



SUOMEN  
OSUUSKAUPPOJEN  
KESKUSKUNTA  

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SOK CORPORATION

2001  
ANNUAL REPORT

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*Santeri Salokivi's work "Högsåra" (1932)  
in the 8th floor lobby of the Ässäkeskus.*

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## SOK CORPORATION IN BRIEF

	<b>2001</b>	2000
Net turnover, EUR million	<b>2 915</b>	2 754
Operating profit, EUR million	<b>35</b>	57
Profit before extraordinary items, EUR million	<b>39</b>	54
Investments, EUR million	<b>31</b>	61
Total assets, EUR million	<b>1 337</b>	1 327
Return on investment %	<b>6.4</b>	9.2
Equity ratio %	<b>33.2</b>	30.9
Personnel 31.12.	<b>4 537</b>	5 062

## CEO'S REVIEW



In 2001 economic growth slowed down rapidly in different parts of the world. The historically prolonged period of growth in the United States began to slip markedly right from the early months of the year. The terrorist attacks in September made the situation even more dismal. Consumers, companies and stock exchange prices reacted sharply to the events. Demand weakened substantially, especially in the transport, tourism and hotel trade.

According to advance information, Finland's aggregate output stagnated, with growth at a nominal 0.7 per cent, whereas a year earlier the economy still reached growth of 5.6 per cent. The fact that growth was recorded at all was due to companies that depend on the domestic market, because the trend in exports was weak owing to the situation of the world economy.

The trend in retail sales again varied from sector to sector. The average growth of 4–5 per cent – stripping out the weak sales trend for new vehicles – can be considered quite good. Households' disposable income grew by somewhat more than 4 per cent. Consumers' confidence in the prospects for their own finances remained fairly good throughout the year, but the country's economic outlook was felt to be considerably gloomier, especially in the second half of the year. It wasn't until towards the end of the year that consumers began to view Finland's economic outlook in a somewhat more optimistic light.

The S Group posted retail sales in 2001 of EUR 6,554 million (FIM 38,968 million). This was an increase of 7.7 per cent on the previous year, exceeding the retail sales growth rate for the country as a whole by about 3 percentage points. The S Group's grocery sales were again buoyant, up 12.2 per cent. Last year was the eleventh year in succession in which we gained market share. It is estimated that the S Group's market share in the grocery trade has already risen above 30 per cent. SOK Corporation posted net turnover of EUR 2,915 million (FIM 17,332 million), an increase of 5.8 per cent. The S Group's aggregate profit before extraordinary items and taxes was EUR 242 million (FIM 1,438 million). The result was EUR 40 million (FIM 234 million) better than a year ago and the best result ever. The cooperative societies' aggregate profit before extraordinary items and taxes improved by EUR 55

million (FIM 327 million) on the previous year, rising to EUR 203 million (FIM 1,208 million). SOK Corporation posted profit before extraordinary items and taxes of EUR 39 million (FIM 230 million). The S Group's gross capital expenditures on fixed assets in 2001 amounted to EUR 236 million (FIM 1,405 million), compared with EUR 226 million (FIM 1,343 million) a year earlier. SOK Corporation's investments totalled EUR 31 million (FIM 184 million). The main capital spending items were large market sites and information systems for retail core and support processes.

In recent years the S Group has developed energetically its services for customer-owners. Over the past ten years the number of customer-owners has quadrupled. In 2001 the number of the regional cooperative societies' customer-owner households increased by 133,227. The number of customer-owners was fast approaching one million, and it totalled 970,250 in all. Total bonuses paid to the customer-owners amounted to EUR 100 million (FIM 593 million), an increase of 21 per cent on the previous year.

In 2001 an important aspect of operations was careful preparation for the introduction of euro banknotes and coins across the S Group. The transition to euro cash went according to plan. Price increases due to the introduction of the euro were not made at S Group locations.

In the current year the retail operating environment is again a notch more challenging. Despite the more downbeat near-term outlook for the international economy, the world economy has relatively good growth potential over the medium term. In the latter part of the year the Finnish economy will be well poised to get back on the fast growth track as exports swing upward. Retail sales will also grow in the current year, though more slowly than we have got used to in recent years. The retail competitive environment will tighten up further as new international players move into Finland. The favourable trend in the retail trade will also be supported by the collective bargaining agreement that will extend up to the end of January 2003 and will keep costs and consumer prices in check.

The imminent sweeping changes in the retail sector will be demanding and challenging for the entire S Group. Competence stands out as a central success factor in our strategy. We must strengthen further the expertise we now have, particularly in respect of customer-ownership, purchasing, logistics and chain operations. I wish to express my best thanks to our customer-owners and other partners for the trust you have shown in the S Group. A strong vote of thanks goes to all of you who have participated in the administration of the S Group for your good and constructive co-operation. I am grateful to the entire staff of the S Group for your excellent, result-getting work on behalf of the S Group and our customer-owners.

Helsinki, 13 March 2002

Jere Lahti

# EXECUTIVE BOARD REPORT ON OPERATIONS

## Operating environment in 2001

Economic growth in Finland was restrained mainly by weakening exports in the wake of a pronounced slowdown in the world economy. Uncertainty brought about by the terrorist attacks on 11 September disrupted the world economy's budding recovery significantly during the latter half of the year. According to the monthly GDP indicator issued by Statistics Finland, the growth rate of total output averaged 1.1 per cent from January to October. The situation in the industrial sector is still uncertain in general and two-tiered within the industry: production in the electronics and electrical industries has already swung to growth, but other industries are still facing a downward trend in production. Total production for the year as a whole is expected to increase by approximately 1 per cent.

The growth rate in consumer spending has headed upward again after the slide in late 2000 and early 2001. Consumer demand has remained brisk, except for new cars. Demand for consumer durables continued to decrease in the first half of the year but seemed to pick up towards the end of the year. Demand for consumer durables in January-September declined by over one tenth due to subdued car sales. The number of registered passenger cars decreased by 18 per cent during 2001. Nevertheless, semi-durables showed growth of 4 per cent, and the consumption of consumer non-durables (groceries, fuel and energy) rose by 4.2 per cent. Demand for services showed an increase of 3 per cent.

In 2001, consumer prices rose by an average of 2.6 per cent. Oil prices declined faster than expected. Lower interest rates have also kept inflation in check, whereas prices of food and perishables in particular went up faster than anticipated. Of the commodity categories, the biggest hike in inflation came from higher food prices (+ 4.3 per cent) and education expenditure (+ 4.1 per cent). The average increase in Finnish consumer prices corresponded to that in the eurozone.

Retail sales have remained fairly buoyant, except for car sales, which were still weak due to the lower car-tax and price expectations. Consumer confidence in Finland faltered last year but showed signs of improvement in the latter half of the year. Consumers expected their personal finances and savings opportunities to be at good levels. According to Statistics Finland, grocery sales grew by 4.7 per cent by the end of November and the volume of department store sales likewise by 4.7 per cent in the same period. Annual growth in retail sales (excl. car sales) is likely to reach approximately 4.5 per cent.

The value of hotel and restaurant sales for January-October rose by 4 per cent over the previous year, while the volume of sales grew by just 1 per cent as prices went up by slightly over 3 per cent. The value of restaurant dining sales for January-October increased by slightly over 3 per cent, of which the increase in volume accounted for approximately 1

per cent. The volume of licensed sales fell by roughly 1-2 per cent. Accordingly, the growth in restaurant sales has been propped up by the increase in food and non-alcoholic drink sales. According to Statistics Finland, the year-on-year hotel occupancy ratio improved by 1 per cent during January-November. In recent years, the hotel occupancy ratio has been hovering at 50 per cent.

## Changes in the Corporation's structure

### Changes during the financial year

At the beginning of the financial year, Etelä-Suomen Huoltamot Oy's business was sold to Hämeenmaan Huoltamot Oy, a subsidiary of the Cooperative Society Hämeenmaa.

In line with the revamping of the Sokos operations, the Sokos businesses in Helsinki and Tapiola as well as those in Tampere, Turku and Pori were sold on 1 January 2001 to companies jointly established by SOK and the regional cooperative societies in these localities. SOK has a 90 per cent holding in these companies. Oy Sokos Ab continued to operate in Kouvola up to the end of February and in Oulu up to the end of March, i.e. until these units were closed down. The remaining Sokos businesses were transferred to the regional cooperative societies concerned through a sale of the business operations on 1 January 2001. The Sokos chain management function was transferred to SOK on 1 January 2001.

HOT Hometechnics Ltd, in which SOK already held 50 per cent of the shares, became a wholly-owned subsidiary of SOK as a result of the share purchase at the end of April.

At the end of May, SOK sold the entire share capital of the Koy Joensuu Vaakunahotelli hotel to the North Karelia Cooperative Society. In late August, four wholly-owned subsidiaries were merged into SOK as planned. As a consequence of these mergers, Hansafood AS, which is engaged in the supermarket business in Tallinn, became an SOK subsidiary and Hansacoop Oü, which is in charge of chain-management and administration services, became an associated company of SOK. In addition, Foodcourt AS, a restaurant operator, was merged into Hansafood AS in December to streamline the corporate structure of these companies.

Netista Oy, an e-business company, became a wholly-owned subsidiary of SOK in late November after SOK bought the shares previously held by Sonera Plaza Ltd.

In the first half of the year, SOK bought shares in two property companies to meet the S Group's business site requirements and established a subsidiary engaged in the property business in Hämeenlinna in late December.

### Changes after the close of the financial year

On the basis of a decision taken in December 2001, SOK's car sales subsidiaries in Finland are to be merged into one company by 30 June 2002.

At the beginning of 2002, SOK's three real-estate sub-

subsidiaries sold their business premises in the Cooperative Society Hämeenmaa sales territory to the Cooperative Society Hämeenmaa.

On the basis of a previous decision, six SOK wholly-owned subsidiaries not engaged in business operations will be dissolved during the first half of 2002.

In February, SOK signed an agreement whereby Kuusinen Oy's fixed assets and inventories will be sold and the lease transferred to TFG Retail Oy, which was founded by Texmoda Fashion Group.

