



CORPORATE GOVERNANCE STATEMENT 2024

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1. INTRODUCTION

The governance of SATO Corporation ("SATO" or "Company") is based on legislation applicable in Finland and SATO's Articles of Association. The Company also complies with the recommendations of the Corporate Governance Code 2025 issued by the Finnish Securities Market Association (apart from the procedure concerning remuneration of the President and CEO mentioned in recommendation 22) as well as with SATO's internal guidelines. The Corporate Governance Code is available on the Finnish Securities Market Association website www.cgfinland.fi/en/.

Since SATO's shares are not publicly listed, legislation does not require SATO to have either the remuneration policy or the remuneration report referred to in the Corporate Governance Code 2025. While SATO does not prepare the said documents, it prepares a remuneration statement in accordance with the Corporate Governance Code 2015. The parent company of SATO, Fastighets AB Balder, is listed on the Stockholm Stock Exchange and it prepares the instructions, policies and reports regarding the remuneration of management as required by Sweden's legislation and Corporate Governance Code at any given time, which may also include information on the remuneration of SATO's management.

SATO has issued corporate bonds which are listed on Euronext, and the Company complies with the rules and regulations of the exchange for listed bonds as well as with the EU Market Abuse Regulation, securities markets legislation and the regulations of supervisory authorities.

SATO prepares its consolidated financial statements as well as its interim reports and half-year financial reports in accordance with the International Financial Reporting Standards (IFRS) approved in the EU. The report of the Company's Board of Directors and the financial statements of the parent company of SATO Group are prepared in accordance with Finnish

accounting legislation. An independent external appraiser is commissioned to issue a statement on the values of SATO's housing portfolio and the appropriateness of the methods used to assess the values.

This statement is published separate from the Report of the Company's Board of Directors, and it was considered by the Board of Directors at its meeting on 6 February 2025.

2. DESCRIPTIONS CONCERNING CORPORATE GOVERNANCE

Control and governance in the Company are divided between the Annual General Meeting, the Board of Directors, and the President and CEO. The President and CEO implements the operative business with the assistance of the Corporate Management Group. Internal audit, which reports to the Board of Directors, is responsible for internal auditing while auditors are responsible for the external audit.

Annual General Meeting

The general meeting of shareholders is SATO's highest governing body. The Annual General Meeting ("AGM") shall be held once a year, within six months of the end of the financial period. An extraordinary general meeting shall be held when considered necessary by the Board of Directors or required under the Finnish Limited Liability Companies Act ("Companies Act").

The AGM decides on the matters that fall within its competence by virtue of the Companies Act and the Company's Articles of Association. These include adoption of the Company's financial statements and consolidated financial statements, the use of the profit shown on the balance sheet, the discharge of the members of the Board of Directors and the President and CEO from liability, the remuneration and appointment of the members and Chair of the Board of Directors, and appointment of the auditor. The meeting may also discuss other matters which under the

Companies Act are to be dealt with at a general meeting, such as share issue, acquisition of the Company's own shares and amendments to the Articles of Association. The meeting furthermore discusses matters which a shareholder has requested to be discussed at a general meeting, as provided in the Companies Act. The resolutions of general meetings are published as a stock exchange release without delay following the meeting.

SATO has a single series of shares. Each share confers one vote at a general meeting. The right to attend general meetings is held by shareholders who are entered in the register of shareholders maintained by Euroclear Finland eight working days before the general meeting. The Companies Act also contains provisions concerning nominee-registered shareholders attending a general meeting.



In order to ensure dialogue between shareholders and Company bodies and to fulfil the shareholders’ right to request information, the President and CEO, Chair of the Board of Directors and the Board members are present at the AGM. A candidate for a Board membership must be present at the general meeting where the decision on their appointment is made.

The Company’s AGM was held on 21 March 2024. It was attended by a total of 13 shareholders representing 36.16% of the Company’s shares and votes. The minutes of the AGM are available for review on the Company’s website at [Annual General Meeting, notices and minutes](#).

