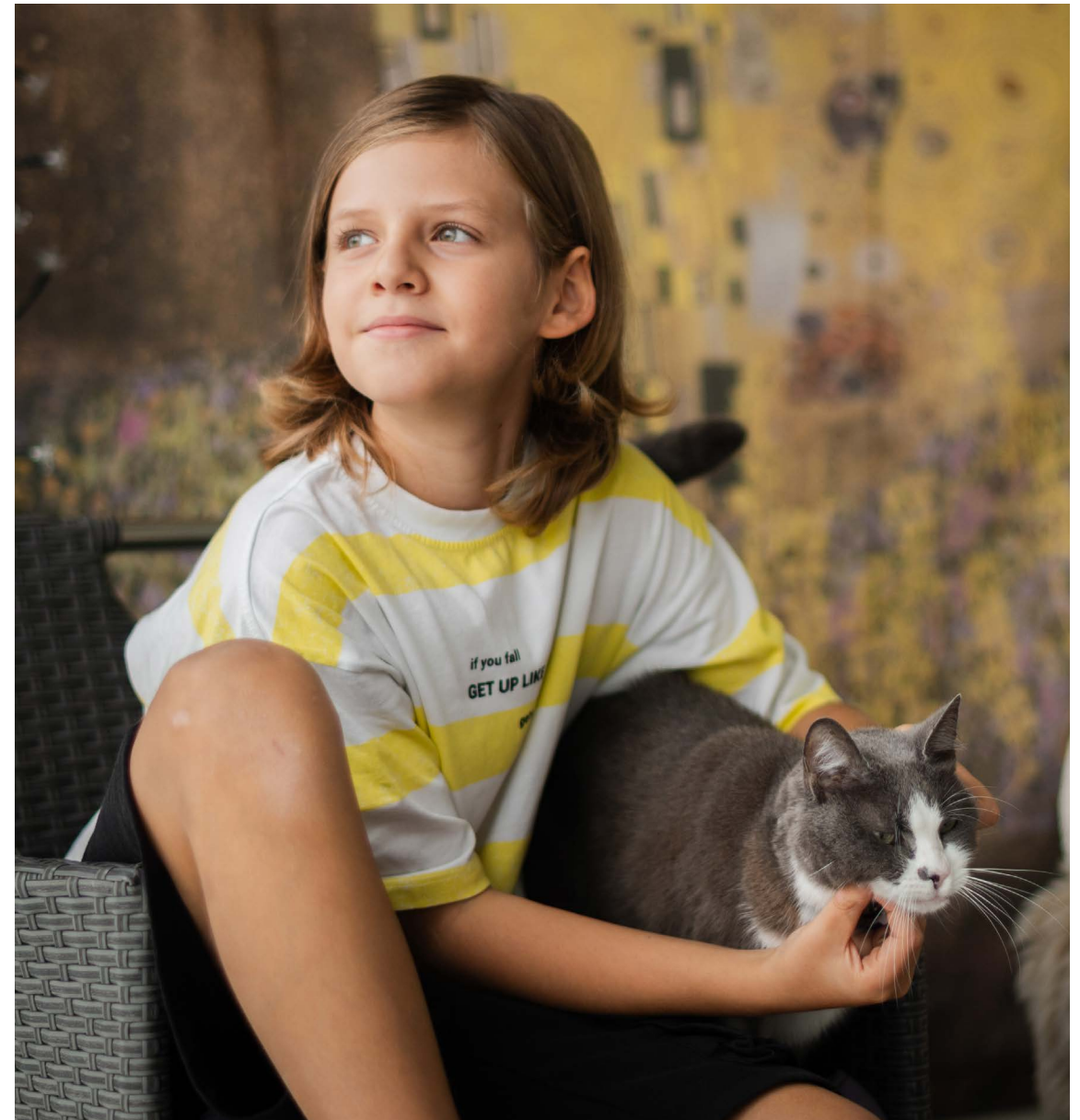
SATO's lowest score in the assessment again came from buildings' environmental certification. SATO's buildings or projects are not systematically certified. Furthermore, based on the GRESB assessment, SATO's improvement areas are describing processes and documentation related to material selection and monitoring in construction projects in more detail. Read more [here](#).

WE DONATED TO NO FIXED ABODE, DISASTER RELIEF AND MENTAL HEALTH WORK FOR YOUNG PEOPLE

During the reporting year, SATO's Christmas donation went to No Fixed Abode, an advocacy organisation for the homeless whose aim is to secure each person's fundamental right to their own home regardless of their background and life situation. SATO has collaborated with No Fixed Abode since 2018 through the #kämppäjadiuuni (Home and Job) project. SATO also made a donation to the Finnish Red Cross's Disaster Relief Fund and to Mieli Mental Health Finland for work to promote mental health work for young people. In addition, SATO's personnel participated in Hope ry's Christmas tree collection.

SATO's employees also participated during the reporting year in a contest encouraging biking. For every 25 kilometres cycled, SATO donated one euro to the Red Cross's Ketjureaktio campaign to help mitigate and adapt to climate change in East Africa, which is plagued by drought.

We support growth opportunities in business and industry by offering rental apartments in Finland's largest growth centres, in the Helsinki metropolitan area, Tampere and Turku.



CLIMATE-RELATED 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 framework guides companies to report on climate-related risks and opportunities in a consistent manner.

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

Climate change mitigation and adaptation are at the core of our sustainability efforts. Identifying climate-related 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 and to reduce the carbon dioxide emissions from our operations. We aim to reach carbon neutrality for in-use energy consumption by the end of 2030. More information about the measures related to our carbon neutrality target and interim targets for 2024–2026 is available [here](#). We also assess the life-cycle emissions of the buildings with an aim to reduce them in the future.

In the area of environmental responsibility, our special focus is on climate change mitigation and adaptation.

CLIMATE RISK MANAGEMENT

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

We take the environmental criteria that are in line with our sustainability programme into account in investment decisions concerning new buildings. We have considered climate-related physical risks in our operations. Our design guidelines for new buildings, for example, take flood risks, energy forms and structural durability into account.

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



CLIMATE RISKS, IMPACTS AND MANAGEMENT MEASURES

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

SCENARIO ANALYSIS AND HOW SATO IS PREPARED FOR THE DIFFERENT SCENARIOS

	Two-degree scenario	Four-degree scenario
Society	<p>The acute and chronic risks are considerable: extreme weather conditions and irreversible changes in the climate are causing damage to buildings. Regulation is tightening and more emphasis is being placed on collective efforts towards a carbon-neutral society and common international sustainability goals. Energy is cleaner and more affordable, and 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. 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>
How SATO is prepared for the scenario	<p>SATO's current energy-efficiency standards in construction and renovation are already higher than required by legislation: we build sustainably, with the building's entire life cycle in mind, and are thus able to meet our customers' requirements.</p> <p>We aim to reach carbon neutrality for in-use energy consumption by the end of 2030. We are developing, in line with our sustainability programme's targets, SATO's emission calculation and reporting and preparing for an expansion of our carbon-neutrality objectives.</p>	<p>Rising temperatures will reduce heating needs in winter but increase the need for cooling in summer. The physical impacts of climate change will considerably increase repair costs. Costs will arise from both preparing for climate change and repairing possible damages.</p>

STAKEHOLDERS

Stakeholder	Stakeholders' expectations of SATO	Channels of interaction	SATO's actions in 2023
Customers			
SATOhome residents, approx. 43,000	<ul style="list-style-type: none"> • Healthy and safe homes • A reliable and responsible housing provider • Smooth customer service • Open communication 	<ul style="list-style-type: none"> • Customer service and communication in various channels: phone service, chat, social media, sato.fi, OmaSATO, newsletters, noticeboards • Customer surveys and feedback • Meetings at SATO's buildings, maintenance visits, resident meetings, customer workshops, customer events 	<ul style="list-style-type: none"> • Development of customer service and communication • Concept of good encounters • Maintenance of the properties and apartments • Concept and service development • Development of digital services • Development of operations and services together with customers • Customer surveys and measuring the customer experience • Promoting neighbourly living • Supporting sustainable choices in residents' daily lives
Personnel			
323 employees (31 Dec 2023)	<ul style="list-style-type: none"> • An open and inspiring workplace • Good management and supervisory work • Challenging tasks and developing personal competence • Safe and enjoyable work conditions • Well-being at work 	<ul style="list-style-type: none"> • Regular employee events and open internal communication • Personnel work satisfaction surveys • Interaction with supervisors and personal performance reviews • The Tarmo management/personnel group • Exercise and recreational activities • Operations of the OHS committee and OHS representatives 	<ul style="list-style-type: none"> • Supporting and promoting well-being at work: comprehensive occupational healthcare and close co-operation with the occupational healthcare service • Internal job rotation • Comprehensive inductions • Support for LiiVi, SATO's committee for recreation and sports • SATO Day for the entire personnel • Competence development • Boosti sessions • Training for supervisors: coaching management style • Ensuring occupational safety and establishing the 'Hanska' OHS team • Great Place to Work survey • Launch of DEI work, team discussions and coaching for supervisors • Green Office certificate for the SATO building in Käpylä, Helsinki
Partners and service providers			
Approx. 1,600 service and material suppliers	<ul style="list-style-type: none"> • Long-term partnerships • Compliance with agreements • Openness and equality 	<ul style="list-style-type: none"> • Competitive bidding • Supplier audits • Negotiations • Agreements and guidelines • Partner co-operation steering groups • Joint real estate industry development projects 	<ul style="list-style-type: none"> • Long-term partnerships and service agreements • Partner channel • Concentrated purchases • Sustainable purchasing guidelines and criteria • Audits and quality control • Combating the grey economy • Ethical guidelines for partners • Review of the sustainability criteria for customer benefits

STAKEHOLDERS

Stakeholder	Stakeholders' expectations of SATO	Channels of interaction	SATO's actions in 2023
Owners and financiers			
	<ul style="list-style-type: none"> • Sustainable investment object • Maintaining profitability and value increase • Transparent practices • Open communication • Good management 	<ul style="list-style-type: none"> • Shareholder meetings • Investor and financier meetings • Annual general meeting • Board meetings • Financial reviews and releases • Sustainability reporting 	<ul style="list-style-type: none"> • Strategy work • Board work • Stakeholder meetings • Transparent and comprehensive business reporting • Sustainability programme 2023–2026 • GRESB Global Real Estate Sustainability Benchmark • Good and transparent governance and communications • Green Finance Framework
Society			
Authorities, organisations, media, land owners and neighbours	<ul style="list-style-type: none"> • Legal and responsible operations and combating the grey economy • Development of rental housing • Employment • Tax revenues • Responding to climate change and combating it • Prevention of housing segregation • Reliable and timely communication 	<ul style="list-style-type: none"> • Co-operation with authorities, partners and residents • Activities in industry associations • Open and reliable communication in various channels 	<ul style="list-style-type: none"> • Providing and developing high-quality housing and associated services • Participating in urban development • Actively interacting with various stakeholders • Developing our industry in co-operation with industry associations • Participation in public projects • Energy efficiency and emission targets and reduction measures • Energy efficiency commitments with the state and the City of Helsinki • Sustainability programme 2023–2026 and GRESB • The 'Home and Job' (#kämppäjaduuni) project (in collaboration with No Fixed Abode and the Rehabilitation Foundation) • Luottamus & Maine (trust and reputation) survey

SUSTAINABLE HOUSING

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. We report on climate-related risks and opportunities in line with the TCFD framework. 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.