## Net turnover

SOK Corporation reported net turnover of EUR 2,915 million (FIM 17,332 million), up 5.8 per cent on the previous year. The growth in net turnover was due in particular to the favourable sales trend of Hankkija Agriculture Ltd, Intrade Partners Oy (consumer goods sourcing) and the Sokos stores, and EDI-based direct invoicing of chain units by manufacturers. SOK's net turnover does not include the EDI-based invoicing that was sent to SOK by the associated company Inex Partners Oy. Sales also showed an upward trend in the car dealership companies in Estonia and Latvia.

The combined net turnover of the agriculture and hardware business increased by 10.1 per cent. Hankkija Agriculture Ltd's sales grew by 11.7 per cent, while the total agribusiness market in Finland expanded by approximately 10 per cent. The company thus outperformed the industry average. Sales of plant nutrients, seeds and machinery remained at the previous year's level, whereas those of heavy machinery, feed, grain, oil and gardening products showed an upward trend. Hardware sales were slightly higher than in the previous year.

Net turnover of the hotel and restaurant business lagged behind the industry average, largely due to the fall in the number of foreign guests, which was largely attributable to the terrorist attacks in the USA last year. Net turnover was also weakened by the lower-than-average restaurant sales in the Greater Helsinki area. The company maintained its profitability at a healthy level, although it failed to reach the previous year's profit level. The weaker result was partially attributable to a number of renovation projects carried out at several hotel units, the largest including the complete renovation of the Radisson SAS in Espoo. The hotel yield per room was markedly higher than the industry average in Finland and its trend was in line with the industry average. The number of hotel units remained unchanged during the financial year.

The Corporation's net turnover from vehicle sales was down 4.0 per cent. Because of the unfavourable trend in overall car sales in Finland, domestic car sales were markedly lower year on year, which was partly offset by the well-performing units in Estonia and Latvia. The market share of Peugeot passenger cars imported by Oy Maan Auto Ab increased from 5.6 per cent to 6.3 per cent, whereas that of Peugeot vans dropped

from 6.2 per cent to 5.6 per cent. With brisk net turnover growth, the Estonian and Latvian car dealership units reported combined net turnover of EUR 45 million (FIM 269 million), up 46 per cent on the previous year. The Estonian and Latvian units increased their market share for Peugeot cars by 15.5 per cent and 8.1 per cent, respectively.

SOK Corporation ran Sokos business operations through the companies that were established for this purpose in Helsinki, Tapiola, Turku, Tampere and Pori. The Sokos businesses in other localities have been transferred to the respective regional cooperative societies, which is reflected in the lower net turnover of the Sokos business compared with the previous year. Net turnover reported by the above SOK Corporation companies came in above budget, showing year-on-year growth of 7.6 per cent.

Net turnover deriving from consumer goods sourcing rose by 6.2 per cent, spurred by the expansion of the Prisma hypermarket chain and the chain's successful sales of consumer goods.

## Financial performance

SOK Corporation's profit before extraordinary items totalled EUR 39 million (FIM 230 million), compared with EUR 54 million (FIM 323 million) last year. The figure includes other operating income, a share of the associated companies' profit, value adjustments of fixed and other non-current assets, and long-term investments, including reversals and the change in obligatory reserves. The return on investment was 6.4 per cent (9.2 per cent in 2000).

The main factors behind the reduced earnings were the decrease in other operating income (capital gains) by about EUR 17 million (FIM 100 million), the winding down of HOT Hometechnics Ltd, the scaling down of the e-commerce company Netista Oy in line with market needs and provisions for the expenses of closing down Kuusinen Oy. The combined effect of these companies in reducing reported profits amounted to about EUR 15 million (FIM 90 million).

The amount of obligatory reserves entered due to the restructuring of the above-mentioned companies was also increased by the obligatory reserves allocated to certain property companies.

Value adjustments of fixed and other non-current assets were booked primarily for machinery and equipment and other long-term assets.

The difference between interest plus other financial expenses and interest plus other financial income moved into the black, improving by EUR 6 million (FIM 37 million) on the previous year. This favourable trend was due to the decrease in net debt, management of the interest rate level, and a reversal of the write-down on the subordinated capital loans granted to the Cooperative Society Hämeenmaa. In the financial income and expenses section of the income state-

ment, no write-downs were made on long-term investments, whereas a year ago they amounted to EUR 0.6 million (FIM 3.7 million).

Extraordinary items include obligatory provisions for future obligations, mostly in respect of certain leased premises and holdings in property shares as well as for any future business restructuring.

SOK Corporation's operating profit came in somewhat below budget and was lower than in the previous year. This was due mainly to the effect of the businesses to be closed down and restructured as well as to the weaker-than-expected performance of the hotel and restaurant business in the autumn.

The agriculture and hardware business's operating profit was on budget and improved from the previous year. The hotel and restaurant business reported weaker-than-planned operating profit, which was lower than the year before. The car business generated operating profit that was below budget but at the previous year's level. The Sokos business operations reported above-budget operating profit, improving on the figure a year earlier. This improvement was due in part to the fact that some of the businesses were sold to cooperative societies at the beginning of the year, but also to the overall same-store year-on-year increase in operating profit generated by Sokos. The property business reported above-budget operating profit, improving on the previous year's result.

## SOK's operations

SOK is SOK Corporation's parent company. As the central organisation of the S Group, SOK's duties, according to its statutes, involve promoting and developing the operations of the cooperative societies and other units comprising the S Group, managing and monitoring the efficient use of the overall resources within the Group, supervising the operations of the S Group and its units and protecting their interests.

SOK's business encompasses chain management for the S Group companies, customer-owner and marketing services as well as other division-specific and Group services. Major services of importance for the S Group's other business operations include sourcing and rental services as well as assortment and invoicing services related to merchandise supplied by manufacturers directly to the chain units. Through its nationwide subsidiaries, SOK provides a diversified palette of services for its customer-owners.

In connection with the Sokos business restructuring in early 2001, the Sokos chain management function became a unit within SOK.

At the beginning of the year, SOK was engaged in the home appliance business with its German partner through HOT Hometechnics Ltd, which was owned on a fifty-fifty basis by SOK and its German partner. When the partner ended up in

financial difficulties, it sold its entire holding in the company to SOK. Due to the overall market situation in the home appliance business and HOT Hometechnics Ltd's minor business opportunities, SOK wound the company down.

The business of Netista Oy, co-owned with Sonera Plaza Ltd on a fifty-fifty basis, did not take off as expected. Sonera Plaza Ltd sold its holding in the company to SOK. At the same time, SOK decided to adjust the company's business in line with the market situation.

SOK's net turnover totalled EUR 1,494 million (FIM 8,880 million), an increase of 22.1 per cent on 2000. The improvement in net turnover was due in large part to the transfer of Intrade Partners Oy's invoicing for cooperative societies to SOK's EDI-based invoicing system at the beginning of June. The loss before extraordinary items amounted to EUR 9 million (FIM 52 million), as against profit before extraordinary items of EUR 10 million (FIM 59 million) a year earlier.

The decline in the result was due primarily to the decrease in other operating income (disposals of fixed assets) and the value adjustments of shares and subordinated loan receivables related to the business arrangements referred to above.

Rental expenses included in other operating expenses relate mainly to premises sublet to SOK Corporation or leased on to other S Group companies.

## Capital expenditures and disposals of fixed assets

SOK Corporation's capital expenditure, or investments in fixed and non-current assets, totalled EUR 31 million (FIM 184 million) and went for investments which the divisions made in retail and service facilities as well as information-system projects for different functions, the largest of which was Intrade Partners Oy's SAP R/3 system.

Disposals of fixed and non-current assets and businesses amounted to EUR 15 million (FIM 89 million). The largest disposals included the sale of Etelä-Suomen Huoltamot Oy's business to the Cooperative Society Hämeenmaa, the sales of Oy Sokos Ab's different units to the regional cooperative societies, and the sale of the Koy Joensuu Vaakunahotelli hotel property to the North Karelia Cooperative Society. One service station property was sold to the cooperative society that operates the facility. In addition, the S Group divested fairly small and operationally insignificant land areas, buildings, machinery, and equipment as well as shareholdings.

## Financing

During the year, short-term interest rates fell considerably in the eurozone. Long-term rates held steady for most of the year and were at lower levels than a year ago. The strong decline in long-term rates that started in September bottomed out at year-end, though rates were still below the level at the previous turn of the year.

SOK Corporation's net financial expenses, excluding write-downs on non-current investments, totalled EUR 3 million (EUR 17 million), showing a year-on-year decrease of EUR 2 million (FIM 14 million).

SOK Corporation's positive cash flow before financial items based on the cash flow statement amounted to EUR 56 million (FIM 335 million).

The Corporation's net debt declined further during the financial year and the gearing ratio improved, dropping from 36 to 21 per cent. Year-end interest-bearing net liabilities were EUR 89 million (FIM 527 million), a decrease of EUR 56 million (FIM 337 million) on the previous year.

Liquid assets were EUR 324 million (FIM 1,926 million) at the end of the year. In addition, the corporation had EUR 215 million (FIM 1,277 million) of undrawn long-term credit facilities.

## Personnel

The average number of SOK Corporation employees, converted to full-time staff, totalled 4,203 during the financial year. The year-end number of employees was 4,537, with SOK's personnel accounting for 494 (10.9 per cent) and those of subsidiaries for 4,043 (89.1 per cent). The payroll diminished by 525 (11.6 per cent) from the previous year's figure.

SOK Corporation's payroll reduction was due to the transfer of the Sokos businesses to regional cooperative societies (Lahti, Hämeenlinna, Jyväskylä, Kuopio, Joensuu, Salo, Rauma and Kajaani), and the transfer of the Etelä-Suomen Huoltamo Oy service station business to the Cooperative Society Hämeenmaa.

On the other hand, the number of employees increased when HOT Hometechnics Ltd became a subsidiary of SOK.

## Preparations for the changeover to euro cash

The year 2001 was characterised by careful preparations for adopting euro banknotes and coins within SOK and the S Group as a whole. In customer information, prices were as a rule denominated in Finnish markkaa up to the end of 2001. The hotel and restaurant business as well as the petrol and service station business phased in the euro as a home currency during autumn 2001. The aim of a stepwise transition to the system was to ensure smooth and uninterrupted customer service. In customer information, euro prices have appeared alongside FIM prices at nearly all outlets since spring 1999. In order to pave the way for easy euro adoption among consumers, the S Group will continue to state prices in FIM at its outlets even after the changeover period. The S Group's outlets have not made any price revisions due to the introduction of the euro.