Shareholders’ Nomination Committee

The AGM resolved on 3 March 2015 to establish a Shareholders’ Nomination Committee and approved its rules of procedure. The duties of the Committee are to prepare proposals for the AGM concerning the number and appointment of the members of the Board of Directors, appointment of the Chair of the Board of Directors, and the remuneration of Board members. The Committee’s rules of procedure are available for review on SATO’s website at [Rules of Procedure](#).

The Committee’s term of office begins in October each year, once the largest shareholders have nominated their representatives, and ends at the closing of the next AGM. The shareholder shall nominate as member of the Nomination Committee a person who is independent of the company.

The Shareholder’s Nomination Committee consists of representatives of SATO’s four largest shareholders registered in the book-entry system on 1 October, who accept the task. Where a shareholder declines to exercise its right of nomination, the right transfers to the next largest shareholder. The fourth largest shareholder of the Company on 1 October 2024, the State Pension Fund, did not exercise its nomination right and consequently, the right transferred to the fifth largest shareholder, Erkka Valkila.

The Chair of the Company’s Board of Directors serves on the Shareholders’ Nomination Committee as an expert member. The Committee elects one of its members to serve as Chair.

The Shareholders’ Nomination Committee consisted of the following representatives nominated by the following shareholders:

Balder Finska Otas AB
(holding on 1 October 2024: 48,483,564 shares, 57.0%)
Erik Selin, Chair. For more information on the member, please see the section “Board of Directors”

Stichting Depositary APG Strategic Real Estate Pool
(holding on 1 October 2024: 19,217,470 shares, 22.6%)
Ming Eng. For more information on the member, please see the section “Board of Directors”

Elo Mutual Pension Insurance Company
(holding on 1 October 2024: 10,849,621 shares, 12.8%)
Niko Syrjänen (m)
(M.Soc.Sc.), born 1974
Head of Equities, Elo Mutual Pension Insurance Company
No shareholdings in SATO Group companies

Erkka Valkila (m)
(holding on 1 October 2024: 385,000 shares, 0.5%)
Engineer, born 1953

The Shareholders’ Nomination Committee made its decisions in one meeting held during the term of office starting on 1 October 2024. All members of the Committee participated in the decision-making.

Board of Directors

The general meeting appoints no fewer than five and no more than nine members to the Board of Directors and appoints one member of the Board of Directors to serve as Chair of the Board. The general meeting also decides on the remuneration of the Chair, Vice Chair and members of the Board of Directors. The

Board of Directors appoints one of its members to serve as Deputy Chair. The term of office of the members of the Board of Directors expires at the closing of the AGM first following their appointment.

The AGM of 21 March 2024 appointed six members to the Board of Directors. All appointed members, with the exception of Ming Eng, already served as Board members prior to the AGM. The shareholdings of the Board members as at 31 December 2024 are presented below.

Appointed as Chair of the Board of Directors was

Erik Selin (m)
born 1967, Swedish national
Managing Director, Fastighets Ab Balder
Degree in business economics

- no shareholdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

– Selin holds 63,000 series B shares in Fastighets AB Balder. In addition, Erik Selin Fastigheter AB, an entity wholly owned by Erik Selin, holds 343,202,400 series B shares and 49,855,968 series A shares in Fastighets AB Balder, representing 34.1% of the share capital and 47.8% of the votes. Erik Selin is the CEO of Fastighets AB Balder and a member of its Board of Directors. Fastighets AB Balder is the ultimate parent company of SATO Corporation.

Appointed as members of the Board of Directors were

Ming Eng (m)
born 1990, Dutch national
Senior Portfolio Manager Real Estate Europe,
APG Asset Management
Master of Science, Management Science

- no shareholdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Esa Lager (m)
born 1959, Finnish national
Board professional LL.M., M.Sc.(Econ.)