Target 2023	Measures taken	Outcome	Target status	UN Sustainable Development Goals
SATO will be carbon neutral for in-use energy consumption in 2030.	We drew up a carbon roadmap, which specifies the interim targets and actions that will help us achieve our goal of carbon neutrality for in-use energy consumption.	Fulfilled	●	6, 7, 13
We develop SATO's emission calculation and reporting and prepare for an expansion of our carbon-neutrality targets.	We started monitoring refrigerant leaks during the year. We have looked into calculating the carbon footprint in new buildings. We will look into the expansion of emissions reporting next year.	Fulfilled in part	●	13
We improve energy efficiency and increase renewable energy production on the plots in our new construction projects.	We added a target of energy class A for new construction projects to our design guidelines. In 2023, we added a solar power plant to 24 existing properties and at the end of year 2023 among the properties fully owned by SATO, 1,820 homes had geothermal heat and 247 homes had a hybrid of district heating and heat pump. We are exploring opportunities to increase carbon neutral heating systems in the existing portfolio.	Fulfilled	●	7, 11, 13
We communicate on the carbon footprint of housing to our residents in an understandable way and support our residents' daily low-carbon life.	We are involved in Rakli's Green Home activities: we analysed annual consumption figures and emission calculations concerning Green Home properties. We organised competitive bidding for building electricity production, and the new agreement will start as of the beginning of 2025.	Fulfilled in part	●	11, 13
We add energy efficiency aspects to our IT acquisitions.	We considered energy efficiency and renewable energy when selecting use environments and cloud services. We extended the useful life of our IT equipment and the duration of equipment agreements in line with life-cycle thinking. We take into account the Leanheat heating control for vacant apartments.	Fulfilled	●	13
We promote the circular economy in new construction and renovation projects and maintenance. We promote material efficiency and circular economy principles during building use.	We incorporate circular economy principles into our material selection criteria. We set recycling targets for contractors in our projects. We look into and test a reward/sanction model. We drew up a sustainable demolition guide. We developed waste reporting and completed the integration of HSY's waste data into our own system. We explored new ways to use communal spaces.	Fulfilled in part	●	11, 12, 17
We take biodiversity into consideration in everything we do.	We prepared SATO's first biodiversity roadmap.	Fulfilled	●	11, 15

RENTAL HOMES IN URBAN ENVIRONMENTS

SATO acquires and builds rental apartments, and we are involved in developing entire residential areas. In line with our strategy, we focus our housing stock in the Helsinki metropolitan area’s commuting area along rail traffic routes, and in Tampere and Turku.

We invest near good public transport connections and services. As part of investment decisions, we always carry out a sustainability assessment, which focusses on not only the fulfilment of financial criteria, but also the environmental impact of the investment, transport connections and services and the execution of the procurement process in accordance with good corporate governance, among other aspects. Residents also find making sustainable choices easier when their homes are located centrally.

During the reporting year, SATO invested EUR 150.0 million in its housing portfolio. A total of 978 rental apartments were completed in 2023. Renovations on a total of 545 rental apartments were completed during the reporting year. On 31 December 2023, 349 rental apartments were under construction, and 56 rental apartments were under renovation.

WE REDUCE OUR IN-USE CARBON FOOTPRINT

SATO has worked for years to improve energy efficiency. We are committed to the Energy Efficiency Agreement targets for the property sector, aiming for a reduction in the total consumption of electricity and heat of 10.5% from the 2015 baseline by 2025. Efficient and sensible energy use saves costs and increases business profitability. It is also one of the most important means of mitigating climate change and reducing greenhouse gas emissions.

The design of SATO’s new rental apartments always takes into account energy efficiency and solutions that will last for decades. In new properties, our goal is energy class A (energy performance indicator 75 or below), which is significantly better than that required by the building code (energy performance indicator

90). The energy performance indicator (EPI) for completed apartment buildings was 71.1 on average during the reporting year. All of the buildings that were completed during the reporting year were energy class A. The energy performance indicator (EPI) for renovated apartment buildings was 162 on average during the reporting year. In renovations, our goal is to improve energy efficiency by some 30% compared to earlier (targeted energy efficiency improvement compared to the situation before the renovation).

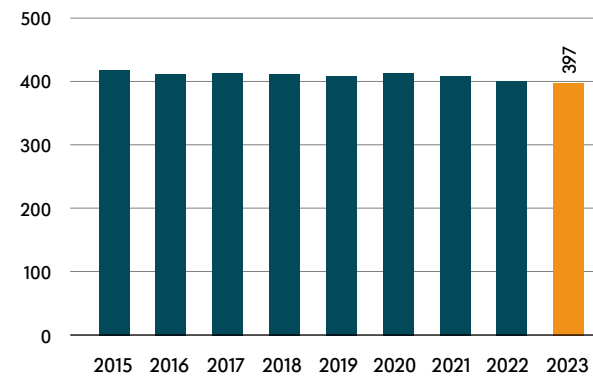
During the reporting year, specific energy consumption fell by 2.0%, specific electricity consumption rose 8.2% and specific water consumption fell by 1.0% compared to 2022. Specific emissions from SATO’s apartments fell by 10.6% compared to 2022 and were 25.2 carbon dioxide equivalent kilograms per square metre (28.2). Emissions are calculated according to the absolute consumption of district heating. Due to the rise in heating and electricity prices, energy costs rose overall.

We also measure energy and water consumption, as well as waste volumes, for all our construction sites for new and renovated buildings. Compared to the previous year, the consumption of district heating and water on sites for new and renovated buildings fell, the consumption of electricity rose and waste volumes decreased. The key indicators for energy and water consumption and waste can be found on pages 32–34. During the year under review, there were 23 active construction sites. We also measure the waste of demolition projects. There was one demolition project during the reporting year.

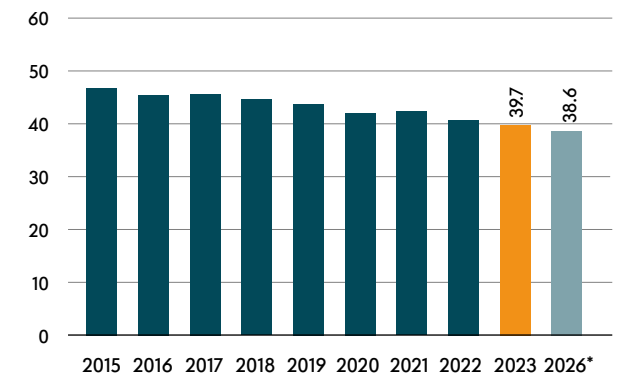
WE INCREASE LOCAL ENERGY PRODUCTION

The use of renewable energy in heating significantly reduces the in-use emissions of homes. In every new building and renovation project, we always look into the possibility of using geothermal heat and other locally produced energy and heat recovery. We implement these wherever possible and where it makes financial sense.

Specific water consumption, l/m³/year



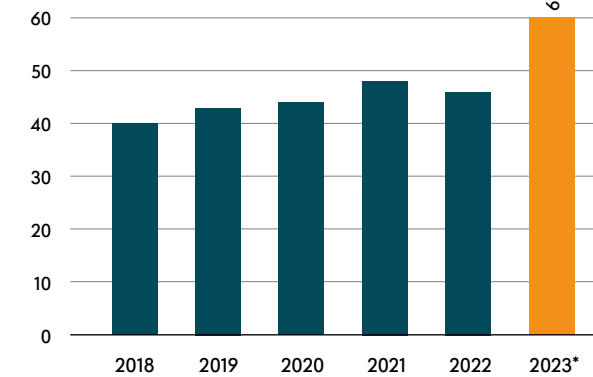
Specific energy consumption, kWh/m³/year



* SATO’s target

Figures are adjusted for weather

Share of carbon neutral energy of own total energy consumption



* Forecast, share of carbon neutral energy in 2023 will be updated later in spring 2024, applies to homes 100% owned by SATO

In 2023, we added a solar power plant to 24 existing properties located in the Helsinki metropolitan area, Tampere and Turku. At the end of the reporting year, among the properties fully owned by SATO, 1,820 homes had geothermal heat and 247 homes had hybrid of district heating and heat pumps. Thirty properties housing 2,999 SATOhomes had a solar power plant. Solar power plants for three properties were under construction on 31 December 2023. Locally produced solar power is used as building electricity for, among other things, lighting and ventilation in communal spaces.

In 2023, building electricity did not produce any emissions because it was generated using 100% nuclear power.

WE PUBLISHED OUR FIRST CARBON ROADMAP

In 2023, we drew up a carbon roadmap, which specifies the interim targets and actions that will help us achieve our goal of carbon neutrality for in-use energy consumption by the end of 2030. The carbon roadmap was approved by the Board of Directors in December.

In order to reach our goal of carbon neutrality for in-use energy consumption, we not only carry out continuous energy efficiency measures related to use and maintenance, but we also make repair and new construction investments in, among other things, renewable, locally produced energy. For example, by the end of 2030, we will switch over to geothermal heat in all our homes located in Helsinki wherever possible and where it also makes financial sense. We continuously collaborate with energy suppliers in order to save energy and increase carbon neutral energy solutions, among other things. With our energy suppliers, we utilise demand response in some of our buildings to move energy and electricity consumption from hours of high consumption to hours of lower demand, thus evening out consumption peaks.

EIGHT RENOVATED SATO BUILDINGS SELECTED FOR THE OSTAVASTUULLISESTI.FI WEBSITE

In autumn 2023, an external, independent sustainability panel consisting of experts in sustainable production and consumption selected eight of SATO's buildings whose renovations were completed in 2022–2023 in the Helsinki metropolitan area for the Ostavastuullisesti.fi website:

- Ansaritie 1A and 2–4 (Etelä-Haaga, Helsinki)
- Graniittitie 8 and 13 (Pihlajamäki, Helsinki)
- Kannelkuja 6 (Itä-Hakkila, Helsinki)
- Piispantie 3 and 5, Helsinki Rikhard Nymanintie 3 (Pitäjänmäki, Helsinki)
- Porttikuja 11 (Kontula, Helsinki)

The renovations improved the buildings' energy class and extended their useful life.