The S Group changed over to the euro as planned. A lot of effort was put into the implementation of the euro changeover and related employee training. All this was re-

flected in well-organised customer service from the very first days of the euro's debut.

## SOK's management and auditors

Jere Lahti was chairman of SOK's Executive Board. The other Executive Board members in 2001 were Jukka Salminen, director of SOK's Administrative Division, Managing Director Arto Hiltunen, Managing Director Leo Laukkanen, Managing Director Kalle Lähdesmäki, Reijo Lähteenmäki, director of SOK's Field Division, Managing Director Jorma Niiniaho and Managing Director Jouko Vehmas.

The corporation's auditors in 2001 were the authorised public accountants Jorma Jäske, Tapani Rotola-Pukkila and Juhani Heiskanen.

SOK's Supervisory Board has appointed the following members of the Executive Board for a one-year term starting on 1 January 2002: CEO Jere Lahti as chairman (until 31 July 2002), CEO Kari Neilimo as chairman (from 1 August 2002), Jukka Salminen, director of SOK's Administrative Division, Managing Director Leo Laukkanen, Managing Director Kalle Lähdesmäki, Reijo Lähteenmäki, director of SOK's Field Division, Managing Director Kuisma Niemelä, Managing Director Eero Saukkonen and Managing Director Jouko Vehmas.

## Outlook for the current financial year

The economic outlook for 2002 is uncertain, and economic development will depend on whether the US economy recovers as expected. However, consumers' confidence – especially in their personal finances – improved at the end of last year, and consumer spending is expected to increase slightly from the previous year. Consumer prices are set to rise by about 1.4 per cent this year, which is markedly less than in the year before. Retail sales are expected to grow by 3.0 per cent, or about one percentage point below last year's rate.

SOK Corporation expects to report somewhat weaker operating profit than in the previous year. The Sokos businesses are set to post positive earnings. The recovery in car sales in Finland will depend largely on the timing of the decisions on car taxation. Prospects for car sales in Estonia and Latvia are still bright. The hotel and restaurant business is expected to show slightly lower earnings year on year due to the decreasing number of foreign tourists as a result of the terrorist attacks last autumn. The agribusiness is expected to report results on a par with previous years. Due to the investment projects to be launched and now under way, the property business is expected to show weaker results than in 2000.



# CONSOLIDATED INCOME STATEMENT

EUR million	Ref.	1.1. – 31.12.2001		1.1. – 31.12.2000	
<b>Net turnover</b>	(1)		<b>2 915.0</b>		2 754.1
Other operating income	(2)		<b>2.3</b>		18.9
Materials and services					
Raw materials and consumables	(3)	<b>2 450.4</b>		2 297.4	
External services		<b>82.4</b>	<b>2 532.8</b>	67.7	2 365.2
Staff costs					
Wages and salaries		<b>113.3</b>		118.9	
Social security costs	(4)	<b>28.5</b>	<b>141.8</b>	31.7	150.6
Depreciation and value adjustments	(5)		<b>35.1</b>		31.8
Other operating expenses					
Rents		<b>62.5</b>		53.1	
Other expenses	(6)	<b>107.0</b>	<b>169.5</b>	114.1	167.2
Share of associated companies' profits (+/-)			<b>-3.1</b>		-1.1
<b>Operating profit</b>	(1)		<b>35.1</b>		57.1
Share of associated companies' profits (+/-)			<b>-0.2</b>		-0.2
Financial income and expenses (+/-)	(8)		<b>3.7</b>		-2.6
<b>Profit before extraordinary items</b>			<b>38.6</b>		54.3
Extraordinary items (+/-)	(9)		<b>-6.0</b>		-2.4
<b>Profit before taxes</b>			<b>32.6</b>		51.9
Income taxes (+/-)	(11)		<b>-1.0</b>		-13.2
Minority interest (+/-)			<b>-0.1</b>		-0.1
<b>Profit for the financial year</b>			<b>31.5</b>		38.6

# CONSOLIDATED BALANCE SHEET

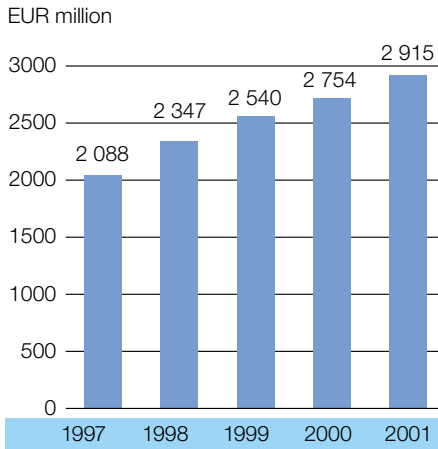
<b>ASSETS</b> EUR million	Ref.	<b>31.12.2001</b>		31.12.2000	
<b>NON-CURRENT ASSETS</b>					
Intangible assets	(12)	<b>48.0</b>		46.6	
Group goodwill	(12)	<b>1.3</b>		2.1	
Tangible assets	(12)	<b>361.7</b>		380.2	
Shares in associated companies	(13)	<b>71.9</b>		69.6	
Other financial assets	(13)	<b>47.3</b>	<b>530.1</b>	43.9	542.5
<b>CURRENT ASSETS</b>					
Stocks	(15)	<b>128.7</b>		139.6	
Long-term debtors	(16)	<b>13.3</b>		17.3	
Deferred tax assets	(17)	<b>13.5</b>		10.7	
Short-term debtors	(18)	<b>327.3</b>		279.9	
Investments	(19)	<b>300.1</b>		316.3	
Cash in hand and at banks		<b>23.9</b>	<b>806.7</b>	20.7	784.6
			<b>1 336.8</b>		1 327.0

<b>LIABILITIES</b> EUR million		<b>31.12.2001</b>		31.12.2000	
<b>CAPITAL AND RESERVES</b> (20)					
Cooperative capital		<b>58.7</b>		53.9	
Supplementary cooperative capital		<b>9.3</b>		9.3	
Revaluation reserve		<b>104.5</b>		104.5	
Legal reserve		<b>11.8</b>		11.8	
Supervisory Board's disposal fund		<b>0.3</b>		0.1	
Profit brought forward		<b>198.4</b>		164.7	
Profit for the financial year		<b>31.5</b>	<b>414.3</b>	38.6	382.9
<b>MINORITY INTEREST</b>					
			<b>16.4</b>		16.5
<b>PROVISIONS</b> (22)					
			<b>21.1</b>		20.4
<b>CREDITORS</b>					
Capital loan	(23)	<b>20.2</b>		20.2	
Long-term creditors	(24)	<b>53.7</b>		90.8	
Deferred tax liability	(25)	<b>9.9</b>		9.4	
Short-term creditors	(26)	<b>801.2</b>	<b>885.0</b>	786.8	907.2
			<b>1 336.8</b>		1 327.0

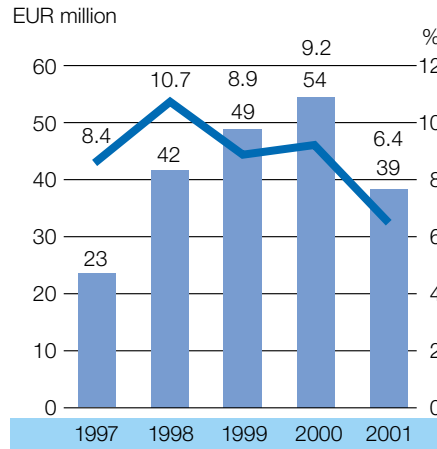
# CONSOLIDATED CASH FLOW STATEMENT

EUR million	Ref.	1.1. – 31.12.2001	1.1. – 31.12.2000
<b>BUSINESS OPERATIONS</b>			
Operating profit		35.1	57.1
Adjustments to operating profit	(1)	32.2	6.7
Change in working capital	(2)	27.7	8.0
<b>Cash flow from business operations before financing and taxes</b>		<b>95.0</b>	<b>71.8</b>
Interest paid and other financial expenses		-26.2	-25.0
Interest received and other financial income		15.7	22.3
Dividends received from business operations		0.5	0.5
Direct taxes paid		-5.1	-10.2
<b>Cash flow before extraordinary items</b>		<b>80.0</b>	<b>59.4</b>
Cash flow from the extraordinary items of business operations		0.0	
<b>Cash flow from business operations</b>		<b>80.0</b>	<b>59.4</b>
<b>INVESTMENTS</b>			
Subsidiary shares purchased		-0.2	-5.0
Acquisition of other fixed assets		-30.7	-55.7
Subsidiary shares sold		6.0	9.8
Sale of other fixed assets		8.9	22.1
Change in other long-term investments		-0.9	-3.4
Adjustment of items booked on an accrual basis		-0.1	-0.1
Liquid assets of subsidiaries sold and acquired		-7.5	0.0
Dividends received from investments		0.8	0.4
<b>Cash flow from investments</b>		<b>-23.7</b>	<b>-31.7</b>
<b>FINANCING</b>			
Increase in long-term creditors		0.7	19.7
Decrease in long-term creditors		-48.8	-73.7
Increase (+)/decrease (-) in short-term creditors		-21.5	72.5
Increase (-)/decrease (+) in short-term debtors		0.3	0.2
Change in short-term investments		0.3	-0.3
Minority interest in group companies		0.0	0.8
Increase in cooperative capital and supplementary cooperative capital		4.8	6.0
Interest paid on the cooperative capital and supplementary cooperative capital		-4.9	-3.8
Decrease in capital and reserves		0.0	0.0
<b>Cash flow from financing</b>		<b>-69.0</b>	<b>21.4</b>
<b>Increase (+)/decrease (-) in liquid funds</b>		<b>-12.8</b>	<b>49.2</b>
<b>Liquid funds at the beginning of the year</b>		<b>336.7</b>	<b>287.5</b>
<b>Liquid funds at the end of the year</b>		<b>324.0</b>	<b>336.7</b>
Adjustments to operating profit	(1)		
Gains (-) and losses (+) from the sale of fixed assets		-2.2	-18.5
Depreciation and value adjustments		35.1	31.8
Income and expenses which do not involve payment		-0.8	-6.6
		32.2	6.7
Change in working capital	(2)		
Change in trade debtors		-38.5	-18.6
Change in stocks		18.0	1.6
Change in short-term interest-free creditors		48.2	25.1
		27.7	8.0