- no shareholdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Tarja Pääkkönen (f)
born 1962, Finnish national
Board professional
D.Sc. (Corporate strategies), M.Sc. (Construction)

- no shareholdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Sharam Rahi (m)
born 1973, Swedish national
Deputy CEO, Fastighets AB Balder

- no shareholdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

– Sharam Rahi holds 3,616,932 series B shares in Fastighets AB Balder. In addition, a company wholly owned by Sharam Rahi holds 5,580,868 series B shares in Fastighets AB Balder. The holdings represent 0.8% of the share capital and 0.5% of the votes in Fastighets AB Balder. Sharam Rahi is the Deputy CEO of Fastighets AB Balder.

Timo Stenius (m)
born 1956, Finnish national
Board professional M.Sc. (Constr. Eng.)

- no shareholdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

The Board of Directors appointed Esa Lager as its Vice Chair.

The majority of the Board of Directors must be independent of the Company. At least two Board members who are independent of the Company must also be independent of the significant

shareholders in the Company. The Board of Directors assesses the independence of its members and declares which of the members of the Board of Directors are considered independent of the Company, and which independent of the significant shareholders.

The Board of Directors conducted its assessment of the independence of the members of the Board of Directors at its meeting held following the AGM on 21 March 2024. All members of the Board of Directors except Sharam Rahi are independent of the Company. Esa Lager, Tarja Pääkkönen and Timo Stenius are also independent of the significant shareholders. Ming Eng, Sharam Rahi and Erik Selin are not independent of the significant shareholders.

The Company's Board of Directors shall see to the administration of the Company and the appropriate organisation of its operations. It is the duty of the Board of Directors to promote the interests of the Company and all its shareholders

The Board of Directors convened 11 times in 2024. An average of 92.42% of Board members attended the meetings. Board members' attendance at the meetings was as follows: Erik Selin 9/11, Ming Eng 8/9, Esa Lager 11/11, Tarja Pääkkönen 11/11, Sharam Rahi 10/11, Timo Stenius 11/11, and Johannus (Hans) Spikker (member of the board until 21.3.2024) 1/2. A report of the CEO on current issues and a report on the financial position of the Company are presented to meetings of the Board of Directors for their consideration. In 2024, the focus in Board work was on the monitoring of the Company's business profitability and financial position. The auditor's findings are presented to the Board of Directors in connection with the consideration of the financial statements, interim reports and half-year financial report.

SATO's Board of Directors has adopted rules of procedure covering the duties, meeting practices and decision-making procedures of the Board of Directors. These rules of procedure are available on the Company's website at [Rules of Procedure](#). In addition to matters for decision, the Board is also presented with

up-to-date information on the Company's operations, financial position and risks at its meetings.

In addition to its duties under the Finnish Limited Liability Companies Act, the Board of Directors also decides on matters which, considering the extent and size of the Group's operations, have considerable importance for the Group's business. The duties of the Board of Directors include:

1. adopting the Group's business strategy and monitoring its implementation
2. adopting and monitoring the annual budget and the business plan
3. discussing the Company's financial statements and report of the Board of Directors as well as the interim reports and half-year financial reports
4. monitoring the sustainability reporting
5. adopting the Company's dividend policy and financial targets
6. organising and overseeing risk management, internal control and internal audit
7. making decisions regarding SATO Group's financing
8. making decisions on significant investments and divestments

The Board of Directors also appoints and dismisses the Company's President and CEO and, when necessary, their deputy, as well as the members of the Corporate Management Group, and determines the terms of their employment or service as well as their remuneration schemes.

The duty of the Board of Directors is to promote the best interests of the Company and all its shareholders. At the Company, the members of the Board of Directors do not represent the interests of the parties which nominated them for appointment to the Board.

The Board of Directors performs an annual internal self-assessment of its activities and its ways of working. The purpose of the self-assessment is to review the Board's performance during the year and to serve as a basis for evaluating the Board's procedures. The Board of Directors conducted its self-

assessment for 2024 in January 2025, and the summary of the assessment was considered at the meeting of the Board in February.

