

CORPORATE RESPONSIBILITY MANAGEMENT

An excellent customer experience – price to quality ratio, fluent services for customers

Approach	We offer our customers a secure lease and an excellent customer experience, and we are developing new housing concepts and services. Our task is to revolutionise housing – provide our customers with more than just walls.
Material aspects	<ul style="list-style-type: none"> • Products and services • Product and service labelling • Procurement practices • Indirect financial impacts
Customer promises	SATO's customer promises define the company's service objectives and aim at improving the customer experience.
Customer experience	Improving the customer experience generates added value for our customers, improves employee satisfaction with their work and promotes financial sustainability. The subjects of development include homes, services, new housing solutions and customer encounters.
Objectives	Our objective is to continuously improve the satisfaction of our customers. This is measured in terms of the Net Promoter Score (NPS). The improvement of customer satisfaction is the target of the entire personnel of SATO.

Operating principles

Service concepts	SATO gains a competitive edge from its versatile service concepts. With these service concepts, we can meet the needs of different customer groups and also facilitate customers' choice of apartment.
Cooperation with tenants	Cooperation with tenants aims at improving the comfort of living, developing communal living, managing the costs of living and adopting sustainable practices.
Smooth services	The aim is to serve our customers as well as possible, irrespective of time or place and in line with our customers' own preferences. SATO has three strategic development programmes with the aim of making our services smoother and more diverse.

Follow-up and monitoring systems, programmes, projects and initiatives

Monitoring of the customer experience	SATO measures the development of the customer experience in different phases of the customer relationship: when moving in, when living in the apartment, after a service contact, and when moving out. The obtained feedback is utilised in the development of our customer service and in the planning of future housing units.
Process development	Every year, SATO's Corporate Management Group sets a challenge for the teams responsible for process development. In recent years, challenges have been faced in many areas, including improvement of the customer experience, elimination of friction in the customer's business and digitalisation of operating models. The challenge for 2017 is to reduce the occupant turnover. We will focus on activities during occupancy.
Control in the construction phase	The implementation of SATO's new construction and renovation projects is governed by SATO's design and engineering instructions. The attainment of SATO's quality goals is examined during the construction phase. A customer satisfaction survey is conducted after the completion of construction work or renovation. Construction site audits will begin in 2017.
Control of maintenance and cleaning quality	SATO and its building managers assess the quality of building maintenance and cleaning by means of regular assessment rounds. Customer satisfaction with the level of maintenance and cleaning service is measured on a regular basis. Supplier audits have been conducted since 2016.

Responsibilities and resources	<ul style="list-style-type: none"> • Business functions • Business development • Support functions • Service providers and partners
Governance assessment	Company governance is assessed continuously as part of our operations. SATO responds to changes in the operating environment or within the company by adjusting its operating principles, follow-up systems, and resources.
Well-being at work – inspiring corporate culture and competence development	
Approach	Every SATO employee does an important job. The competence and commitment of the personnel are key factors in the development of customer service and experience.
Material aspects	<ul style="list-style-type: none"> • Employment • Labour/management relations • Occupational health and safety • Training and education • Indirect financial impacts
Employment and labour management relationships	We promote an open corporate culture and want to be an attractive employer. We also provide summer jobs for young people in order to familiarise them with the industry and our company. All of SATO's employees working in Finland are fully covered by collective labour agreements. In Finland, any reorganisations are governed by the Act on Co-operation within Undertakings. SATO observes the statutory periods of notice (1–6 months) outlined in the respective labour laws in all of its countries of operation.
Well-being at work	We ensure proper working conditions, safety and a good atmosphere. We foster collaboration, interaction, and information distribution between company management and the entire personnel, also between units.
Training and education	SATO supports training and learning on the job. We support supervisors' capability to lead the personnel by arranging annual training for supervisors.
Involvement of personnel in the development of operations	Innovation campaigns are arranged in order to enhance employee commitment to sustainable practices and discover new development ideas. Campaigns have been arranged on such topics as developing corporate responsibility, service culture and developing service culture.
Objectives	<ul style="list-style-type: none"> • Developing employees' satisfaction with work and well-being at work • Improving our employer image • Promoting collaboration, interaction, and information distribution between company management and the entire personnel • Developing customer service and customer experience
Operating principles	
HR management principles	HR management is based on the company values and responsible practises. HR management aims at ensuring SATO's ability to achieve its strategic goals. The company's operating principles outline the goals, targets and measures of HR management.
Equality Plan	The basis of equality, fairness and non-discrimination are outlined in SATO's Code of Conduct, the Basics of HR Management, and the Equality Plan.
Follow-up and monitoring systems, programmes, projects and initiatives	
Employee satisfaction	SATO measures its employees' satisfaction with their work on a regular basis. The survey measures personnel commitment, team performance, leadership, as well as dedication to one's own work, the organisation and its values. Unit-specific operating plans will be produced on the basis of the results.
Operations compliant with the corporate culture and values	SATO's corporate culture is based on trust, open interaction and initiative. The compliance of operations with the corporate culture and values is analysed in six-monthly performance appraisals and in atmosphere surveys.
Development of interaction	The interaction skills of all our employees have been analysed, and this analysis will be used as a personal development tool.
Improving occupational health	SATO's objective is to support healthy careers in various ways. We provide our employees with exercise and culture vouchers, working ability activities, activity clubs and comprehensive occupational healthcare services, and we apply an early care model to help reduce health problems at work.