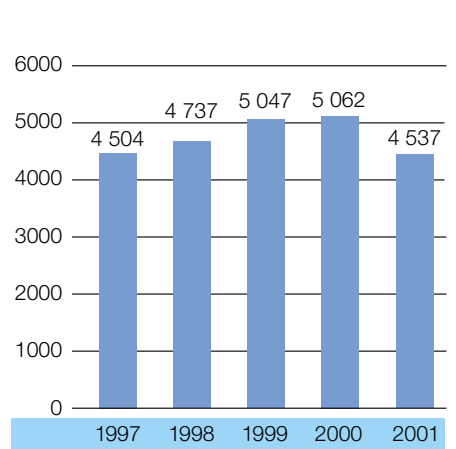
**SOK CORPORATION NET TURNOVER  
1997-2001**



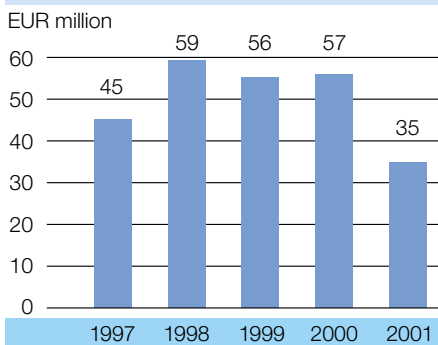
**PROFIT BEFORE EXTRAORDINARY ITEMS  
RETURN ON INVESTMENT %**



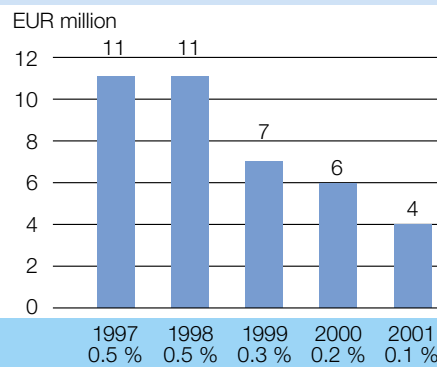
**PERSONNEL AT 31.12.  
1997-2001**



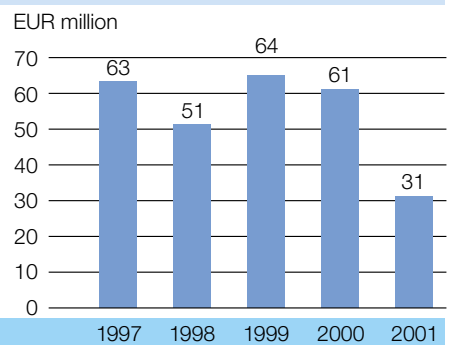
**OPERATING PROFIT  
1997-2001**



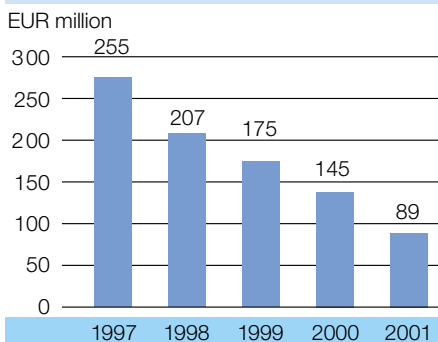
**NET INTEREST PAYABLE 1997-2001  
(% of net turnover)**



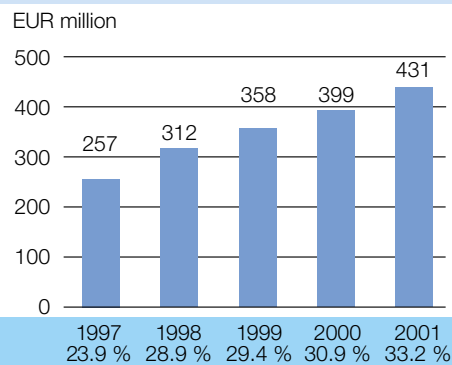
**GROSS INVESTMENT IN FIXED ASSETS  
1997-2001**



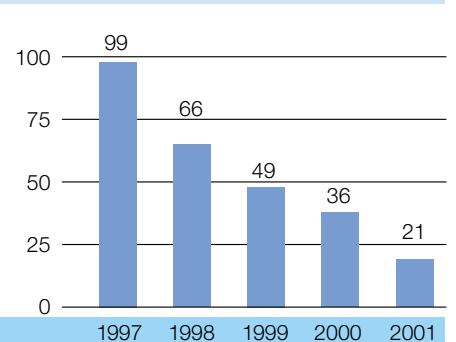
**INTEREST-BEARING NET LIABILITIES  
AT 31.12. 1997-2001**



**CAPITAL AND RESERVES\*  
AT 31.12. 1997-2001 (Equity ratio, %)**



**GEARING, %  
1997-2001**



\* including minority interest

# SOK INCOME STATEMENT

EUR million	Ref.	1.1. – 31.12.2001		1.1. – 31.12.2000	
<b>Net turnover</b>	(1)		<b>1 493.6</b>		1 223.2
Other operating income	(2)		<b>0.4</b>		3.4
Materials and services					
Raw materials and consumables	(3)	<b>1 353.0</b>		1 098.1	
External services		<b>35.0</b>	<b>1 388.1</b>	29.1	1 127.2
Staff costs					
Wages and salaries		<b>19.4</b>		15.6	
Social security costs	(4)	<b>5.9</b>	<b>25.3</b>	5.0	20.6
Depreciation and value adjustments	(5)		<b>4.1</b>		3.5
Other operating expenses					
Rents		<b>57.8</b>		55.1	
Other expenses	(6)	<b>25.1</b>	<b>82.9</b>	20.7	75.8
<b>Operating profit (loss)</b>	(1)		<b>-6.4</b>		-0.5
Financial income and expenses (+/-)	(8)		<b>-2.4</b>		10.5
<b>Profit before extraordinary items</b>			<b>-8.8</b>		10.0
Extraordinary items (+/-)	(9)		<b>22.0</b>		6.5
<b>Profit before appropriations and taxes</b>			<b>13.2</b>		16.4
Appropriations (+/-)	(10)		<b>-0.3</b>		0.1
Income taxes (+/-)	(11)		<b>-1.6</b>		-1.1
<b>Profit for the financial year</b>			<b>11.3</b>		15.5

# SOK BALANCE SHEET

<b>ASSETS</b> EUR million	Ref.	<b>31.12.2001</b>		31.12.2000	
<b>FIXED ASSETS</b>					
Intangible assets	(12)	<b>10.8</b>		8.5	
Tangible assets	(12)	<b>10.7</b>		10.8	
Shares in group companies		<b>283.5</b>		298.0	
Financial assets	(13)	<b>253.9</b>	<b>559.0</b>	324.3	641.6
<b>CURRENT ASSETS</b>					
Stocks	(15)	<b>6.3</b>		6.2	
Short-term debtors	(18)	<b>249.4</b>		195.4	
Investments	(19)	<b>317.8</b>		327.4	
Cash in hand and at banks		<b>7.8</b>	<b>581.3</b>	5.4	534.4
			<b>1 140.3</b>		1 176.0
<b>LIABILITIES</b> EUR million					
		<b>31.12.2001</b>		31.12.2000	
<b>CAPITAL AND RESERVES</b>					
Cooperative capital	(20)	<b>58.7</b>		53.9	
Supplementary cooperative capital		<b>9.3</b>		9.3	
Legal reserve		<b>11.8</b>		11.8	
Supervisory Board's disposal fund		<b>0.3</b>		0.1	
Profit brought forward		<b>290.8</b>		280.4	
Profit for the financial year		<b>11.3</b>	<b>382.1</b>	15.5	370.9
<b>ACCUMULATED APPROPRIATIONS</b>	(21)		<b>2.9</b>		2.6
<b>PROVISIONS</b>	(22)		<b>12.8</b>		12.4
<b>CREDITORS</b>					
Capital loan	(23)	<b>20.2</b>		20.2	
Long-term creditors	(25)	<b>27.3</b>		53.6	
Short-term creditors	(26)	<b>695.1</b>	<b>742.5</b>	716.2	790.0
			<b>1 140.3</b>		1 176.0

# SOK CASH FLOW STATEMENT

EUR million	Ref.	1.1. – 31.12.2001	1.1. – 31.12.2000
<b>BUSINESS OPERATIONS</b>			
Operating profit		-6.4	-0.5
Adjustments to operating profit	(1)	3.0	-4.0
Change in working capital	(2)	5.7	2.9
<b>Cash flow from business operations before financing and taxes</b>		<b>2.3</b>	<b>-1.6</b>
Interest paid and other financial expenses		-26.5	-25.6
Interest received and other financial income		25.7	34.2
Dividends received from business operations		0.5	0.5
Direct taxes paid		-1.0	-3.2
<b>Cash flow before extraordinary items</b>		<b>1.0</b>	<b>4.4</b>
Cash flow from the extraordinary items of business operations			0.0
<b>Cash flow from business operations</b>		<b>1.0</b>	<b>4.4</b>
<b>INVESTMENTS</b>			
Acquisition of fixed assets		-7.4	-25.2
Sale of fixed assets		3.5	5.3
Change in other long-term investments		68.0	-30.7
Adjustment of items booked on accrual basis		0.0	0.0
Dividends received from investments		1.1	0.4
<b>Cash flow from investments</b>		<b>65.2</b>	<b>-50.2</b>
<b>FINANCING</b>			
Increase in long-term creditors		0.0	12.6
Decrease in long-term creditors		-36.2	-62.1
Increase (+)/decrease (-) in short-term creditors		-58.9	88.7
Increase (-)/decrease (+) in short-term debtors		0.4	0.1
Change in short-term investments		0.3	-0.3
Increase in cooperative capital and supplementary cooperative capital		4.8	6.0
Interest paid on the cooperative capital and supplementary cooperative capital		-4.9	-3.8
Decrease in capital and reserves		0.0	0.0
Group contributions received		21.3	5.5
Liquid funds from merger		0.1	0.0
<b>Cash flow from financing</b>		<b>-73.1</b>	<b>46.8</b>
<b>Increase (+)/decrease (-) in liquid funds</b>		<b>-6.9</b>	<b>0.9</b>
<b>Liquid funds at the beginning of the year</b>		<b>332.5</b>	<b>331.6</b>
<b>Liquid funds at the end of the year</b>		<b>325.6</b>	<b>332.5</b>
Adjustments to operating surplus	(1)		
Gains (-) and losses (+) from the sale of fixed assets		0.1	-3.4
Depreciation and value adjustments		4.1	3.5
Income and expenses which do not involve payment		-1.3	-4.2
		3.0	-4.0
Change in working capital	(2)		
Change in trade debtors		-51.0	-13.4
Change in stocks		-0.1	1.1
Change in short-term interest-free creditors		56.8	15.3
		5.7	2.9

# NOTES TO THE FINANCIAL STATEMENTS

## ACCOUNTING PRINCIPLES

In accordance with SOK's statutes, the name SOK Corporation is used for the SOK Group. SOK Corporation consists of SOK (Suomen Osuuskauppojen Keskuskunta) and its subsidiaries.