Diversity of the Board of Directors

The diversity of the Board of Directors supports the Company's business, its development and thus the success of the Company. Diversity strengthens the work of the Board of Directors by giving voice to the views of people of different ages, different educational backgrounds and different experience concerning the Company's development and the management of its business. Diversity increases open discussion and strengthens the decision-making of the Board members.

When preparing a proposal to the AGM concerning the number of Board members and the persons to be appointed as members and Chair, the Shareholders' Nomination Committee must take into account the requirement for diversity. The Committee must evaluate the requirements set for the number of Board members and their competence by the Company's current situation, taking into account aspects such as the experience of the Board members, their knowledge of SATO's business, their education, and their age and gender distribution. A member of the Board of Directors must have the possibility to devote a sufficient amount of time to Board work. The number of Board members must be sufficient. Board members must have different skills to support the implementation of the Company's current strategic targets. A further key duty of the Board is to support and challenge SATO's management from various perspectives.

The requirements for diversity have been implemented in the composition of SATO's Board of Directors. The members of SATO's Board possess complementary and supportive experience and education relative to their colleagues. The members of SATO's Board hold degree in technology, business, economics or law. The Board members have experience in management functions and board memberships at major companies as well as companies operating internationally. Extensive experience in housing investment, financing and consumer business is represented on SATO's Board. Both

genders (16.67% women and 83.33% men) are represented on the Board of Directors, and the age of Board members ranges from 34 to 68. The members have served on the Board for an average of eight years.

Committees of the Board of Directors

At the inaugural meeting held after the AGM, the Board appoints the Personnel and Remuneration Committee. The committee is composed of 3–5 members selected by the Board from among its members, with one member serving as the chair.

The rules of procedure for the committees at any given time are adopted by the Board of Directors. The committees have no independent decision-making authority. Their duty is to prepare matters for decision by the Board of Directors and the AGM, and they report constantly on their actions to the Board of Directors. The rules of procedure are available on the SATO website at [Rules of Procedure](#).

In 2024, the HR and Remuneration Committee consisted of Chair Erik Selin, and members Johannus (Hans) Spikker (until 21.3.2024), Ming Eng (since 21.3.2024) and Tarja Pääkkönen. All Committee members are independent of the Company and Tarja Pääkkönen is also independent of the significant shareholders. During 2024 the Committee held two meetings. All members at the time attended both meetings except for Johannus (Hans) Spikker, who did not attend the meetings.

President and CEO

The President and CEO is responsible for the management and planning of the Group's business operations and for the attainment of its goals. They are responsible for preparing matters for the Board of Directors' attention and for executing the decisions of the Board. The President and CEO sees to the executive management of the Company in accordance with the instructions and orders given by the Board of Directors. The President and CEO serves as Chair of the Corporate Management Group. The Board of Directors appoints and dismisses the Company's President and CEO.

Since 18 December 2020, SATO’s President and CEO has been Antti Aarnio, M.Sc. (Tech.) (born 1972).

Corporate Management Group

The Corporate Management Group assists the President and CEO in the planning and management of operations and in decision-making. The Corporate Management Group deals with all key issues for the management of SATO Group, such as matters related to the strategy, budgeting, investments, business planning, and financial reporting.

The Corporate Management Group’s duties include the implementation of the decisions of the Board of Directors under the leadership of the President and CEO. The Corporate Management Group has no authority under law or the Articles of Association; it serves as a body to assist the President and CEO. The shareholdings of the members of the Corporate Management Group are presented as at 31 December 2024.

At 31 December 2024 the Corporate Management Group consisted of:

Antti Aarnio (m)
President and CEO, Chair of the Corporate Management Group
born 1972, M.Sc. (Tech.)
member of the Corporate Management Group since 2016

- no shareholdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Arto Aalto (m)
Executive Vice President, Investments
born 1966, B.Eng.
member of the Corporate Management Group since 2022

- no shareholdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Markku Honkasalo (m)
Chief Financial Officer
born 1964, LL.M., eMBA
member of the Corporate Management Group since 2016

- no shareholdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Laura Laamanen (f)
Chief Commercial Officer
born 1972, M.A.
member of the Corporate Management Group since 2023

- no shareholdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Elina Vaurasalo (f)
Executive Vice President, Housing Business
born 1974, M.Sc
member of the Corporate Management Group since 2022

- no shareholdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

In 2024, the Corporate Management Group convened weekly for a total of 45 meetings. Meetings were also attended by VP, General Counsel; VP, Human Resources; Director, Business Development; and Chief Digital Officer (CDO).