For the time being, SATO is the only rental housing provider in the Ostavastuullisesti.fi service. The products or services selected for the website are more sustainable than other available options. SATO now has a total of 14 Osta vastuullisesti buildings. Read more [here](#).

In renovations, our goal is to improve energy efficiency by some 30%.



SATO CARBON ROADMAP

OUR CONTINUOUS TARGETS

Baseline
31 December
2022

Total emissions
28,396 t CO₂-e
1.32 t CO₂-e/
apartment
of in-use energy
consumption

Local energy production
1,463 homes
with geothermal heating
or solar power system

Share of carbon-
neutral energy
46%

SATO homes will have
phased out oil and natural
gas heating – replaced by
geothermal heat.

Reducing energy
consumption

Reducing water
consumption

Increasing local
energy production

Increasing the number
of SATO homes in energy
classes A, B and C

In major renovation
projects, improving energy
efficiency by at least 30%

Energy class A in
newbuild properties

OUR TARGETS 2024–2030

2024
**Establishing the starting
points for reducing the
carbon footprint**

Exploring the expansion of emissions
reporting (indirect emissions GHG
Protocol Scope 3)

Total emissions	Local energy production	Share of carbon- neutral energy
13,500 t CO ₂ -e	5,900 homes	68%
0.6 t CO ₂ -e/ apartment of in-use energy consumption	with geothermal heating or solar power system	

2026
**Reducing our in-use
carbon footprint**

Reducing energy consumption
by 17.5%*

Making 80% of our energy
consumption renewable or
carbon neutral

Increasing local energy
production by +300%**

2030
**SATO will be carbon neutral
in terms of in-use energy
consumption by the end of 2030**

We will raise the two lowest energy
classes (F and G) of SATO homes
to the next level

Total emissions	Local energy production	Share of carbon- neutral energy
0 t CO ₂ -e	12,700 homes	100%
0 t CO ₂ -e/ apartment of in-use energy consumption	with geothermal heating or solar power system	

OUR ACTIONS

USE AND MAINTENANCE

Annual continuous energy efficiency
measures: heating, ventilation, building
services, water

AI-based heating control

Monitoring and predictive maintenance

Energy investments

RENOVATIONS AND NEWBUILD CONSTRUCTION

Renewable energy projects: carbon neutral
heating forms

We will explore the potential to use geothermal
heat and other locally produced energy and
heat recovery. We will implement these wherever
possible.

We will switch those SATO Helsinki homes where
this is possible to geothermal heat by the end of
2030.

COOPERATION WITH ENERGY AND MATERIALS SUPPLIERS AS WELL AS OTHER OPERATORS IN THE SECTOR

Energy-saving investments

Carbon-neutral energy solutions

Demand response

*from 2015 level by the end of 2026 **reference year 2022

The Carbon Roadmap applies to homes 100% owned by SATO, totalling 21,194 homes (situation 31 December 2022)

Case


SATO publishes its first biodiversity roadmap

In addition to the climate, the built environment also has a significant impact on nature, and the construction supply chains also have identified nature impacts. Biodiversity is one of the environmental themes of SATO’s sustainability programme, and our goal is to slow down biodiversity loss and improve biodiversity in housing development and in the areas where our existing buildings are located.

The measures to promote biodiversity are described in the biodiversity roadmap 2024–2026. The work on the biodiversity roadmap began in spring 2023 and involved several SATO employees from different units. The roadmap is based on the analysis of the current state and a materiality analysis. In addition to personnel workshops, the materiality analysis was based on interviews with experts and a stakeholder survey, whose respondents included, among others, officials from the Ministry of the Environment and the cities, our construction sector and maintenance company partners, and our residents.

We take biodiversity into consideration in everything we do. We develop our competence at SATO and ensure that, going forward, our partners also have sufficient competence in biodiversity matters. In the upcoming years, we will also encourage our residents to participate in promoting biodiversity. We are continuously improving our actions to promote biodiversity as our understanding, competence and resources increase.

BIODIVERSITY ROADMAP 2024–2026



We will take account of biodiversity throughout our activities

- We will publish a Biodiversity Programme and establish it as part of our activities.
- We will update our property planning and design guidelines in line with the Biodiversity Programme.
- We will continuously improve our actions to promote biodiversity as our understanding, competences and resources increase.



We will launch Biodiversity Programme actions at our properties

- When planning and designing newbuild properties, we will seek to preserve the existing environment as much as possible.
- We will pilot nature-based planning and design solutions at our properties.
- We will identify the biodiversity impacts of our supply chain.
- We will eliminate invasive alien species from our properties.
- We will provide our residents with opportunities to take part in promoting biodiversity.



We will develop our biodiversity competences

- We will introduce a biodiversity theme as part of our staff-wide sustainability training.
- We will ensure that our own SATO specialists as well as our partners have sufficient competences for their work with regard to biodiversity issues.

COMMUNITIES' WELL-BEING

Our social responsibility is focussed on communities' well-being, as stated in our sustainability programme. We take care of our employees and their well-being and ability to cope, occupational health and safety, competence, and equality and

non-discrimination. We bear responsibility for our customers and their comfort and well-being in healthy and safe living environments.

We promote diversity and work to reduce inequality in society. We provide our customers with meaningful housing and work together with them to create pleasant living environments that promote well-being.



Target 2023	Measures taken	Outcome	Target status	UN Sustainable Development Goals
We actively support the well-being of SATO employees and prevent overload.	Great Place to Work survey and team debriefs, Boost sessions to support well-being at work, Auntie service for SATO employees.	Fulfilled in part	●	8
We actively manage occupational safety.	We renewed our occupational safety guidelines. We established the 'Hanska' OHS team to strengthen our occupational safety culture. Occupational safety-related discussions have been held in teams.	Fulfilled	●	8
We encourage SATO employees to learn and grow continually.	Every SATO employee has a development plan. Supervisors participated in the coaching management style training package. We monitor our employees' experience of management.	Fulfilled	●	8
We build our understanding of the resident experience and factors impacting resident comfort.	We develop property-specific strategies for our buildings, taking into consideration the suggestions for measures to improve resident satisfaction.	Fulfilled in part	●	11
We enable responsible daily life in our homes and improve our residents' comfort and satisfaction.	We launched a concept of good encounters, describing how we interact with other people. We examined the sustainability criteria of our resident benefits.	Fulfilled	●	11
SATO values and promotes diversity and equity.	We initiated diversity, equity and inclusion work and launched a DEI plan. We initiated supervisor training and held theme discussions in teams.	Fulfilled	●	5, 8, 10

WE RESPECT HUMAN RIGHTS AND VALUE ALL KINDS OF PEOPLE

We follow internationally recognised human rights, labour legislation, collective agreements and the regulations of the International Labour Organisation. We require our partners and employees to do the same.

In accordance with our **Code of Ethics**, we do not judge others based on gender, age, origin, nationality, language, religion, belief, opinion, political or other affiliation, sexual orientation, family relations, health, disability or any other characteristic. During the year, we initiated **diversity, equity and inclusion work** at SATO.

At SATO, we work consistently and transparently in HR issues, in accordance with our HR practices and other internal guidelines. We recruit employees and pay them salary in an equitable and non-discriminatory manner. The conditions and practices in our employment relationships are fair, and we conclude a written employment contract with all employees. At SATO, we follow three collective agreements: for salaried employees, PALTA's collective agreement for salaried employees; for senior salaried employees, the basic agreement on employment relationship matters for senior salaried employees; and for real estate sector employees, the collective agreement for employees in the real estate sector. Our employees have the right to belong to the associations of their choice. All our employees have equal opportunities to grow and advance in their careers.

WE SUPPORT PERSONNEL'S WELL-BEING

In 2023, we continued to promote our employees' well-being. In the reporting year, the number of sick leave days due to mental health was somewhat higher than in the previous years, which is why we will focus our HR efforts on reducing and preventing these absences next year. SATO employees' absentee rate in 2023 was 3.44%, and the number of absences due work accidents was 4.13, which is more than in the previous year. For this reason, we

initiated measures aimed at developing the occupational safety culture during the year.

All SATO employees are covered by occupational health care. The occupational health care partner during the reporting year was Aava. In 2023, we expanded the low-threshold mental well-being service, Auntie, which was piloted in 2022, making it available to all SATO employees. The service was used by a total of 24 employees during the reporting year. According to a feedback survey, the well-being of the SATO employees using the service improved by an average of 29.4% during the use of the service.

During the reporting year, we also launched the voluntary BOOST sessions, which offer SATO employees a shared, facilitated planning session to promote their life goals and well-being. In the reporting year, we organised four sessions.

The Tarmo group, consisting of members of management and personnel, convened 7 times during the reporting year, discussing issues raised by personnel concerning working and well-being. SATO's committee for recreation and sports activities, called LiiVi, provided SATO employees with activities that maintain and improve employees' work ability, such as the opportunity to participate in various sports events, theatre shows and handicraft workshops.

WE PAID SPECIAL ATTENTION TO OCCUPATIONAL SAFETY

In accordance with the goals of our sustainability programme, we continued to develop occupational safety. During the reporting year, we established the operational 'Hanska' working group, the goal of which is to develop occupational safety processes, operating models and culture at SATO.

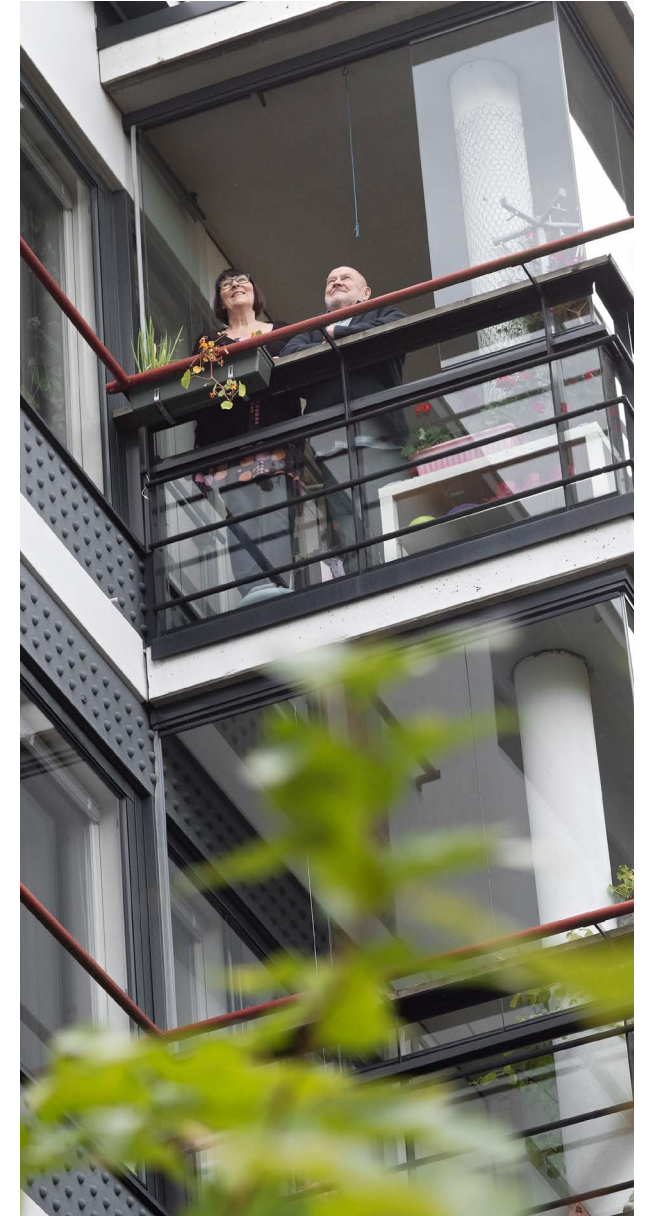
We renewed the reporting on occupational safety incidents, and the 'Hanska' group discussed the development of occupational

safety in each team. Our goal is for every SATO employee to feel safe at work. We strive to prevent work accidents and inspire SATO employees to report on occupational safety-related observations, including near misses, so that we can further improve our operations.