SOK's financial statements and consolidated financial statements have been prepared in accordance with the Finnish Accounting Act. The cash flow statement has been prepared in accordance with the general recommendations of the Finnish Accounting Standards Board, issued on 9 November 1999, applying the indirect form of cash flow statement.

The financial statements of the parent cooperative and the Finnish subsidiaries, which are to be filed with the Trade Register, have been prepared in Finnish markkaa. Exceptions are Intrade Partners Oy and Rainex Yrityspalvelu Oy, whose financial statements have been prepared in euros. The financial statement figures included in the Annual Report are based on accounting records in Finnish markka amounts, from which the euro-denominated figures have been calculated by applying the conversion factor 5.94573.

### Scope of the consolidated financial statements

The consolidated financial statements cover the parent cooperative and all companies in which the parent cooperative held, either directly or through its subsidiaries, more than half of the voting rights at the end of the year. Three subsidiaries of the above-mentioned companies operate in Estonia and one in Latvia.

The financial statements of associated companies (voting rights 20–50%) have been included in the consolidated financial statements. Two of these associated companies operate in Estonia and one in Latvia.

The consolidated financial statements do not include nine subsidiaries that were not engaged in business activities. Furthermore, eight housing companies, of which seven are governed by the State Housing Board regulations, have not been consolidated. The omission of these subsidiaries and associated companies has no material impact on the Group's result and shareholders' equity.

### Principles of consolidation

The consolidated financial statements have been prepared by combining the Group companies' income statements and balance sheets and the notes thereto. The financial statements of Group companies cover the period from 1 January to 31 December 2001. Companies acquired or formed during the financial year have been consolidated from the date of acquisition or formation. Divested subsidiaries or associated companies have been consolidated up to the date of sale.

### Intra-Group holdings

Intra-Group holdings in subsidiaries have been eliminated using the acquisition cost method of accounting. The Intra-Group shareholding was eliminated by subtracting from the subsidiaries' shareholders' equity the acquisition cost of the shares as well as an amount equal to the Group's holding in the subsidiaries. The shareholders' equity of subsidiaries acquired after the beginning of the financial year 1998 also includes accelerated depreciation and voluntary provisions less the deferred tax liability. Differences arising from eliminations, to the extent that they have been caused by the differences between the current and book values of properties, have been allocated to the relevant fixed assets and the remaining part is stated as Group goodwill in the balance sheet.

Group goodwill attributable to buildings has been amortised in line with the depreciation plan for the building in question. Group goodwill is amortised over a period of five years on a straight-line basis.

### Intra-Group transactions and margins

When preparing the consolidated financial statements, all intra-Group income and expenses, distribution of profits, receivables and debts as well as non-realised profit margins from intra-Group transactions have been eliminated.

### Minority interests

Minority interest in the profit for the financial year is shown as a separate item in the income statement. Minority interest in capital and reserves is also shown as a separate item in the consolidated balance sheet.

### Translation differences

The financial statements of foreign subsidiaries have been translated into Finnish markkaa at the Bank of Finland's average exchange rate on the balance sheet date. Translation differences arising from the elimination of shareholders' equity have been entered under profit brought forward in the consolidated balance sheet.

### Associated companies

The equity method has been used to consolidate associated companies within the consolidated financial statements. The Group's share of the associated companies' profit for the financial year, which is proportional to the Group's holdings, adjusted for any amortisation of goodwill and dividends received, has been shown in the consolidated income statement after the operating profit. In turn, the result of associated companies serving the Group's actual business operations have been included in the operating profit. Inex Partners Oy's EDI invoicing through SOK is not included in SOK's



net turnover. In the consolidated balance sheet, the Group's share of the net capital which an associated company has accumulated after the acquisition, also inclusive of accumulated appropriations less the deferred tax liability, has been added to the acquisition cost of associated companies and the Group's shareholders' equity.

Intra-Group profit margins arising in transactions between Group companies and associated companies have been eliminated in proportion to each party's holdings. Margins were subtracted from the Group's profit brought forward and the cost of acquiring the shares in associated companies. Eliminated sales proceeds are recognised as income in keeping with depreciation.

### Items denominated in foreign currencies and derivative contracts

Transactions in foreign currency have been booked at the exchange rate on the date of the transaction. Foreign currency receivables and liabilities that are open at the end of the financial year have been translated into Finnish money at the exchange rate on the balance sheet date and the exchange rate differences have been booked as a credit or charge to income.

#### *Contracts signed for hedging purposes*

##### **Forward exchange contracts**

Interest gains and losses on forward exchange contracts have been periodised over the contract period as interest income or expenses or adjustments thereto. Exchange rate differences of forward exchange contracts taken out for hedging purposes have been entered as a credit or charge to income against the exchange rate difference arising from the hedged item in the course of the financial year during which the exchange rate difference of the hedged item was entered. The effect of unrealised exchange rate gains or losses on future cash flows hedged with forward exchange contracts after the balance sheet date have been entered in the balance sheet.

##### **Forward rate agreements and interest rate swaps**

The unrealised changes in the value of forward rate agreements have not been entered, and the realised changes in value have been periodised over the time of the agreement.

The interest on interest rate swaps has been periodised over the contract period to adjust interest income or expense. Changes in the values of interest rate swaps used for hedging have not been entered.

##### **Equity forwards**

The valuation profit on equity forwards has been recognised as income to a maximum of the amount of a loss charged to expense for the hedged item. For negative changes in value, the amount booked is the portion in excess of the unrecorded valuation gain on the item hedged.

##### **Interest rate, foreign currency, equity and share index options**

Paid and received option premiums have been entered under advances received and paid. Premiums for interest rate options have been periodised over the contract period to adjust entered, hedged interest. Realised changes in value have been periodised over the contract period. Unrealised changes

in value have not been entered. Exchange rate differences of foreign currency options have been entered as credits or charges to income against the exchange rate difference caused by the hedged item for the financial year during which the exchange rate difference of the hedged item has arisen. The maximum amount of valuation profit for equity and share index options entered corresponds to the loss recorded for the hedged item. For negative changes in value, the amount booked is the portion in excess of the unrecorded valuation gain on the item hedged.

##### **Electricity derivatives**

SOK Corporation evaluates the price risks of electricity for a two-year period. Electricity derivatives are used mainly for hedging the price risks of electricity. The premiums of the electricity option contracts made for hedging purposes have been entered as advances paid and subsequently periodised over the contract period to adjust electricity purchases entered. Unrealised gains and losses from electricity options, forwards and futures have not been entered and the realised changes in value have been periodised over the contract period.

#### *Derivative contracts for purposes other than hedging*

Derivative contracts are made mainly for hedging purposes. Derivative contracts other than those taken out for hedging purposes may only be made within the risk limits specified in the Corporation's risk management regulations approved by the Executive Board of SOK. The negative changes in value of derivative contract positions made for purposes other than hedging and outstanding on the balance sheet date have been charged as expenses. Valuation profits for outstanding positions have only been recognised as income to an extent corresponding to the losses entered earlier for the contracts included in the position. Changes in the values of closed positions have been entered as a credit or charge to income at 31 December 2001. The current value of outstanding contracts made for purposes other than hedging at 31 December 2001 was EUR 0.0 million.

### Fixed assets and depreciation

In the balance sheet, fixed assets have been valued at cost less accumulated planned depreciation. Furthermore, certain land areas and buildings include non-depreciated revaluations made in previous years. The revaluation reserve in the consolidated balance sheet is EUR 104.5 million.

Planned depreciation was calculated in accordance with a depreciation plan drawn up in advance and on a straight-line basis from the original acquisition cost of fixed assets. Depreciation has been calculated from the beginning of the month after the asset was put into use. Depreciation periods, which are based on the expected useful life of the assets, are shown in Notes to the Income Statement under 'Depreciation'.

### Stocks

Stocks are entered in the balance sheet on the FIFO basis at the acquisition cost or repurchase price, or probable selling price, whichever is the lowest.

## Investments

Investments have been valued at the acquisition cost or market price, whichever is the lowest.

## Leasing

Leasing payments are shown as rent expenses in the income statement.

## Future expenses and losses

Future expenses and losses representing a commitment of the company or which are likely to materialise are charged as expenses under the relevant expense item. In the balance sheet these expenses and losses are included in provisions for liabilities and charges.

## Deferred taxes

In the consolidated balance sheet, accumulated appropriations shown in individual financial statements have been divided into a deferred tax liability, shareholders' equity, and minority interest. Any changes in these items are shown in the consolidated income statement. In calculating the deferred tax liability, the depreciation not deducted in taxation has been taken into account as a reducing factor. Deferred tax as-

sets arising from Group companies' provisions for liabilities and charges and confirmed losses are shown in the consolidated balance sheet, whereas the change in deferred tax assets is shown in the consolidated income statement.

The deferred tax liabilities and assets arising on consolidation are included in the deferred tax liabilities and assets shown in the consolidated balance sheet, and any change therein is included in the change in deferred tax liabilities and assets shown in the consolidated income statement.

In line with conservative accounting practice, the consolidated balance sheet shows the deferred tax liability in its entirety and deferred tax assets in the estimated and probable amount. The deferred tax liabilities and assets were calculated using the confirmed tax rate for the next year, which is 29 per cent.