The focus areas of the Corporate Management Group in 2024 were rents and occupancy rate, maintenance costs, repair investments, resourcing, sustainability themes, improvement of customer experience and utilization of AI. In addition, there are management groups in the various areas of business and financing which focus on the monitoring, development and supervision of their respective areas of responsibility.

3. DESCRIPTIONS OF INTERNAL CONTROL PROCEDURES AND THE MAIN FEATURES OF THE RISK MANAGEMENT SYSTEM

Group financial reporting

The financial reporting of SATO is based on SATO’s management model. The financial result of the Group is reported and analysed internally on a monthly basis. Public financial reporting includes interim reports, the half-year financial report and the financial statement release which the Board of Directors approves for publication.

Overview of the risk management systems

SATO’s risk management is based on the risk assessment embedded in the strategic and annual planning process. This assessment also covers the risks of the financial reporting process. The risk assessment includes actions to mitigate the risks. Business risks include strategic and operative risks as well as financing and market risks. In 2024, particular attention was paid to monitoring and controlling risks related to financing.

The organisation and supervision of risk management is the responsibility of the Company’s Board of Directors and the President and CEO. Internal audit and internal control support the Board of Directors in performing its duty of supervision.

Internal control

Internal control aims to ensure the effective, profitable and reliable operations of the Group, and compliance with legislation and other rules and regulations. In its activities, SATO is moreover guided by its internal instructions, such as the Code of Ethics. SATO seeks to ensure that all SATO employees are familiar with the regulations and principles applicable to their work and comply with these. SATO organises regular training on internal instructions, and these are also an essential element in new employee onboarding.

The Group’s internal control systems serve, among other things, to verify that the financial reports disclosed by the Company provide in all material respects true and accurate information

about the Group’s financial position. Group-wide principles and policies which form the basis for internal control have been defined by the Group for its key areas of operations.

Each of SATO’s business units has its own controller function to ensure that financial reporting is in line with regulations and Group instructions. The organisation of internal control is the responsibility of the Board of Directors and the President and CEO who implements the Board’s decisions. Board members are provided with regular reports on the Group’s financial position and operating environment. The Board oversees the effectiveness of internal control and the accuracy of financial reporting.

Responsibility for the performance of internal control is held by the operational organisation of the entire Group in such a way that Group employees are responsible to their supervisor at all times for the supervision of their particular sphere of responsibility.

The content of the financial reporting process and compliance with regulations are the responsibility of the Group’s financial administration. The Group’s financial reporting process complies with the Group’s operational guidelines and process descriptions. Control measures to ensure reporting quality are in place. The controls on the reporting process have been determined on the basis of a control risk assessment matrix. The types of controls include system controls, reconciliations, and audits or actions carried out by management or another party. Responsible parties have been designated for controls and these are responsible for the implementation and effectiveness of the controls.

The monitoring and application of accounting standards has been consolidated in the hands of the Group’s financial administration, which maintains operating guidelines, process descriptions, calculation manuals and control mechanism descriptions concerning financial reporting, and is in charge of the associated in-house communications. The Group’s financial

administration also oversees compliance with these instructions and procedures.

The monitoring of the budgeting and reporting processes is based on the Group’s reporting principles, which are defined and centrally maintained by the Group’s financial administration. The principles are applied uniformly throughout the Group, and a standardised Group reporting system is in use.

The Group’s treasury policy, adopted by SATO’s Board of Directors, is observed in the management of financial risks.

SATO’s IT management, in cooperation with the business units, uses a cybersecurity governance model to monitor information security in the organisation. Information security at SATO is risk-based and it is overseen by a steering group. Information security audits are one of the ways used to monitor information system use.