WE SUPERVISE THE SAFETY OF OUR WORKSITES

During the reporting year, we constructed and repaired our buildings for EUR 150.0 million. The occupational safety of the people working on our worksites and the construction of healthy and high-quality homes are paramount to us. On the worksites of buildings and renovation sites commissioned by SATO, occupational safety is primarily the contractors' responsibility, but we participate in developing it 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 2023, a total of 6 (8) accidents were recorded on 23 (25) SATO sites, and the rolling accident frequency rate was 8.1 (10.7). The positive development of the accident frequency rate was driven by the harmonisation of the occupational safety operating models and the general shift in attitude towards occupational safety in the sector.

Working hours on our construction sites amounted to roughly 744,398. We regularly report and analyse any accidents that occur on our construction sites. We supervise the quality of the apartment repairs carried out by SATO's contractors through spot checks. We prepare half-yearly summary reports on the spot checks, and their results will have an impact on the fees paid to contractors. During the reporting year, we developed the safety round for completed properties. Our goal is to roll out the new process together with the property's end user in 2024. The round includes, among other things, guidance on the safe and correct use of equipment and resident safety.



A COACHING MANAGEMENT STYLE DRIVES DEVELOPMENT

We encourage SATO employees to learn and grow continually. We continued our 'Osaamisen Noste' programme, which helps us support the development of the entire organisation. We advanced the themes selected for 2023: self-management, coaching management, business understanding and sustainability competence. We continued to coach supervisors in a coaching management style, and 32 SATO supervisors participated in the coaching in the reporting year. We also organised a self-management coaching event for interested supervisors and continued our coaching for new supervisors.

Supervisors hold performance reviews with each of their team members annually. Our goal is also for each SATO employee to have a personal development plan drawn up together with their supervisor. At the end of the reporting year, 95% of SATO employees had personal development plans.

In 2023, SATO employees took part in 3.9 training days (men 3.7, women 4.3). Around 0.8 working days per employee were spent in training provided by a third party. The number of training days for supervisors was 6.0 days per person and for employees 4.1 days per person. The number of training days remained the same compared to the previous year.

SATO WAS GRANTED THE GREAT PLACE TO WORK CERTIFICATION

In January 2023, we participated for the first time in the Great Place To Work survey, which earned us a Great Place To Work certificate. As part of the certification, we participated in the Finland's Best Workplaces competition and ranked tenth in the large company category.

A total of 85% of SATO employees who responded to the survey felt that SATO as a whole is a great place to work. The survey highlighted management and the equal treatment of employees as special strengths. Improvement areas included, among other things, celebrating successes and engaging all SATO employees in development efforts and work-related decision-making. The results were reviewed in teams under the supervisors' lead.

The survey was repeated in December 2023, and the next results will be available in early 2024.

We earned us a Great Place To Work certificate. We were ranked tenth in the Finland's Best Workplaces competition.



SATO DAY BRINGS THE ENTIRE PERSONNEL TOGETHER

We organise a training and recreational day for the entire personnel every year. In 2023, we celebrated SATO Day and held an evening gala for the entire personnel in September in Helsinki. In addition to hearing inspiring speeches, SATO employees familiarised themselves with the SATOhomes in the Helsinki metropolitan area and engaged in playful contests, learning more about SATO's business in the process. SATO day culminated in an evening gala where SATO employees were awarded for, among other achievements, successful implementation of the strategy. The day was created by SATO employees, with a total of 70 employees participating in the arrangements.

WE MEASURE AND MONITOR THE CUSTOMER EXPERIENCE

Customer experience is a key element of our strategy. Our goal is to ensure that living in SATO's home buildings is easy and comfortable. We want our customers to be able to live an authentic life in well-cared-for buildings and feel safe in their living environment. Our house experts and service managers, together with the maintenance companies, ensure that daily life runs smoothly in our home buildings. SATO also has a housing health manager, who looks after residents' home health and safety.

We want to be closely present in our customers' daily lives and we ask them about their experiences at the various stages of the service path. We are attentive to our customers' wishes and develop our operations also based on open feedback. We systematically monitor the customer experience using data. We measure our successes in customer encounters using the Net Promoter Score (NPS) at different stages of the customer path. The main indicator is the customer account's total NPS, which SATO's customers are invited to respond to regularly. Our NPS for satisfaction during residence in a SATO home was 23, whereas our NPS for the various contact points was 53. The latter NPS indicator covers situations such as customer service calls, maintenance services

provided by SATO House Experts, apartment offers made by sales staff, and apartment viewings. The 2023 scores are the highest ever in SATO's measurement history.

Customer segmentation helps us develop future services and customer experience. We also collect and analyse data from external sources to identify the customer groups represented in our existing and future customers and to improve our customer understanding and experience. We develop property-specific strategies for our home buildings, taking into consideration the suggestions for measures to improve resident satisfaction.

WE ADVISE OUR RESIDENTS ON SUSTAINABLE LIVING

During the reporting year, our housing advisors conducted altogether 62 guidance tours at the buildings, covering altogether 2,535 apartments. A house expert was also involved in the guidance tours, simultaneously checking for any defects in the apartments. A service manager also took part in some of the tours. In addition, the housing advisors made 714 home visits to individual apartments.

The housing advisors guide our residents especially in living skills and also provide them with guidance on matters related to maintenance, living comfort, waste and disputes with neighbours. During the reporting year, the housing advisors' tours focused on waste guidance.

We support sustainable choices and comfortable living also through resident communications. We actively inform our customers about matters concerning their home and home building. We provide tips for recycling and sparing use of energy and water, good neighbourly relations and home decoration. We send the Kotona customer newsletter monthly to approximately 26,000 residents. During the reporting year, we started sending the newsletter also in English.

Case

Diverse, better together – towards a more diverse SATO

In our sustainability programme, we are committed to promoting diversity and reducing inequality in society. During the reporting year, we initiated diversity, equity and inclusion work (DEI) at SATO.

The goal of the work, which is based on our values, is to increase and reinforce SATO employees' understanding of the topic to even better understand our diverse customer base, promote our personnel's well-being and engagement and continue to succeed going forward. We want every SATO employee to be able to come to work as their true selves and to feel that they are valued and belong. We strive to identify and eliminate obstacles that may place people in unequal positions.

We started the work in the reporting year by conducting a self-evaluation of diversity management and by providing coaching to the Corporate Management Group, supervisors and other SATO employees with an interest in DEI work. We launched the DEI plan in November 2023 in a diversity coaching session for the entire personnel and continued addressing the theme in team discussions facilitated by the HR team and supervisor coaching sessions. We will continue the work next year through, among other things, coaching, by looking into SATO's recruitment practices and incorporating the DEI theme into the performance reviews. In addition, we will develop the monitoring, assessment and indicators of DEI work.



WE EXAMINED THE SUSTAINABILITY CRITERIA OF OUR CUSTOMER BENEFITS AND DEVELOPED OUR SERVICES

In April 2023, we conducted a customer survey to chart our customers' opinions on the customer benefits of rental housing. For 70.3% of the respondents, it was very or somewhat important that the customer benefit offered by the housing provider is sustainable. During the reporting year, we examined the sustainability criteria of SATO's resident benefits, and going forward, we will offer our residents only benefits that meet our sustainability criteria.

We strive to improve our services by monitoring the transactions and behaviours in our digital channels. In the reporting year, our digital development efforts were focussed on our digital service for residents, OmaSATO. We engaged our residents in the development work through surveys and user interface testing. Our goal is to use the results to develop the service so that it helps daily life run more smoothly, speeds up transactions and improves comfort. The development work will continue next year.

Case

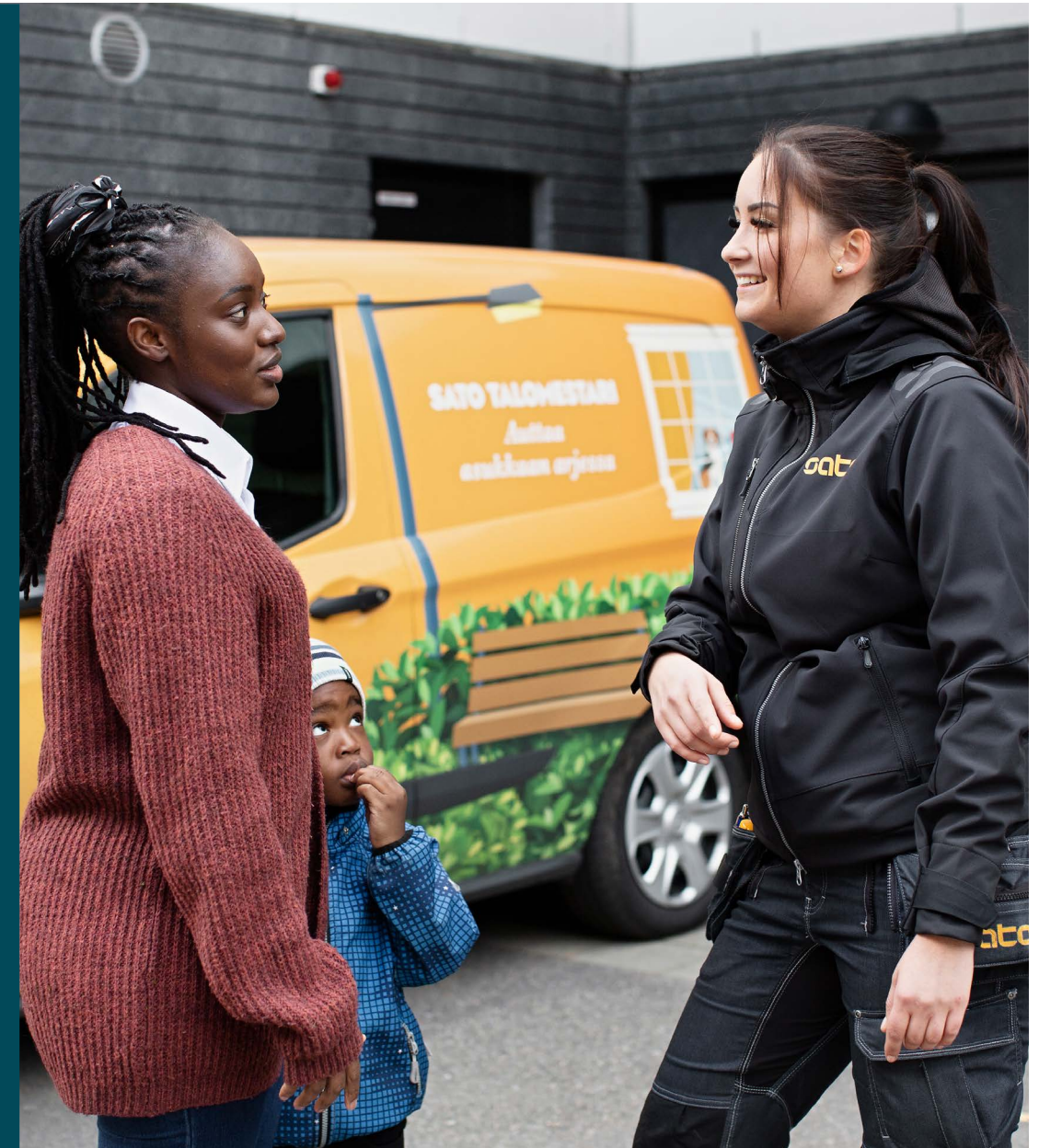
Concept of good encounters – towards a better customer experience