## Pension arrangements

The pension liabilities of SOK Group companies have been insured through external pension insurance companies. A supplementary pension policy has been taken out for the former Elonvara members who are employed by the SOK Group. The policy provides coverage for the earned and future pension benefits corresponding to the rules and regulations of the pension fund.

# MANAGEMENT OF FINANCIAL RISKS

SOK's Finance unit is responsible for managing SOK Corporation's treasury and financial risks. The SOK Executive Board has confirmed SOK Corporation's regulations for financial policy, strategy, and the management of financial risks. These regulations define the principles for managing financial risks and the maximum amounts of financial risks. Furthermore, numerical targets have been set for the different sectors of financing in order to secure the adequacy, balance and affordability of financing under all circumstances.

### Liquidity risk

SOK Corporation seeks to minimise liquidity and refinancing risks by means of a balanced distribution of loan maturities and sufficient financial reserves. Adequate liquidity is maintained through cash, overdraft accounts, liquid money-market investments and long-term binding credit facilities. In accordance with its financing strategy, SOK Corporation strives to maintain an amount of liquid funds and undrawn long-term binding credit facilities that is at least 10% of SOK Corporation's total assets plus the amount of the undrawn credit facilities. The quick ratio target has been set at more than 1, including long-term undrawn credit facilities. Liquid funds at 31 December 2001 totalled EUR 324 million and undrawn binding credit facilities amounted to EUR 214.8 million, or a total of 34.7%. The Quick ratio, counting in the long-term undrawn credit facilities, was 1.2 at 31 December 2001.

### Interest rate risk

SOK Corporation manages interest rate risk by means of a diversified portfolio of fixed and floating-rate loans as well as

by making use of interest rate derivatives. Of SOK Corporation's forecast net loans with a floating interest rate in 2002, at 31 December 2001 nearly all were hedged using interest rate forward contracts, options and interest rate swaps, and of the forecast net loans with a floating interest rate for 2003, half were hedged.

### Foreign exchange risk

The net turnover of SOK Corporation is generated almost exclusively in Finland. Commercial foreign exchange risks in SOK Corporation are the responsibility of the unit closing the business deal. At 31 December 2001, the foreign exchange risks of the foreign exchange loans of SOK Corporation and its Finnish subsidiaries were fully hedged using currency swaps. The extent of the foreign exchange risk related to the balance sheets of the Baltic subsidiaries is examined on the basis of balance sheet source analysis. The foreign exchange risk is reduced primarily by financing the companies' operations in the same currency as they use and, second, by using derivatives.

### Credit risk

The management of credit risks involved in commercial activities forms a part of the business units' ordinary activities. Investments and trade in derivatives may only be conducted with parties approved by the Executive Board of SOK, within the limits approved by the Executive Board.

# NOTES TO THE ACCOUNTS

EUR million	SOK CORPORATION		SOK	
	2001	2000	2001	2000

## NOTES CONCERNING THE INCOME STATEMENTS

### 1a. Net turnover by sector

Agricultural and hardware trade	755.1	685.8		
Home appliance trade	10.8			
Hotel and restaurant business	169.1	173.7		
Car trade	245.5	255.6		
Sokos department stores and special clothing shops	138.1	200.7		
Grocery trade	20.8	5.4		
Consumer goods sourcing	407.1	383.3		
EDI invoicing	1 352.8	1 095.5	1 352.8	1 095.5
Real estate and property leasing and other services	186.6	175.5	140.8	127.7
Operations sold	0.0	31.0		
Eliminations	-371.0	-252.5		
<b>Total</b>	<b>2 915.0</b>	<b>2 754.1</b>	<b>1 493.6</b>	<b>1 223.2</b>

Domestic business operations constitute 97.6 % of the turnover.

### 1b. Operating profit by business area

Agricultural and hardware trade	12.6	11.0		
Home appliance trade	-4.9			
Hotel and restaurant business	11.6	16.4		
Car trade	3.6	3.7		
Sokos department stores and special clothing shops	-0.4	-8.0		
Grocery trade	-0.9	-1.1		
Consumer goods sourcing	-0.4	1.4		
EDI invoicing	0.2	0.2	0.2	0.2
Real estate and property leasing and other services	10.0	16.8	-6.7	-0.7
Operations sold	1.0	-0.4		
Share of associated companies' profits	-3.1	-1.1		
Other operating income + inter-group transactions	5.8	18.3		
<b>Total</b>	<b>35.1</b>	<b>57.1</b>	<b>-6.4</b>	<b>-0.5</b>

### 2. Other operating income

Profits on sale of fixed assets	1.3	13.5	0.3	3.4
Goodwill income	0.9	5.1		
Other operating income	0.2	0.3	0.0	0.0
<b>Total</b>	<b>2.3</b>	<b>18.9</b>	<b>0.4</b>	<b>3.4</b>

### 3. Raw materials and consumables

Purchases during the financial year	2 433.7	2 295.4	1 353.1	1 096.9
Change in stocks (+/-)	16.7	2.1	-0.1	1.2
<b>Total</b>	<b>2 450.4</b>	<b>2 297.4</b>	<b>1 353.0</b>	<b>1 098.1</b>

### 4. Staff costs

Wages and salaries	113.3	118.9	19.4	15.6
Pension costs	19.4	20.6	4.0	3.5
Other social security costs	9.1	11.1	1.9	1.5
<b>Total</b>	<b>141.8</b>	<b>150.6</b>	<b>25.3</b>	<b>20.6</b>

Information concerning the staff and members of the boards is contained under item 27.

EUR million	SOK CORPORATION		SOK	
	2001	2000	2001	2000
<b>5. Depreciation and value adjustments</b>				
Depreciation according to plan	33.5	33.4	4.1	3.3
Value adjustments on non-current assets	1.7	1.4	0.0	0.2
Reversed value adjustments		-3.0		
<b>Total</b>	<b>35.1</b>	<b>31.8</b>	<b>4.1</b>	<b>3.5</b>

The itemised specifications of the change in depreciation and accelerated depreciation are included under fixed assets and accumulated appropriations in the notes to the balance sheet.

Planned depreciation is calculated on a straight-line basis so as to write off the cost of fixed assets over their expected useful lives. Revaluations have not written down. Planned depreciation is as follows:

Buildings	Years
Light constructions and building equipment	30-35
Office and warehouse fixtures	10-15
Warehouse, servicing and processing machinery	10
Restaurant and hotel furnishings	7
Shop furnishings	5-10
Motor vehicles and computer hardware (other than PCs)	5
Goodwill	5
Other tangible and intangible assets	as permitted by taxation laws

The write-off period for the goodwill of Sokotel Oy is ten years as an exception to the regular 5-year write-off period. This goodwill arises from the business operations transactions related to the creation of the Radisson SAS hotel brand and network, whose yield expectations extend to a period of at least ten years.

<b>6. Other operating expenses</b>				
Other operating expenses	106.9	114.0	24.6	20.6
Losses on sale of fixed assets	0.0	0.1	0.4	0.0
<b>Total</b>	<b>107.0</b>	<b>114.1</b>	<b>25.1</b>	<b>20.7</b>

Rents are presented as a separate item in the income statement.

<b>7. Increase (-)/decrease (+) in provisions for liabilities and charges</b>				
Increases related to partially vacant premises	-2.7	-2.7	-2.2	-2.7
Decreases related to partially vacant premises	5.3	5.7	5.0	4.2
Increase in other future expenses and losses	-6.6	-4.7	-3.2	-1.4
Decrease in other future expenses and losses	3.4	9.6		6.6
<b>Total</b>	<b>-0.7</b>	<b>7.9</b>	<b>-0.4</b>	<b>6.7</b>

<b>8. Financial income and expenses</b>				
Dividend income from group companies			0.4	
Dividend income from participating interest companies			0.8	0.7
Dividend income from others	1.1	0.6	1.1	0.6
<b>Total dividend income on financial assets</b>	<b>1.1</b>	<b>0.6</b>	<b>2.2</b>	<b>1.3</b>

<b>Interest income on other financial assets</b>				
From group companies			13.0	15.4
From others	1.6	1.3	1.5	1.3

<b>Other interest and financial income</b>				
From group companies			2.6	2.4
From others	17.6	19.2	11.7	13.6

<b>Total interest and other financial income</b>	<b>19.1</b>	<b>20.5</b>	<b>28.9</b>	<b>32.7</b>
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<b>Value adjustments of investments on non-current assets</b>	<b>0.0</b>	<b>0.6</b>	<b>17.9</b>	<b>0.6</b>
<b>Reversed value adjustments of investments on non-current assets</b>	<b>-6.6</b>	<b>-3.2</b>	<b>-6.6</b>	<b>-3.2</b>

<b>Interest and other financial expenses</b>				
To group companies			2.0	3.8
To others	23.1	26.2	20.1	22.2
<b>Total interest and other financial expenses</b>	<b>23.1</b>	<b>26.2</b>	<b>22.1</b>	<b>26.0</b>

<b>Total financial income and expenses</b>	<b>3.7</b>	<b>-2.6</b>	<b>-2.4</b>	<b>10.5</b>
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EUR million	SOK CORPORATION		SOK	
	2001	2000	2001	2000
<b>9. Extraordinary items</b>				
<b>Extraordinary income</b>				
Group contribution received			21.3	5.5
Merger profit			2.3	1.0
Other	0.0			
Total	0.0		23.6	6.5
<b>Extraordinary expenses</b>				
Merger loss			0.0	0.0
Provision for winding up and reorganising businesses	6.0	2.4	1.6	
Total	6.0	2.4	1.6	0.0
<b>Total extraordinary items</b>	<b>-6.0</b>	<b>-2.4</b>	<b>22.0</b>	<b>6.5</b>
<b>10. Appropriations</b>				
Increase (-)/decrease (+) in accelerated depreciation			-0.3	0.1
<b>11. Income taxes</b>				
Income taxes on ordinary operations for the year	3.7	7.9	-4.5	0.1
Income taxes on ordinary operations for the previous year	-0.1	-0.5	0.0	-0.6
Income taxes on extraordinary items			6.2	1.6
Effect of consolidation	-0.3	-0.9		
Change in deferred tax liability/assets	-2.3	6.6		
Total	1.0	13.2	1.6	1.1