4. OTHER INFORMATION TO BE PROVIDED IN THE CG STATEMENT

Internal audit

Internal audit enhances the Board of Directors’ performance of its duty of supervision. Internal audit acts in accordance with the annual plan adopted by the Board of Directors. Audit objects are selected in accordance with the Group’s strategic targets, estimated risks and focus areas.

In 2024, internal audit carried out three extensive audits. Internal audit independently and systematically assesses the effectiveness, efficiency and appropriateness of the Group’s management and governance systems as well as the business processes and risk management. In its reports, internal audit makes recommendations for the improvement of systems and processes.

The objective of internal audit is to provide reasonable assurance in the accuracy of financial and business reporting, the appropriate management of the Company’s assets and the lawfulness of the Company’s activities. In addition, internal audit aims to promote the development of risk management. Administratively, the person in charge of internal audit reports to the Chief Financial Officer, and reports internal audit findings to the President and CEO as well as the Board of Directors.

Related party transactions

The individuals specified in the SATO Corporation Related Party Instructions must report their related party transactions to the Company in writing. The report must be submitted for approval prior to undertaking the related party transaction.

In the case of major transactions, the Board of Directors will decide whether to approve the reported related party transaction. In the case of transactions that are a part of SATO’s regular business, or minor transactions valued at less than EUR 10,000, approval can be decided by the Chair of the Board, the President and CEO or the CFO.

The rules for conflicts of interest are observed in decision-making. However, no approval is required for ordinary contracts concerning the leasing of apartments. When considering decisions, account is taken of the closeness of the related party relationship and the size of the transaction. Other aspects considered are any deviations from market conditions, whether the transaction is a part of SATO Group’s daily business, whether there are financial grounds for the transaction and whether the transaction is acceptable from the viewpoint of SATO Group.

Insider administration

SATO’s rules concerning insider trading are based on the EU’s Market Abuse Regulation (596/2014, “MAR”) and the Finnish Securities Markets Act. The rules comply with the standards of the Finnish Financial Supervisory Authority and the guidelines of the Euronext Stock Exchange to the extent they apply to an issuer of listed bonds.

The insider guidelines include, among other things, guidelines concerning trading in SATO’s financial instruments. SATO has no permanent insiders and it does not maintain a list of permanent insiders. A project-specific list of insiders is established by decision of the President and CEO or, when the President and CEO is absent or prevented, of the CFO.

In particular, any information that concerns the ability of SATO and the SATO Group to fulfil their commitments in respect of issued bonds constitutes insider information. At SATO, persons discharging managerial responsibilities, within the meaning of MAR, comprise the members of the Board of Directors and the President and CEO. SATO maintains a list of them and persons closely associated as defined in MAR.

SATO managers are prohibited from trading in SATO’s financial instruments during the closed period starting 30 days prior to the publication of SATO’s financial statements or interim report and ending at the closing of the publication day. Also persons who participate in the preparation or publication of the financial statements or interim reports are prohibited from trading in SATO’s financial instruments during the closed period.

A separate register of persons acting in the informative core is maintained of these persons. Managers and their closely associated persons must notify SATO and the Finnish Financial Supervision Authority of all transactions conducted with SATO’s financial instruments within three working days of the transaction.

Audit

The AGM appoints for the Company a single auditor, which must be an audit firm approved by Auditor Oversight at the Finnish Patent and Registration Office. The auditor’s term of office is the financial period and the duties of the auditor expire at the closing of the AGM first following their appointment.

The auditor for the financial period of 1 Jan – 31 Dec 2024 was Deloitte Oy with Aleksi Martamo, APA as principal auditor. The audit examines the accounts, financial statements and governance of the Company and Group.

In 2024, the auditor Deloitte Oy was paid EUR 206,065 in auditing fees, EUR 51,500 in fees for other services related to auditing, and EUR 0.00 in fees for other consulting services (including all companies belonging to the same Group or chain).



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