In spring 2023, we launched a concept of good encounters at SATO, describing how we interact with other people. The concept creates a consistent approach to all interactions and serves as a tool for SATO employees. Its objective is to ensure that our customers can enjoy a consistent service experience regardless of the situation and the SATO employee, and to improve the customer experience, which is a key element of our strategy.

We included both SATO employees and customers in creating the concept. The work was started in a digital workspace by charting the participants' views and experiences of different interactive situations. After the digital participation phase, a working group consisting of SATO employees worked on the concept based on responses collected in separate workshops.

The final result was a service promise that applies to every encounter. We strive to create a relaxed and respectful atmosphere in our interactions with customers, colleagues and partners. Empathy and timely communication are important to us, as they foster good collaboration and create a pleasant working environment. We achieve these goals by keeping our promises and reacting to queries quickly.

We created tools for SATO employees by compiling tips into a guide and producing an online course and a deck of cards with questions that inspire discussion on the importance of interactions with people. The concept was cascaded among SATO employees during spring and early summer, and the related work will continue as an integral part of our daily activities. In late 2023, we developed our transactional surveys so that we can measure our customers' experience of interactions going forward.



SUSTAINABLY PROFITABLE

For us at SATO, good governance and financial responsibility mean taking care of profitable business in the long term and sustainably. The foundation for our corporate culture and business is uniform and transparent ways of working, open communication and reporting, and co-operation with our stakeholders.



Target 2023	Measures taken	Outcome	Target status	UN Sustainable Development Goals
We ensure the consistency of our operations.	We started the identification and description of our core processes. We were awarded the Green Office environmental certificate for our head office.	Fulfilled in part	●	12
We develop our compliance activities.	We carried out a compliance analysis and we will develop our activities accordingly. We updated our Code of Ethics.	Fulfilled	●	8
We look into ways to promote the transparency of employee remuneration.	We made the realisation of the sustainability programmes's annual targets part of every SATO employee's remuneration.	Fulfilled	●	8
We ensure that our suppliers and partners commit to SATO's sustainability practices and guidelines.	We developed partner audits and completed a self-evaluation form for the audits.	Fulfilled	●	17
SATO's operations are sustainably profitable in the long term.	We updated the Green Finance Framework. We started preparations for changes in sustainability reporting.	Fulfilled	●	8, 11

WE OPERATE IN AN ETHICAL AND TRANSPARENT MANNER

Our goal is to operate over the long term, in an ethical and responsible manner in matters related to people, the economy, society and the environment. We always comply with laws and regulations but, rather than settling for the minimum level required by law, we make every effort to exceed it by making ethically sound choices.

Our way of working is described in our [Code of Ethics](#), which was updated during 2023. SATO's values are the foundation for these guidelines. We work with fairness and we encounter our customers with warmth – human to human. Openness and the joy of succeeding together, celebrating our successes and those of our colleagues, inspire us on our journey towards our goals. We place the bar high in everything we do, including in ethical behaviour and sustainability. Our Code of Ethics guides SATO employees to act in compliance with regulations, responsibly and sustainably. SATO's Board of Directors approved the Code of Ethics in December 2023. Training on the Code of Ethics will be provided to SATO employees in early 2024, and each employee will also complete an online course on the topic during the same year. In the reporting year, we also updated the Code of Ethics for our co-operation partners and will communicate on it to our partners during 2024.

Our Code of Ethics is supplemented by our other internal policies and guidelines, including the guidelines on combating the grey economy, guidelines on reasonable hospitality, insider regulation, data protection and information security.

During the year, we also completed a compliance analysis and will continue to develop compliance activities accordingly in 2024. Through compliance activities, we coordinate adherence with regulations, operating principles and guidelines and prevent legal risks from materialising. Compliance activities are the responsibility of SATO's legal unit.

WE PAY SPECIAL ATTENTION TO DATA PROTECTION AND INFORMATION SECURITY

We process with confidentiality any information that our customers, subcontractors, suppliers and other partners have disclosed to us. We respect the privacy of our existing, former and future customers, employees and partners. We follow data protection and information security regulations and agreements and SATO's guidelines. We process personal data in accordance with data protection legislation and the privacy policy. We always protect the data in an appropriate manner depending on the situation. More information about data protection is available [here](#).

Data protection management at SATO consists of, among other things, assessing information security risks, measures to promote information security, controlling and monitoring information security performance and the continuous improvement of our measures. SATO has an information security steering group, which convened four times during the reporting year and discussed the above-mentioned measures. During 2023, documents related to information security were updated in accordance with the information security management model. SATO employees were provided with training on information security and the updated guidelines. All SATO employees must complete the mandatory data protection and information security training every year.

WE ENCOURAGE PEOPLE TO REPORT CONCERNS

We encourage our personnel and stakeholders to report any detected or suspected legislative breaches and ethical concerns. Employees can report their observations to their supervisor, HR or via the whistleblowing channel. SATO has a [First Whistle](#) channel in place, through which SATO employees and external stakeholders can report detected or suspected misconduct or other inappropriate conduct confidentially, and also anonymously.

The whistleblowing channel is maintained by an external service provider, and reports made through the channel are only processed by SATO's whistleblowing team, which comprises the lawyer in charge of compliance, SATO's HR Director and internal auditor. We investigate every breach or concern reported to us, and the person making the report is protected against retaliation as per the applicable legislation. SATO employees can report their critical concerns to SATO's Board of Directors also via the CEO. During the reporting year in SATO, ten cases were reported and processed, of which five lead to measures.

As a result of internal control and risk management observations, changes can be made to SATO's operations or, for example, the Board of Directors' composition, if required. In 2023, no control observations resulted in corrective action.

WE PREVENT CORRUPTION AND MONEY LAUNDERING

We do not accept bribery or corruption in any shape or form. That is why we always put co-operation agreements and orders in writing. Further, we do not collaborate with individuals or companies included in international sanctions lists. We have no political affiliations. We do not provide financial support to political parties, groups or individual politicians.

As employees, we only give and accept reasonable gifts, and we do not accept repeated gifts from the same individuals or organisations. We remind SATO employees and our co-operation partners of this regularly on an annual basis. We go over our anti-corruption and anti-money-laundering guidelines with our personnel in our Code of Ethics training. The online training on business practices, which is mandatory for everyone, will be updated to reflect the renewed Code of Ethics in early 2024.

WE ENSURE THE CONSISTENCY OF OUR OPERATIONS.

When launching our sustainability programme for 2023–2026, one of the goals we set was ensuring the consistency of our business operations. To reach that goal, we initiated work to identify our core processes and describe our critical processes during the year. The work was not completed in 2023 and will continue in 2024.

SATO'S VALUES



Human to human



Be bold, aim high



Joy of succeeding together

WE REPORT DILIGENTLY

We report with diligence on SATO's operations, finances and sustainability to authorities and 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. SATO's Board of Directors approves the company's interim and half-year reviews, financial statements and annual report, as well as the annual sustainability report.

The starting points for our sustainability reporting are the impacts of the real estate and construction sector and housing on society and the environment. We address and report on climate-related risks and opportunities with reference to the **TCFD framework**.

The environmental responsibility information contained in our sustainability report is verified by an independent third party. The report for 2023 was verified by KPMG Oy Ab. We also monitor reporting internally.

WE PAY TAXES TO FINLAND

SATO's net sales in 2023 amounted to EUR 288.4 million. The total amount of taxes paid and tax-like payments was EUR 86.4 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 17.2 in 2023.

WE ENSURE THE SUSTAINABILITY OF OUR SUPPLY CHAINS

We select suppliers that are able to create value and a good customer experience. Our partners – such as contractors, suppliers and service providers – must commit to SATO's values and the Code of Ethics for co-operation partners. We make sure that suppliers have the capability to achieve the quality and time targets responsibly. To combat the grey economy, we only accept companies registered in the Reliable Partner service on the tilaajavastuu.fi website as our service providers.

We are also bound by the obligation provided for in the Contractor's Liability Act to check the suppliers we work with. It is important to us that our partners want to develop their operations.

When selecting partners through competitive bidding processes, we evaluate offers based on our goals and the product or service in question. We also look into the partner's supervision, reporting and delivery performance. Our partners must also ensure that their service and procurement chain is sustainable and that its employees, group companies and subcontractors also follow our Code of Ethics. In 2024, we will focus on developing procurement sustainability criteria for our partners.

We conduct supplier assessments and audits on our partners 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 developed our audit process and completed a self-evaluation form for the audits during the year. In 2023, we audited a total of three partners.

WE UPDATED THE GREEN FINANCE FRAMEWORK

In March 2023, we published the updated Green Finance Framework, which reflects current trends and best practices. The Green Finance Framework is focussed on energy-efficient properties and improving their energy efficiency.

The Green Finance Framework links SATO's sustainability targets to the company's financing solutions. Within the framework, SATO can issue green bonds, green hybrid loans, commercial papers and other loans used to (re)finance, among other things, energy-efficient buildings, repair investments to improve energy efficiency and projects related to renewable energy or waste management. The framework is based on the company's strategy and sustainability programme.