## NOTES CONCERNING ASSETS IN THE BALANCE SHEET

### 12. SOK Corporation's intangible and tangible assets, EUR million

#### Intangible assets

	Intangible rights	Goodwill	Other capitalised expenditure	Advance payments	Total intangible assets	Group goodwill	Group reserve
Acquisition cost at 1.1.2001	29.0	17.3	36.6	11.1	94.1	18.4	2.3
Increase	4.3	0.4	2.2	9.5	16.5	0.1	
Decrease	-9.3	-1.1	-6.8	0.0	-17.2	-0.3	
Transfers	15.9		2.4	-18.3	0.0		
Acquisition cost at 31.12.2001	39.9	16.6	34.5	2.3	93.4	18.2	2.3
Accumulated depreciation at 1.1.2001	19.8	7.7	20.0		47.5	16.1	
Companies acquired	0.3		0.2		0.6		
Accumulated depreciation on decreases and transfers	-7.5	-1.1	-5.4		-14.0	-0.3	
Depreciation for the financial year	5.1	1.5	4.2		10.7	0.9	
Value adjustments	0.2	0.1	0.4		0.6	0.1	
Accumulated depreciation at 31.12.2001	17.9	8.1	19.4		45.4	16.8	
Accumulated income entries at 1.1.2001							2.1
Accumulated income entries for the financial year							0.1
Accumulated income entries at 31.12.2001							2.2
Book value at 31.12.2001	22.1	8.5	15.1	2.3	48.0	1.4	0.0
Book value at 31.12.2000	9.2	9.7	16.6	11.1	46.6	2.3	0.2

## Tangible assets

	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total tangible assets
Acquisition cost at 1.1.2001	40.0	286.6	113.6	3.0	2.7	445.9
Increase	0.4	0.3	14.2	0.0	11.3	26.2
Decrease	-2.6	-11.5	-31.8	-0.1	-0.7	-46.8
Transfers		6.2	3.1	0.0	-9.3	0.0
Acquisition cost at 31.12.2001	37.8	281.6	99.1	2.9	4.0	425.3
Accumulated depreciation and value adjustments at 1.1.2001	2.7	95.8	71.8	0.7		171.0
Companies acquired			0.7			0.7
Accumulated depreciation on decreases and transfers	-0.3	-3.7	-21.6	0.0		-25.6
Depreciation for the financial year		9.7	12.1	0.2		22.0
Value adjustments		0.1	0.9			0.9
Accumulated depreciation at 31.12.2001	2.4	101.9	63.8	0.8		168.9
Revaluations at 1.1.2001	44.6	60.7				105.3
Revaluations at 31.12.2001	44.6	60.7				105.3
Book value at 31.12.2001	79.9	240.4	35.3	2.1	4.0	361.7
Book value at 31.12.2000	81.8	251.5	41.8	2.3	2.7	380.2

Share of machinery in the book value of machinery and equipment EUR 0.6 million (2000 EUR 0.3 million)

## 13. SOK Corporation's financial assets, EUR million

	Shares in participating interest companies	Other shares and memberships			Total shares
Acquisition cost at 1.1.2001	101.8	11.4			113.2
Increase	0.3	0.2			0.5
Decrease	-6.4	0.0			-6.4
Transfers	-21.9	27.7			5.8
Acquisition cost at 31.12.2001	73.8	39.3			113.1
Accumulated value adjustments at 1.1.2001	31.1	0.2			31.4
Accumulated value adjustments on decreases and transfers	-28.3	25.8			-2.5
Value adjustments		0.0			0.0
Reversed value adjustments	-0.8				-0.8
Accumulated value adjustments at 31.12.2001	2.0	26.1			28.0
Book value at 31.12.2001	71.9	13.2			85.1
Book value at 31.12.2000	70.7	11.2			81.9
Undepreciated part of group goodwill due to associated companies	EUR 1.0 million (2000 EUR 0.7 million)				
Unentered part of group reserves due to associated companies	EUR 0.4 million (2000 EUR 0.3 million)				
	Capital loan debtors from participating interest companies	Debtors from participating interest companies	Capital loan debtors from others	Other debtors from others	Total other financial assets
Amount at 1.1.2001	5.0	5.3	10.2	19.4	40.0
Increase	8.5	0.0		1.1	9.6
Decrease	-2.5	-4.3	-1.3	-0.4	-8.6
Transfers	-8.5	1.7			-6.8
Amount at 31.12.2001	2.5	2.8	8.8	20.1	34.1
Accumulated value adjustments at 1.1.2001	2.5		5.7		8.3
Accumulated value adjustments on decreases and transfers	-2.5				-2.5
Reversed value adjustments			-5.7		-5.7
Accumulated value adjustments at 31.12.2001	0.0		0.0		0.0
Book value at 31.12.2001	2.5	2.8	8.8	20.1	34.1
Book value at 31.12.2000	2.5	5.3	4.4	19.4	31.7
Total financial assets of SOK Corporation 31.12.2001					119.2
Total financial assets of SOK Corporation 31.12.2000					113.6

## 12. SOK's intangible and tangible assets, EUR million

### Intangible assets

	Intangible rights	Other capitalised expenditure	Advance payments	Total intangible assets
Acquisition cost at 1.1.2001	12.9	4.9	2.7	20.4
Increase	2.4	0.2	2.4	5.0
Decrease	-2.7	-0.5	0.0	-3.2
Transfers	3.7	0.1	-3.8	0.0
Acquisition cost at 31.12.2001	16.2	4.7	1.3	22.2
Accumulated depreciation at 1.1.2001	9.2	2.7		11.9
Accumulated depreciation on decreases and transfers	-2.7	-0.5		-3.1
Depreciation for the financial year	2.2	0.4		2.6
Accumulated depreciation at 31.12.2001	8.8	2.7		11.4
Book value at 31.12.2001	7.5	2.1	1.3	10.8
Book value at 31.12.2000	3.6	2.2	2.7	8.5

### Tangible assets

	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total tangible assets
Acquisition cost at 1.1.2001	2.7	11.7	11.4	0.2	0.1	26.2
Increase			1.3	0.0	0.3	1.6
Decrease	-0.1	-0.4	-0.6	0.0	-0.1	-1.2
Transfers		0.2	0.0		-0.3	0.0
Acquisition cost at 31.12.2001	2.6	11.5	12.2	0.2	0.0	26.7
Accumulated depreciation and value adjustments at 1.1.2001	0.1	7.4	7.8	0.0		15.4
Accumulated depreciation on decreases and transfers	0.0	-0.4	-0.5	0.0		-1.0
Depreciation for the financial year		0.3	1.3	0.0		1.5
Value adjustments		0.0				0.0
Accumulated depreciation at 31.12.2001	0.1	7.3	8.6	0.0		16.0
Book value at 31.12.2001	2.5	4.3	3.7	0.2	0.0	10.7
Book value at 31.12.2000	2.6	4.3	3.6	0.2	0.1	10.8

### 13. SOK's financial assets, EUR million

	Shares in group companies	Shares in participating interest companies	Other shares and member- ships					Total shares
Acquisition cost at 1.1.2001	282.3	97.6	12.8					392.7
Merged companies	3.4	0.1	0.0					3.5
Increase	0.3	0.3	0.2					0.8
Decrease	-9.4	-2.5	0.0					-12.0
Transfers	-0.4	-27.3	27.7					0.0
Acquisition cost at 31.12.2001	276.2	68.1	40.6					384.9
Accumulated value adjustments at 1.1.2001	18.2	31.1						49.3
Accumulated value adjustments on decreases and transfers	-1.1	-28.3	25.8					-3.6
Value adjustments	2.4	3.5						5.9
Reversed value adjustments		-0.8						-0.8
Accumulated value adjustments at 31.12.2001	19.6	5.4	25.8					50.8
Book value at 31.12.2001	256.6	62.7	14.8					334.2
Book value at 31.12.2000	264.1	66.5	12.8					343.4
	Capital loan debtors from group companies	Debtors from group companies	Capital loan debtors from participating interest companies	Debtors from participating interest companies	Capital loan debtors from others	Other debtors from others	Total other financial assets	
Amount at 1.1.2001	33.9	213.8	5.0	5.3	10.2	19.0	287.2	
Merged companies		0.3					0.3	
Increase	7.3	50.5	8.5			1.1	67.3	
Decrease	-10.2	-121.2	-2.5	-4.3	-1.3	-0.1	-139.6	
Transfers	6.8		-8.5	1.7			0.0	
Amount at 31.12.2001	37.8	143.4	2.5	2.7	8.8	20.0	215.2	
Accumulated value adjustments at 1.1.2001			2.5		5.7		8.3	
Accumulated value adjustments on decreases and transfers			-2.5				-2.5	
Value adjustments	10.9		1.0				11.9	
Reversed value adjustments					-5.7		-5.7	
Accumulated value adjustments at 31.12.2001	10.9		1.0		0.0		11.9	
Book value at 31.12.2001	26.9	143.4	1.5	2.7	8.8	20.0	203.3	
Book value at 31.12.2000	33.9	213.8	2.5	5.3	4.4	19.0	278.9	
Total financial assets of SOK 31.12.2001							537.4	
Total financial assets of SOK 31.12.2000							622.3	
Liabilities to secure group companies loans EUR 41.8 million								



**14. Companies owned by  
SOK Corporation and SOK 31.12.2001**

	Registered office	Corporation's share- holding %	voting rights %	SOK's share- holding %
<b>Group companies</b>				
<b>Commercial</b>				
AS Kommest Auto Group	Estonia	90.0	90.0	90.0
Automaa Oy	Helsinki	100.0	100.0	100.0
Hankkija Agriculture Ltd	Helsinki	100.0	100.0	100.0
Hansafood AS	Estonia	100.0	100.0	100.0
Helsingin Sokos Oy	Helsinki	90.0	90.0	90.0
HOT Hometechnics Ltd	Helsinki	100.0	100.0	100.0
Intrade Partners Oy	Helsinki	100.0	100.0	100.0
Jollas-Opisto Oy	Helsinki	100.0	100.0	100.0
Kuusinen Oy	Helsinki	100.0	100.0	100.0
Oy Maan Auto Ab	Helsinki	100.0	100.0	100.0
Oy Sokos Ab	Helsinki	100.0	100.0	100.0
Porin Sokos Oy	Pori	90.0	90.0	90.0
Rainex Yrityspalvelu Oy	Helsinki	100.0	100.0	100.0
S-Etuluotto Oy	Helsinki	100.0	100.0	100.0
SOK-Business Oy	Helsinki	100.0	100.0	100.0
SOK-Takaus Oy	Helsinki	99.9	99.9	99.9
Sokotel Oy	Helsinki	100.0	100.0	100.0
Tampereen Sokos Oy	Tampere	90.0	90.0	90.0
Tenco Eesti AS	Estonia	100.0	100.0	100.0
Turun Sokos Oy	Turku	90.0	90.0	90.0
Real estate companies (26 pcs)				
Real estate companies under stocks (16 pcs)				
Total group companies 62 pcs				