Responsibilities and resources	<ul style="list-style-type: none"> • The CEO assisted by the Group's management team • HR • Supervisors • Labour protection committee and delegates • Tarmo, the working group for personnel-employer cooperation
Governance assessment	Company governance is assessed continuously as part of our operations. SATO responds to changes in the operating environment or within the company by adjusting its operating principles, follow-up systems, and resources.
Energy efficiency and the environment	
Approach	We work together with our stakeholders to minimise the environmental load of housing.
Material aspects	<ul style="list-style-type: none"> • Energy • Water • Emissions • Effluents and waste • Products and services • Land degradation, contamination and remediation
Energy consumption, emissions and water	The most influential factor in SATO's environmental responsibility is improved energy efficiency and reduced emissions.
Waste management	The amount of waste generated when living in our housing units depends on the tenants. SATO provides tenants with instructions and improves recycling possibilities to decrease the amount of waste. SATO enhances the functionality of the waste collection points in its properties, for example, with its design and engineering instructions for new construction and renovation projects.
Products and services	Statutory energy certificates have been prepared for all SATO properties. In addition SATO has developed an energy classification for its real estate properties. This classification accounts for both the energy efficiency and energy costs of the property. The rating is utilised in analyses and property energy management.
Land degradation, contamination and remediation	In conjunction with land acquisition and town planning, we assess possible impurities of the soil and plan corrective measures accordingly.
Objectives	<ul style="list-style-type: none"> • Reducing energy consumption • Reducing greenhouse gas emissions • New investments to be located by main routes of public transportation • Conducting a waste volume survey
Operating principles and commitments	
Environmental programme	SATO's environmental programme was updated in 2016 and covers the operations in Finland. SATO also expects its biggest partners to comply with corresponding environmental management principles with regard to SATO's properties.
Follow-up and monitoring systems, programmes, projects and initiatives	
Management of environmental work	The Group's corporate responsibility workgroup prepares the main framework and target levels for environmental work, as well as a proposal for an action programme to serve as a basis for decision-making by the Group's Corporate Management Group. The action programmes are monitored and updated yearly as part of the responsibility workgroup's duties.
Monitoring of energy consumption	SATO monitors and manages the energy and water consumption of its residential properties with the help of the EnerKey monitoring system. The effectiveness of our energy efficiency measures are monitored.
The state's energy efficiency action programme for real estate sector	SATO participates in the energy efficiency agreement for the real estate sector in Finland. The agreement covers the period from 2017 to 2025.
Climate partnership agreement with the City of Helsinki	Under the climate partner agreement with the City of Helsinki, SATO has committed itself to reducing heat consumption by 15% from the 2009 level by 2016 and to concentrating its new housing investments in the proximity of public transportation connections.
Responsibilities and resources	<ul style="list-style-type: none"> • Housing business function • SATO's responsibility workgroup • Partners and subcontractors