Our partners must commit to SATO's values and the Code of Ethics for co-operation partners.

Case

Our head office is a Green Office

WWF Green Office is an environmental management system developed and maintained by WWF in Finland. It serves as an environmental management tool for our workplace. We received the Green Office environmental certification for our head office building located in Käpylä, Helsinki, in December 2023. As part of preparations for the Green Office audit, we drew up an environmental programme in which we commit to reduce our workplace's carbon footprint and use natural resources sparingly. We update the environmental programme's targets, indicators and measures internally at least once a year and also annually report to the WWF on our environmental performance. Green Office certified organisations are audited by the WWF every three years. Our goal is to also have our Tampere and Turku locations certified in the future.

REPORTING PRINCIPLES 2023

Our 2023 reporting is based on the policies of our sustainability programme 2023–2026 and the annually defined sustainability targets, and it is steered by a materiality analysis conducted in 2022.

OUR REPORTING PRINCIPLES

Our Sustainability Report is prepared with reference to the GRI guidelines. The aim of the Sustainability Report is to openly and transparently provide our stakeholders with information about our operations and our value creation.

SATO's annual Sustainability Report has now been drawn up for the tenth consecutive year in line with the GRI guidelines. We also comply 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 comparison of the content of the report with the GRI standards is indicated in the GRI content index.

CLIMATE RISK REPORTING IN ACCORDANCE WITH THE TCFD FRAMEWORK

In climate risk reporting, we follow the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD). Companies reporting in accordance with these recommendations describe how climate issues are taken into consideration in the company's governance model, what kind of strategies the company has in the areas of climate change and decarbonisation, what kind of risks or opportunities climate change brings to the company and what kind of climate targets and indicators are in place.

This Sustainability Report covers the period from 1 January 2023 to 31 December 2023. 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 in PDF format in Finnish and in English. Contact point for reporting: viestinta@sato.fi.

MATERIALITY AS THE STARTING POINT

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

Our 2023 reporting is based on the policies of our sustainability programme 2023–2026 and the annually defined sustainability targets, and it is steered by a materiality analysis conducted in 2022. The impacts of the material aspects on stakeholders are described in the report's sections 'Sustainability guides our operations', 'Sustainable housing', 'Communities' well-being' and 'Sustainably profitable'. The comparison of the content of the report with the GRI standards is indicated in the GRI content index.

TRANSPARENT AND VERIFIED INFORMATION

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

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

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



FINANCES

SATO'S TAX FOOTPRINT IN 2023

Taxes to be paid during the financial year

Direct

- Income tax **EUR 21.1 million**
- Employer contributions **EUR 4.1 million**
- Transfer tax on investments **EUR 1.1 million**
- Property tax **EUR 8.4 million**

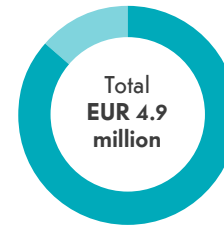
Indirect

- Energy and insurance tax **EUR 0.9 million**
- VAT included in investments that is not deducted **EUR 27.1 million**
- VAT included in purchases that is not deducted **EUR 18.8 million**



Taxes to be reported during the financial year

- Tax withheld on salaries **EUR 4.3 million**
- Net VAT on sales **EUR 0.6 million**



Total **EUR 86.4 million**

**Taxes paid to Finland
EUR 85.0 million**

CASH FLOW IN 2023, EUR MILLION

CUSTOMERS

Net sales **288.4**

FINANCIERS, INVESTORS

Withdrawal of loans **485.1**

Equity issued **0**

OTHER MARKET PARTICIPANTS

Divestments of housing property **52.6**

Other operating income **0**



SUPPLIERS

Purchases **107.5**
Investments **151.7**

PUBLIC SECTOR

Direct taxes **34.7**
Indirect taxes **46.8**
Land rents and land use fees **4.8**

FINANCIERS, INVESTORS

Interest and financial expenses **-75.4**
Repayments **472.3**
Dividend **0**

PERSONNEL

Salaries, benefits and pension expenses **22.1**

ENVIRONMENT

ENERGY

Energy consumption within the organization	2016	2017	2018	2019	2020	2021	2022	2023	Change, 2022–2023	Change, % 2022–2023
Total, MWh	283,484	264,874	263,465	256,624	236,480	272,351	242,107	241,896	-211	-0.1
Share of purchased energy:										
Electricity, MWh	24,531	23,624	24,285	24,243	27,033	27,025	27,791	29,959	2,168	7.8
District heat, MWh	258,299	240,427	238,493	231,701	208,884	244,910	214,236	211,936	-2,300	-1.1
Share of own production:										
Oil, MWh	654	823	687	680	563	416	80	0	-80	-100

Specific energy consumption	2016	2017	2018	2019	2020	2021	2022	2023	Change, 2022–2023	Change, % 2022–2023	Change, % 2015–2023
Consumption of heating energy, adjusted for weather, kWh/rm ³ /a	41.5	41.8	40.7	39.8	37.8	38.1	36.1	34.9	-1.2	-3.3	-18.7
Consumption of electricity, kWh/m ³ /a	3.9	3.9	3.9	3.9	4.2	4.2	4.5	4.9	0.4	8.2	25.2
Total, kWh/m ³ /a	45.4	45.7	44.6	43.7	42.0	42.3	40.6	39.7	-0.8	-2.0	-15.1

EMISSIONS

Greenhouse gas (GHG) emissions	2016	2017	2018	2019	2020	2021	2022	2023	Change, 2022–2023	Change, % 2022–2023
GRI 305-1 Direct greenhouse gas emissions, t CO ₂ -e (scope 1)	170	214	179	177	147	105	20	0	-20	-100
GRI 305-2 Indirect greenhouse gas emissions*, t CO ₂ -e (scope 2)										
Indirect greenhouse gas emissions, t CO ₂ -e (market-based)	48,560	39,430	36,728	34,292	30,915	43,349	37,920	33,486	-4,434	-11.7
Indirect greenhouse gas emissions, t CO ₂ -e (location-based)	52,583	43,163	40,152	37,468	34,456	45,754	40,393	35,793	-4,600	-11.4
GRI-305-3 Other indirect greenhouse gas emissions, t CO ₂ -e** (scope 3)	948	240	49	46	37	49	49	45	-4	-8.2
Total emissions of greenhouse gases, t CO ₂ -e	49,678	39,884	36,955	34,515	31,098	43,503	37,989	33,531	-4,458	-11.7

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

** Emissions from residents' waste

GHG emission intensity of buildings	2016	2017	2018	2019	2020	2021	2022	2023	Change, 2022–2023	Change, % 2022–2023	Change, % 2018–2023
kg CO ₂ -e/m ²	35.5	29.9	27.3	25.3	26.6	31.1*	28.2*	25.2	-3.0	-10.6	-7.7
kg CO ₂ -e/person	1,033.5	850.8	781.1	697.5	746.4	869.4*	806.1*	779.8	-26.3	-3.3	-0.2

WATER

Total water withdrawal by source	2016	2017	2018	2019	2020	2021	2022	2023	Change, 2022–2023	Change, % 2022–2023
Total, 1,000 m ³	2,622	2,507	2,537	2,578	2,674	2,620	2,477	2,417	-60	-2.4%

All SATO properties use municipal water supply.

Specific water consumption	2016	2017	2018	2019	2020	2021	2022	2023	Change, 2022–2023	Change, % 2022–2023	Change, % 2018–2023
l/m ³ /a	412	414	411	409	414	409	401	397	-4.0	-1.0	-3.4

WASTE

Total weight of waste from tenants	2016	2017	2018	2019	2020	2021	2022	2023	Change, 2022–2023	Change, % 2022–2023
tonnes	23,985	23,573	24,124	27,269	28,131	30,536*	29,323*	27,053	-2,270	-7.7
t CO ₂ -e	948	240	49	46	37	49*	49*	45	-4	-8.2

Distribution of waste from tenants by disposal method	2021, t	2022, t	2023, t	2021, %	2022, %	2023, %
For recycling	7,839*	7,582*	7,232	29.0*	26.7*	26.7
For energy	17,721*	17,140*	16,350	57.2*	60.4*	60.4
To landfill sites	122*	118*	112	0.5*	0.4*	0.4
Composting	3,590*	3,472*	3,312	13.2*	12.2*	12.2
Incineration without energy recovery	51*	49*	47	0.1*	0.2*	0.2

Land remediated and in need of remediation for the existing or intended land use	2021	2022	2023
Remediated soil** t	2,463	415	0
Soil known to be in need of remediation, m ²	0	1,200	0

*The waste volume for the years 2022 and 2021 has been recounted as the waste statistics of Statistics Finland has been updated. Changes also have an impact on emissions.

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

ENERGY & WATER CONSUMPTION AND WASTE VOLUMES AT CONSTRUCTION SITES IN 2023

Basic information	Number of worksites	23
	Number of apartments (under construction or renovation 2019)	1,898
	Floor area, m ²	106,703.5
	Gross floor area, m ²	176,187
	Net floor area, m ²	88,118
	Volume m ³	530,506
	Number of construction months construction and renovation	163
Water	Water consumption, m ³	1,724
	Water consumption, l/gm ² /month	1.38
Energy	Electricity consumption, MWh	2,264
	Electricity consumption, kWh/gm ² /month	1.81
	District heat, MWh	3,062
	District heat consumption, kWh/gm ² /month	2.45
Waste	Total volume of waste from construction and renovation sites, t	5,620
	Mixed waste, t	1,413
	Wood waste, t	733
	Stone waste, t	77
	Concrete waste, t	1,276
	Plaster waste, t	187
	Energy waste, t	137
	Metal, t	151
	Other waste, t	76
	Soil, t	1,517
	Asbestos, t	50
	Other hazardous materials, t	0.5
	Impregnated wood, t	3

WASTE VOLUMES FROM DEMOLISHED BUILDINGS

Total waste volume, t	8,514
Number of worksites	1
Mixed waste, t	64
Wood waste, t	141
Concrete waste, t	6,929
Metal, t	155
Other waste, t	239
Asbestos, t	982
Impregnated wood, t	5

PERSONNEL

SATO'S EMPLOYMENT IMPACT IN 2023

Direct and indirect employment impact	Person-years
Investments in construction and renovations	1,814
Maintenance and upkeep services	675
Other purchased services	132
Personnel	344
Total	2,965

REMUNERATION OF WOMEN TO MEN

	%*
Senior managers	97
Senior salaried employees	91
Employees	102
All employees	97

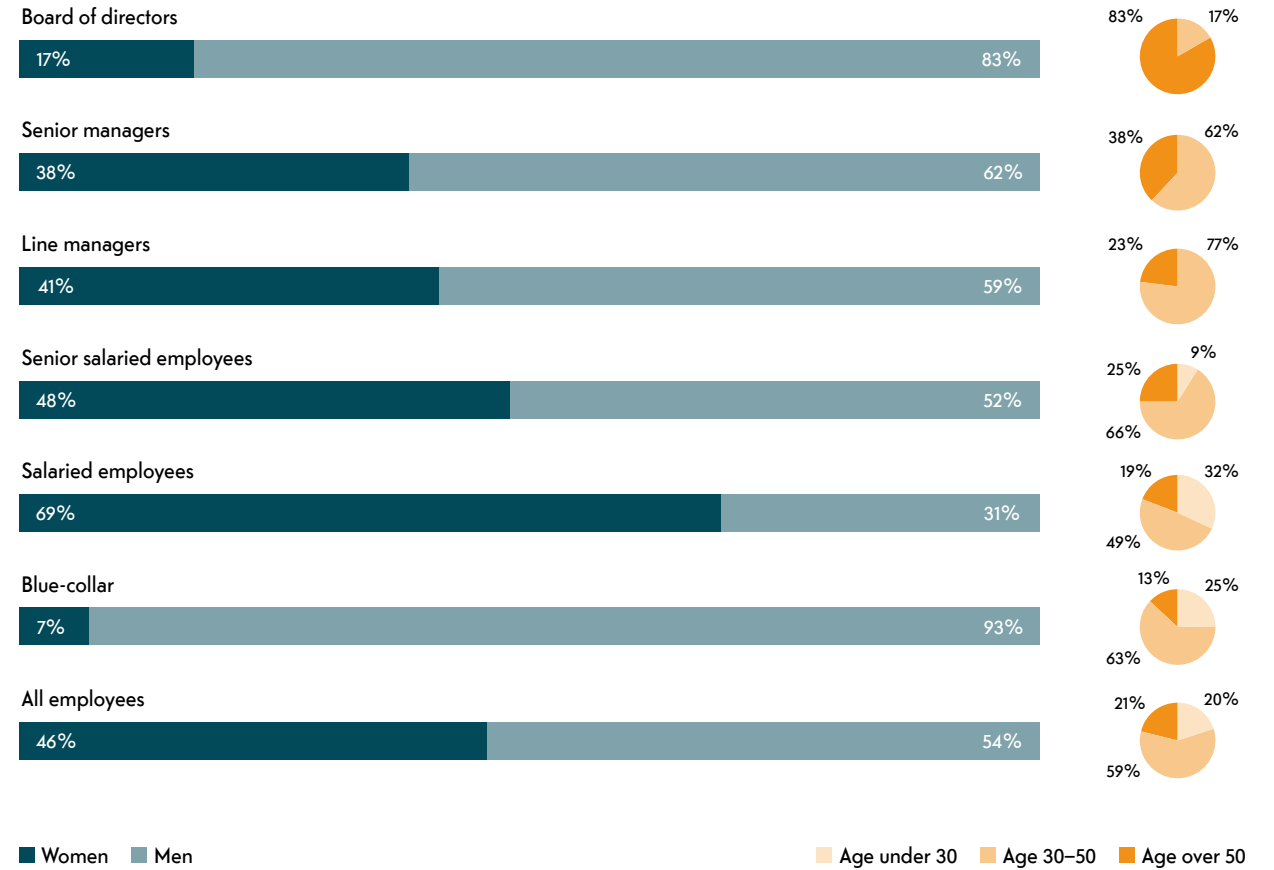
* Proportion of women's salary to men's
Personal development plan drawn up with the supervisor, implemented 95%.

COLLECTIVE AGREEMENTS

	%
Personnel covered by the general collective agreement	98

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

Gender distribution of personnel groups and board of directors, 31 Dec 2023



In 2023, 20% of SATO's personnel were under 30, 59% were between 30 and 50, and 21% were over 50. By personnel group, those under 30 were represented the most in the salaried employees group (32%) and in the blue-collar group (25%).

The 30-50 age group represented 62% of those working in senior management positions, 77% of supervisors, 66% of senior salaried employees, and 49% of salaried employees.

The over-50 age group was represented the most in senior management positions (38%), and in senior salaried employee positions (25%). 23% of all supervisors and 19% of salaried employees are over the age of 50.

INFORMATION ABOUT PERSONNEL

Total number of personnel at end of 2023 (2022)

Total personnel	permanent	fixed-term	agency-workers	men	women	men, %	women, %
total 323 (325)	295 (299)	28 (26)	10	176 (164)	147 (161)	54	46
of which the number of personnel in Russia 11 (until 14 April 2023)	9 (9)	2 (2)		3 (3)	8 (8)	27	73

During the year, the Group had an average of 333 (328) employees.

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

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

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

New employment contracts	total 81	under 30	30–50	over 50
New, permanent employment contracts	29	9	17	3
men	18	3	12	3
women	11	6	5	0
New fixed-term employment contracts	total 23	under 30	30–50	over 50
men	11	7	4	0
women	12	6	6	0
Summer trainees	total 32	under 30	30–50	over 50
men	22	21	1	0
women	10	9	1	0

Terminated employment contracts	total 69	under 30	30–50	over 50
Permanent employment contracts	33	4	24	5
men	9	0	8	1
women	24	4	16	4
Employment contracts terminated by the employer	4	0	4	0
Total personnel turnover, % (summer trainees excluded)	12.4			

The largest number of summer trainees can be found as house experts. In addition, temporary workers were also employed in the customer service and sales during the summer months.

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

absentee rate	3.4 %
days lost	0,3 %

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

ANNUAL COMPENSATION RATIOS

Ratio of the highest annual earnings to median earnings (full-time employees) 864%

The change in the highest annual earnings from 2022 to 2023 was -2%, and the change in median earnings from 2022 to 2023 was +6%.

MANAGEMENT APPROACH

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

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

Communities' well-being – we take care of housing health and comfort. We promote diversity and aim for reducing inequality in society.	
Approach	We offer our customers a safe rental relationship and an excellent customer experience. We bear responsibility for our customers and their comfort and well-being in healthy and safe living environments. We systematically monitor the customer experience using data and develop our operations also based on feedback. In our sustainability programme, We work together with our customers to create pleasant living environments that promote well-being.
Main topics and key indicators to be reported	<ul style="list-style-type: none"> • Approach to stakeholder engagement (GRI 2-29, 2-30) • Indirect economic impacts (GRI 203-1, 203-2) • Customer health and safety (GRI 416-1, 416-2) • Customer service and satisfaction
Objectives	<ul style="list-style-type: none"> • People feel safe and enjoy healthy living in a SATO home. • In SATO's buildings, neighbours respect one another. • Co-operation with cities to prevent the segregation of areas. • We participate in public projects
Operating principles, guidelines and policies	Housing health operating model, customer promises, service principles, partnership policy and principles, good rental practices
Evaluation of the management approach	The management approach is evaluated continuously as part of operations. Changes that take place in the operating environment and within SATO are responded to by adjusting the operating principles, monitoring systems and resources.
Boundaries	SATO Group customers

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

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

Approach	<p>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.</p>
Main topics and key indicators to be reported	<ul style="list-style-type: none"> • Energy (GRI 302-1, 302-4, CRE1, CRE8) • Water and effluents (GRI 303-1, 303-2, 303-3, CRE2) • Emissions (GRI 305-1, 305-2, 305-3, 305-5, CRE3) • Waste (GRI 306-1, 306-2, 306-3, 306-4, 306-5) • Land degradation, contamination and remediation (CRE5) • Indirect economic impacts (GRI 203-1) • Location of investments • Maintenance and repair operations
Objectives	<ul style="list-style-type: none"> • Reduction in greenhouse gas emissions from operations and sights set on carbon neutrality by the end of the year 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	<p>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.</p>
Evaluation of the management approach	<p>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.</p>
Boundaries	<p>SATO Group and the most significant outsourced services related to building management, maintenance, repair and construction</p>

GRI INDEX

Sustainability focus areas	Disclosure	Location and additional information
GRI 2: General disclosures (2021)		
Organizational profile		
2-1	Organizational details	Report of the Board of Directors, Notes to the consolidated financial statements, Corporate governance statement
2-2	Entities included in the organization's sustainability reporting	Report of the Board of Directors, Notes to the consolidated financial statements
2-3	Reporting period, frequency and contact point	Sustainability reporting principles
2-4	Restatements of information	Sustainability reporting principles No adjustments made to 2022 report.
2-5	External assurance	Assurance report
Activities and workers		
2-6	Activities, value chain and other business relationships	SATO in brief, Report of the Board of Directors SATO in brief, Sustainability guides our operations, Code of Ethics
2-7	Employees	Key figures, Sustainability concepts
2-8	Workers who are not employees	Key figures
Governance		
2-9	Governance structure and composition	Corporate governance statement, Remuneration statement
2-10	External initiatives	Corporate governance statement, Corporate governance principles
2-11	Chair of the highest governance body	Report of the Board of Directors, Corporate governance statement, Remuneration statement
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability management, Governance
2-13	Delegation of responsibility for managing impacts	Sustainability management, Governance
2-14	Role of the highest governance body in sustainability reporting	Sustainability management, Governance
2-15	Conflicts of interest	Corporate governance statement, Code of Ethics
2-16	Communication of critical concerns	Sustainably profitable
2-17	Collective knowledge of the highest governance body	Sustainability management, Governance
2-18	Evaluation of the performance of the highest governance body	Corporate governance statement The Board of Directors assesses its operations and the sufficiency of its measures regularly. The questions concerning sustainability work and the assessment of Board's knowledge on sustainability issues have been added to the self assessment.
2-19	Remuneration policies	Remuneration statement, Key figures
2-20	Process to determine remuneration	Remuneration statement, Sustainably profitable
2-21	Annual total compensation ratio	Key figures

Sustainability focus areas	Disclosure	Location and additional information
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	CEO's review
2-23	Policy commitments	Sustainably profitable, Sustainability programme 2023–2026, TCFD-report, Management approach, Sustainability management
2-24	Embedding policy commitments	Management approach
2-25	Processes to remediate negative impacts	Report of the Board of Directors, Sustainable housing
2-26	Mechanisms for seeking advice and raising concerns	Sustainably profitable
2-27	Compliance with laws and regulations	No convictions or fines resulting from non-compliance with laws in 2023.
2-28	Membership associations	Sustainability guides our operations
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Sustainability guides our operations, Sustainability programme 2023–2026, Stakeholders
2-30	Collective bargaining agreements	Key figures
GRI 3: Material Topics (2021)		
3-1	Process to determine material topics	Sustainability programme 2023–2026, Sustainability reporting principles
3-2	List of material topics	Sustainability programme 2023–2026
3-3	Management of material topics	Sustainability programme 2023–2026, Sustainability management, Management approach
Economic standards		
GRI 201: Economic performance (2016)		
201-1	Direct economic value generated and distributed	Report of the Board of Directors
201-2	Financial implications and other risks and opportunities due to climate change	TCFD-report, TCFD-index
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 2023.
GRI 203: Indirect economic impacts (2016)		
203-1	Infrastructure investments and services supported	Report of the Board of Directors, Sustainable housing
203-2	Significant indirect economic impacts	Sustainability guides our operations, Key figures
GRI 204: Procurement practices (2016)		
204-1	Proportion of spending on local suppliers	Sustainably profitable Altogether 97% of SATO's purchases in 2023 were sourced from local suppliers. Foreign suppliers represented 3% of SATO's purchases.
GRI 205: Anti-corruption (2016)		
205-3	Confirmed incidents of corruption and actions taken	Sustainably profitable No incidents of corruption or actions taken in 2023.