Governance assessment	Corporate governance is assessed continuously as part of company operations and the partnership management system. Energy surveys are regularly carried out in the properties. SATO responds to changes in the operating environment or within the company by adjusting its operating principles, follow-up systems, and resources.
Sustainable service chain	
Approach	Long-term partnerships benefit both parties.
Material aspects	<ul style="list-style-type: none"> • Procurement practices • Environmental assessments of suppliers • Employment • Anti-bribery and anti-corruption measures • Compliance • Indirect financial impacts
The most significant partnerships	The most significant partnerships are related to property maintenance. These operations are managed and developed according to jointly agreed objectives and indicators
Prevention of grey economy	The prevention of grey economy in the construction industry is a key element in our procurement. We require that all of our contractors must be registered with the Tilajavastuu.fi programme.
Energy efficiency and customer experience	The building management and property maintenance agreements have included targets for energy efficiency and customer satisfaction.
Objectives	<ul style="list-style-type: none"> • Ensuring the Group's overall interests • Excellent customer experience throughout the entire service chain • Responsible procurement • Co-operation that creates added value
Operating principles	
Procurement principles	Our procurement principles are outlined in our Code of Conduct, procurement policy and the guidelines for preventing grey economy.
Agreement practice	SATO makes all agreements and orders in writing.
Common training sessions	Partner days twice a year, in addition separate training sessions on various subjects.
Follow-up and monitoring systems, programmes, projects and initiatives	
Quality control	The objectives outlined in building management and property maintenance agreements are monitored in steering groups, meetings, and development discussions. The achievement of construction sites' objectives is monitored in site meetings and during SATO's inspection rounds. In addition, SATO monitors the success of projects in its internal project meetings. Supplier audits were started in 2016. A model for auditing construction sites was prepared in 2016, and the audits will begin in 2017.
tilajavastuu.fi, Luotettava kumppani-palvelu tilajavastuu.fi, Reliable Partner function	SATO requires that all of its suppliers must be well-known, reputable companies that observe responsible operating principles. The contractor details stipulated in the Act on the Contractor's Obligations and Liability are checked using the Luotettava kumppani ('Reliable Partner') function of Tilajavastuu.fi. This function is also used to verify whether service providers have received convictions or have been barred from conducting business.
Supplier assessments	SATO's procurement policy governs the procurement activities of the company. Supplier audits were started in 2016.
Responsibilities and resources	<ul style="list-style-type: none"> • Business and support functions • Procurement
Governance assessment	Corporate governance is assessed continuously as part of company operations and the partnership management system. SATO responds to changes in the operating environment or within the company by adjusting its operating principles, follow-up systems and resources
Transparent operating principles	
Approach	As a sustainable, well-managed, and profitable company, SATO has the ability to act sustainably and transparently for the good of the economy, the environment, society, as well as its key stakeholders.