Sustainability focus areas	Disclosure	Location and additional information
Environmental standards		
GRI 302: Energy (2016)		
302-1	Energy consumption within the organization	Sustainable housing, Key figures
302-3	Energy intensity	Key figures
302-4	Reduction of energy consumption	Key figures
CRE1 sector supplement	Building energy intensity	Key figures
CRE8 sector supplement	Sustainability certification for buildings	Sustainable housing SATO buildings have not been systematically certified. SATO has a total of 14 Osta vastuullisesti buildings that has been accepted by an independent sustainability panel.
GRI 303: Water and Effluents (2018)		
303-1	Interactions with water as a shared resource	Key figures All SATO properties use municipal water supply. Tenants consume a large share of the water, which constitutes water consumption related to living. Effluents are discharged into the municipal wastewater network, where they undergo wastewater treatment.
303-2	Management of water discharge-related impacts	The municipal water utilities analyse the water quality. Individual water analyses are performed in properties as needed. SATO does not operate in areas with water stress.
303-3	Water withdrawal	Sustainable housing, Key figures SATO does not operate in areas with water stress.
303-4	Water discharge	The municipal water utilities analyse the water quality.
303-5	Water consumption	Key figures
CRE2 sector supplement	Building water intensity	Sustainable housing, Key figures
GRI 305: Emissions (2016)		
305-1	Direct (Scope 1) GHG emissions	Key figures
305-2	Energy indirect (Scope 2) GHG emissions	Key figures
305-3	Other indirect (Scope 3) GHG emissions	Key figures
305-4	Greenhouse gas emissions intensity from buildings	Sustainable housing, Key figures
305-5	Reduction of GHG emissions	Key figures
CRE3 sector supplement	Greenhouse gas emissions intensity from buildings	Sustainable housing, Key figures
GRI 306: Waste (2020)		
306-1	Waste generation and significant waste-related impacts	Sustainable housing, Key figures

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

Sustainability focus areas	Disclosure	Location and additional information
Social standards		
GRI 401: Employment (2016)		
401-1	New employee hires and employee turnover	Key figures
GRI 402: Labor/management relations (2016)		
402-1	Minimum notice periods regarding operational changes	The Act on Co-operation within Undertakings (334/2007) applies to corporate restructuring in Finland. In all of its countries of operation, SATO complies with the local statutory periods (1–6 months)
GRI 403: Occupational health and safety (2018)		
403-1	Occupational health and safety management system	Communities' well-being, Management approach
403-2	Hazard identification, risk assessment, and incident investigation	Communities' well-being
403-3	Occupational health services	Communities' well-being
403-4	Worker participation, consultation, and communication on occupational health and safety	Communities' well-being, Management approach
403-5	Worker training on occupational health and safety	Communities' well-being
403-6	Promotion of worker health	Communities' well-being
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Communities' well-being
403-9	Work-related injuries	Communities' well-being, Sustainability concepts
403-10	Work-related ill health	Communities' well-being, Key figures
CRE6 sector supplement	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system	The figure is material in terms of the supply chain, but it is not available.
GRI 404: Training and education (2016)		
404-1	Average hours of training per year per employee	Communities' well-being
404-2	Programs for upgrading employee skills and transition assistance programs	Communities' well-being
404-3	Percentage of employees receiving regular performance and career development reviews	Communities' well-being The personal data on performance reviews regarding employees in St Petersburg (until 14 April 2023) is not in the system due to Russian data privacy legislation.
GRI 405: Diversity and equal opportunity (2016)		
405-1	Diversity of governance bodies and employees	Key figures
405-2	Ratio of basic salary and remuneration of women to men	Key figures
GRI 415: Public policy (2016)		
415-1	Political contributions	In line with our Code of Ethics, we do not financially support political parties or groups or politicians.

Sustainability focus areas	Disclosure	Location and additional information
GRI 416: Customer health and safety (2016)		
416-1	Assessment of the health and safety impacts of product and service categories	Communities' well-being, Sustainable housing As stated in SATO's design guidelines, construction work must be carried out in accordance with good construction practices. Construction work follows valid legislation, regulations and regulatory provisions and general quality requirements for construction work. We use M1 class construction materials as specified in the list maintained by Rakennustietosäätiö in interior surface structures.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Communities' well-being No fines or convictions from the safety or health perspectives of products/services in 2023.
GRI 418: Customer privacy (2016)		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During the reporting year we identified two incidents concerning customer data leaks. We informed the customers in question, initiated corrective actions internally and reported the cases to the data protection ombudsman.

TCFD INDEX

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

ASSURANCE REPORT

INDEPENDENT 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 selected corporate environmental indicators¹ for completed sites presented in Sato's Sustainability Report 2023 (hereafter "Corporate Sustainability Information") for the year ended 31 Dec 2023.

Management's responsibilities

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

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement on the Corporate Sustainability Information in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board IAASB. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Corporate Sustainability Information is free from material misstatement. 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 Corporate Sustainability Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Corporate Sustainability Information, and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

- Interviewed a member of Sato's senior management and relevant staff responsible for providing the Corporate Sustainability Information;
- Assessed the application of the GRI Sustainability Reporting Standards reporting principles in the presentation of the Corporate Sustainability Information;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Corporate Sustainability Information;

- Reviewed the presented Corporate Sustainability Information and assessed its quality and reporting boundary definitions; and
- Assessed the Corporate Sustainability Information's data accuracy and completeness through a review of the original documents and systems on a sample basis.

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

Inherent limitations

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

Conclusion

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

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

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

Helsinki, 15 February 2023
KPMG Oy Ab

Esa Kailiala
Authorized Public Accountant

Tomas Otterström
Partner, Advisory

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

SUSTAINABILITY CONCEPTS

ENVIRONMENT

Concept or indicator	Definition
Initiatives to reduce energy consumption, and their impact	Energy-efficiency projects include all measures taken to conserve electricity, heat and water. The decrease in energy consumption through energy-efficiency measures has been estimated by calculating the reduction in heating energy compared to the previous year.
Objects covered by energy and water consumption monitoring	Properties in which SATO holds more than 50%, consumption by SATO's offices is not included in the consumption figure
Total heat consumption, MWh	The year's absolute heat consumption in all the owned properties held throughout the year and within the scope of consumption monitoring, expanded by estimated consumption in properties purchased and sold during the year and properties outside the scope of consumption monitoring (average rated consumption multiplied by the surface area of apartments owned on average during the year)
Total electricity consumption, MWh	The year's absolute electricity consumption in all the owned properties held throughout the year and within the scope of consumption monitoring, expanded by estimated consumption in properties purchased and sold during the year and properties outside the scope of consumption monitoring (average rated consumption multiplied by the surface area of apartments owned on average during the year)
Total energy consumption, MWh	Total consumption of heat and electricity during the year
Total water withdrawal by source, 1,000 m ³	The year's absolute water consumption in all owned properties held throughout the year and within the scope of consumption monitoring, expanded by estimated consumption in properties purchased and sold during the year and properties outside the scope of consumption monitoring (average specific consumption multiplied by the surface area of apartments owned on average during the year)
Specific electricity consumption, kWh/m ³ /year	Electricity consumption per m ³ in all properties that have been rented for the entire year
Specific water consumption, litres/m ³ /year	Water consumption per m ³ in all properties that have been rented for the entire year
Standardised specific heat consumption, kWh/m ³ /year	Heat consumption per m ³ in all properties that have been rented for the entire year. The figure is weather adjusted to make years comparable.
Specific energy consumption, kWh/m ³ /year	Specific electricity consumption for the year and standardised specific heat consumption
Greenhouse gas emissions, tCO ₂ -e	Emissions from heat, electricity, water and waste produced by residents. The emissions of properties within the scope of consumption monitoring have been expanded to apply to apartments owned on average during the year, similarly to the total consumption of heat, electricity and water. The emission multiplier of district heating is defined by Motiva Oy and has been updated in 2022. WWF's Climate Calculator's multipliers, which are based on the Helsinki Region Environmental Services Authority's (HSY) multipliers for 2018, are used for mixed waste and biowaste. Electricity does not produce any emissions because it is produced 100% by nuclear power.
GHG emission intensity of buildings, kg CO ₂ -e/m ²	Greenhouse gas emissions per square metre. The emissions of properties within the scope of consumption monitoring have been expanded to apply to apartments owned on average during the year.
Total amount of waste, tonnes	The total volume of waste produced by residents has been estimated on the basis of the number of SATO residents and the annual resident-specific waste volume reported by Statistics Finland.

PERSONNEL

Concept or indicator	Definition
Total personnel turnover, %	Sum of terminated employment contracts in relation to the number of personnel for the last month of the previous year, summer jobs excluded
Absentee rate, %	Hours of sick leave as a percentage of calculated working hours
Injury rate, %	Number of accidents during the work commute and number of occupational diseases in relation to the number of employees
Days lost, %	The percentage of work-related accidents and occupational diseases in relation to calculated working hours
Number of new employment contracts	Permanent and fixed-term employment contracts that started during the reported period, summer jobs excluded.
Number of terminated employment contracts	Permanent and fixed-term employment contracts that ended during the reported period, summer jobs excluded
Number of training days	One training day comprises six hours of training.
Person-year	SATO's direct and indirect employment impact has been evaluated applying a calculation of the employment footprint of the maintenance services and other purchased services prepared by VATT for Senate Properties and the estimate of the Confederation of Finnish Construction Industries and VTT of the employment impact of building investments. The employment multipliers obtained from the aforementioned sources have been combined with SATO's 2020 cost structure.
Tarmo	Tarmo is a discussion forum for SATO's management and personnel, comprised of 11 employee representatives and 2 representatives of the employer and an OHS representative.
LiiVi	LiiVi is SATO's committee for recreation and sports activities, comprised of 10 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 Manager, two deputies and the HR director. SATO's employees voted for the OHS representative and deputy representatives. The OHS committee convenes four times a year and prepares an annual action plan.

CUSTOMER RELATIONSHIP

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



sato

asiakaspalvelu@sato.fi
p. 020 334 443
sato.fi/en