Material aspects	<ul style="list-style-type: none"> • Procurement practices • Compliance • Employee-employer relations • Occupational health and safety • Anti-bribery and anti-corruption measures • Customer privacy
Sustainable practices and reputation management	Corporate responsibility is an important part of SATO's strategy. The vast significance of the home for individuals and society and the large amount of capital tied in our operations translate into a requirement of responsible, reliable operations. SATO monitors the development of its reputation by conducting annual reputation surveys.
Customer privacy	SATO's customer record contains people looking for a home and tenants living in SATO's homes. Customers' personal information is handled by specifically designated employees, carefully and with respect for the customers' privacy. The description of the personal data file required under the Personal Data Act is available at http://sato.fi/en/terms-of-use .
Objectives	<ul style="list-style-type: none"> • Transparent communications and reporting • Prevention of the grey economy • Reputation of a sustainable operator
Policies, guidelines, and commitments	
Guidelines and policies	SATO complies with the Finnish Corporate Governance Code and SATO's guidelines, principles and policies. The most important documents are our sustainability policy, environmental programme, Code of Conduct, personal data handling instructions, grey economy prevention guidelines, procurement, financing, risk management and communication policies, HR management principles, and equality plan.
Principles of accounting	SATO group follows international accounting standards (IFRS, IAS) approved for operation within the EU. The accounting of SATO companies is prepared in accordance with the Finnish Accounting Act.
Corporate Governance	Decision-making and administration are based on laws and underlying regulations, the Finnish Corporate Governance Code, the working orders of the Board of Directors and its committees, as well as SATO's own corporate values.
Risk management principles	SATO's risk management system is based on the annual identification of risks complying with a risk model.
Good Rental Practice	In our leases, we observe the Fair Rental Practice guidelines drawn up by Finnish Tenants, the Finnish Association of Landlords (SVA), the Finnish Real Estate Federation, and RAKLI ry.
Follow-up and monitoring systems, programmes, projects and initiatives	
Financial reporting and planning and finance controls	Financial reporting and business planning are based on the Group's management system. The controls on the financial reporting process are specified on the basis of a separate survey of reporting process risks.
Sustainability reporting and benchmarking	Sustainability reports are produced in compliance with the Global Reporting Initiative. SATO participates in the annual Global Real Estate Sustainability Benchmark assessing the work for corporate responsibility.
Auditing	An independent public authorised accountant audits SATO's financial statements and processes. The internal auditing unit inspects the functionality, efficiency and purposefulness of the Group's management and governance systems, business processes and risk management activities independently and systematically. To reduce the risk of misuse, SATO has prepared guidelines with the aim of focusing attention on any risky situations. Any suspicions of misuse can be reported anonymously through SATO's website. The purpose of the Audit Committee of the Board of Directors is to improve the efficiency of the Board of Directors by preparing issues to be decided on at board meetings concerning the internal audit system, accounting and asset management audits, internal auditing and the compliance programme.
Risk management	Every year in connection with strategy and business planning, we study risks that may hinder the achievement of key targets. Owners are designated in charge of risk management measures, and these persons are responsible for the follow-up of the respective measures.

Responsibilities and resources	<ul style="list-style-type: none"> • SATO's management system is described in the section "Report on the governance and control system." • The Board of Directors assisted by the Audit Committee • The CEO assisted by the Group's management team • Financial administration • Business development • Legal function • Internal audit
Governance assessment	Company governance is assessed continuously as part of our operations. SATO responds to changes in the operating environment or within the company by adjusting its operating principles, follow-up systems, and resources. At the Group level, changes in situation and the sufficiency of management are assessed quarterly, and constantly by the person in charge of the area of risk.
Interest group dialogue and increasing the customers' involvement in the development of operations	
Approach	As a sustainable, well-managed, and profitable company, SATO has the ability to act sustainably and transparently for the good of the economy, the environment, society, as well as its key stakeholders.
Material aspects	<ul style="list-style-type: none"> • Energy • Water • Waste • Purchasing practices • Compliance
Regional presence for local improvement in housing	SATO has regional offices in Helsinki, Tampere and Turku, Finland, and St. Petersburg, Russia. SATO's operations are focused around these regions. Regional presence enables better market knowledge and interaction with local stakeholders.
Housing development	SATO has an impact on the production of rental homes and the improvement of the prerequisites of ownership by offering its expertise to social decision-makers, legislators and organisations and by participating in the activities of cooperation working groups.
Increasing the residents' involvement in the development of operating methods	The residents' and SATO's joint resident forum allows sustainable methods of operation to be developed together with residents. In 2016, the residents also participated in the site-specific contest for reducing water consumption.
Development of cooperation	SATO's aim is to develop cooperation with all stakeholders in a way that benefits all parties.
Compliance	We require compliance with legislation and regulations throughout SATO's organisation and the entire supply chain.
Objectives	<ul style="list-style-type: none"> • Developing housing together with stakeholder groups • Sustainable methods of operation in the entire chain of operations
Operating principles	
Interaction with stakeholders	SATO arranges local customer events and co-operates with local authorities in matters related to land acquisition and town planning. SATO has representatives in local real estate and business promotion organisations. SATO also meets other stakeholders regularly in different forums.
Follow-up and monitoring systems, programmes, projects and initiatives	
Responsibilities and resources	<ul style="list-style-type: none"> • The CEO assisted by the Group's management team • Business functions
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Sustainable economy – growth and profitability	
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Material aspects	<ul style="list-style-type: none"> • Economic performance • Procurement practices • Compliance
Objectives	<ul style="list-style-type: none"> • Strengthening investment grade rating • Return on equity at least 12 %

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