**Participating interest companies**
**Associated companies**

Agribalt Oy Group	Helsinki	50.0	50.0	
Asunto Oy Kauniaisten Kirkkomäki	Kauniaainen	38.6	38.6	38.6
Elielin Pysäköinti Oy	Helsinki	22.2	22.2	22.2
Hansacoop Oü	Estonia	50.0	50.0	50.0
Hotelli Joensuun Kimmel Oy	Joensuu	33.0	33.0	
Hotellipankki Oy	Helsinki	33.3	33.3	
Inex Partners Group	Helsinki	50.0	50.0	50.0
Kauppakeskus Mylly Oy	Turku	50.0	50.0	50.0
Keskuskorttelin Huolto Oy	Vaasa	31.5	31.5	31.5
Kiinteistö Oy Haunistenmäki	Raisio	50.0	50.0	50.0
Kiinteistö Oy Pysäköintiveturi	Tampere	49.7	40.2	49.7
Kiinteistö Oy Rytilahden Maja	Helsinki	40.0	40.0	40.0
Kiinteistö Oy Tullintorni	Tampere	40.0	40.0	40.0
Kiinteistö Oy Turun Brahenkatu 8	Turku	50.0	50.0	50.0
Kiinteistö Oy Turun Toripaikokitus	Turku	38.6	38.6	28.6
Kiinteistö Oy Vainihaka	Rauma	50.0	50.0	50.0
Kiinteistö Oy Valkeakosken Liikekeskus	Valkeakoski	48.8	48.8	48.8
Malmintorin Kiinteistö Oy	Helsinki	39.9	39.9	39.9
Netista Oy	Helsinki	100.0	100.0	100.0
Oy Realinvest Ab Group	Helsinki	21.9	21.9	21.9
Tullin Parkki Oy	Tampere	45.1	30.0	45.1
Associated companies under stocks (1 pcs)				
Total Associated companies 22 pcs				

**Other shares owned by the Parent company**

Polar Kiinteistöt Oyj	Helsinki	2.9		2.9
Sato-Yhtymä Oyj	Helsinki	8.7		8.7

EUR million	SOK CORPORATION		SOK	
	2001	2000	2001	2000
<b>15. Stocks</b>				
Goods	127.7	137.1		
Other stocks	0.3	0.2	6.3	6.2
Advance payments	0.6	2.3		
Total	128.7	139.6	6.3	6.2
<b>16. Long-term debtors</b>				
Trade debtors	13.3	17.2		
Other debtors		0.0		
Prepayments and accrued income		0.1		
Total long-term debtors	13.3	17.3		
<b>17. Deferred tax assets</b>				
Temporary differences	9.6	6.1		
From consolidation	3.8	4.6		
Total	13.5	10.7		
The deferred tax assets due to temporary differences have been combined and are shown in the consolidated balance sheet, but not in the group company balance sheet.				
<b>18. Short-term debtors</b>				
Trade debtors	238.1	221.8	184.2	161.4
<b>Amounts owed by group companies</b>				
Trade debtors			4.5	5.9
Loan receivables			5.9	
Prepayments and accrued income			5.0	3.2
Total			15.4	9.1
<b>Amounts owed by participating interest companies</b>				
Trade debtors	1.1	8.3	0.9	7.7
Loan receivables	1.1	0.6		
Prepayments and accrued income	29.9	0.1	29.9	0.1
Total	32.1	9.0	30.8	7.7
Loan receivables	18.2	17.6	0.2	0.2
Other debtors	7.6	8.9	0.0	2.9
Prepayments and accrued income	31.3	22.6	18.8	14.1
Total short-term debtors	327.3	279.9	249.4	195.4
<b>Specification of prepayments and accrued income</b>				
Financial items	8.7	5.6	7.8	4.9
Other	52.5	17.2	46.0	12.4
Total prepayments and accrued income	61.3	22.8	53.7	17.3
<b>19. Investments</b>				
Other shares and memberships		0.3		0.3
Other investments from group companies			17.8	11.1
Money market investments	300.1	316.0	300.1	316.0
Total	300.1	316.3	317.8	327.4

## NOTES CONCERNING LIABILITIES IN THE BALANCE SHEETS

EUR million	SOK CORPORATION		SOK	
	2001	2000	2001	2000
<b>20. Capital and reserves</b>				
Cooperative capital at 1 Jan.	53.9	47.9	53.9	47.9
Increase	4.8	6.0	4.8	6.0
Cooperative capital at 31 Dec.	58.7	53.9	58.7	53.9
Cooperative capital due will accrue in 2002-2005	0.0	0.0	0.0	0.0
Supplementary cooperative capital at 1 Jan.	9.3	9.3	9.3	9.3
Supplementary cooperative capital at 31 Dec.	9.3	9.3	9.3	9.3
Revaluation reserve at 1 Jan.	104.5	104.5		
Decrease in connection with sale of fixed assets		0.0		
Revaluation reserve at 31 Dec.	104.5	104.5		
The hotel and department store buildings subject to revaluation are located in the centre of Helsinki, Tampere, Turku, and Jyväskylä, and also include the logistics centre in Espoo. All the above-mentioned buildings have been rented for use that serves the operations of the Group or the S Group directly or indirectly. The revaluations have been made in order to adjust the book values of the said buildings, registered in the consolidated balance sheet, closer to the estimated probable surrender prices.				
Legal reserve at 1 Jan.	11.8	10.9	11.8	10.9
Increase		0.8		0.8
Legal reserve at 31 Dec.	11.8	11.8	11.8	11.8
Supervisory Board's disposal fund at 1 Jan.	0.1	0.1	0.1	0.1
Increase	0.2	0.1	0.2	0.1
Decrease	0.0	0.0	0.0	0.0
Supervisory Board's disposal fund at 31 Dec.	0.3	0.1	0.3	0.1
Profit brought forward at 1 Jan.	203.4	169.4	295.9	285.2
Transfer to legal reserve		-0.8		-0.8
Transfer to Supervisory Board's disposal fund	-0.2	-0.1	-0.2	-0.1
Interest on cooperative capital and supplementary cooperative capital	-4.9	-3.8	-4.9	-3.8
Translation difference	0.0	0.0		
Profit brought forward at 31 Dec.	198.4	164.7	290.8	280.4
Profit for the financial year	31.5	38.6	11.3	15.5
<b>Total capital and reserves</b>	<b>414.3</b>	<b>382.9</b>	<b>382.1</b>	<b>370.9</b>
<b>Distributable funds at 31 Dec.</b>				
Profit brought forward	198.4	164.7	290.8	280.4
Profit for the financial year	31.5	38.6	11.3	15.5
Share transferred to shareholders' equity from the accrued appropriations	-30.3	-30.1		
<b>Total</b>	<b>199.6</b>	<b>173.3</b>	<b>302.1</b>	<b>295.9</b>
<b>21. Accumulated appropriations</b>				
<b>Accelerated depreciation</b>				
Intangible rights			1.5	1.0
Other capitalised expenditure			0.4	0.4
Buildings and constructions			0.5	0.5
Machinery and equipment			0.6	0.8
Other tangible assets			0.0	0.0
Total			2.9	2.6
<b>22. Provisions</b>				
Partially vacant premises	8.7	11.2	8.2	11.0
Other future expenses	12.4	9.2	4.6	1.4
Total	21.1	20.4	12.8	12.4

EUR million	SOK CORPORATION		SOK	
	2001	2000	2001	2000
<b>23. Capital loan</b>				
<b>1996 Debenture Loan</b>				
Main loan terms:				
<ul style="list-style-type: none"> <li>• Nominal value EUR 20.2 million.</li> <li>• Loan period 10 years. The date for redemption may be May 22nd, 2006, provided there remains full coverage for the restricted equity. In the event that the redemption conditions are not fulfilled, the period can be extended for a year at a time.</li> <li>• SOK has the unilateral right to repay the loan with interest at the nominal value as early as after 7 years on the interest payment day, and even earlier provided there remains full coverage for the restricted equity. The bearer of the debenture has not the right to withdraw or demand that the debenture capital be redeemed before due.</li> <li>• The interest for the first 10 interest periods is fixed at 9.75 % (interest period 12 months), after which time it is 5 percentage points above the 12 month Helibor rate. Interest may only be paid to the extent that payment does not exceed the amount of SOK's distributable profit on the non-restricted equity.</li> <li>• Any interest remaining unpaid shall remain a charge against SOK's assets on which interest shall be paid. This interest is to be paid before payment of interest on cooperative capital or the distribution of the profit.</li> <li>• The loan is unsecured. In the event of the possible liquidation or bankruptcy of SOK, debenture bearer claims have a lower priority than other SOK's obligations and equal priority with any other possible SOK capital loans. No claims based on the loan may be set off against any counterclaims.</li> </ul>				
<b>24. Long-term creditors</b>				
Loans from financial institutions	30.3	62.2	4.2	25.5
Advances received	0.0	0.1		
Trade creditors	0.4	0.2		
Other long-term creditors	22.9	28.2	22.9	27.9
Accruals and deferred income	0.1	0.2	0.1	0.2
<b>Total long-term creditors</b>	<b>53.7</b>	<b>90.8</b>	<b>27.3</b>	<b>53.6</b>
<b>Long-term creditors which fall due longer than five years</b>				
Capital loan		20.2		20.2
Other long-term creditors		0.7		0.7
Total		20.9		20.9
<b>25. Deferred tax liability</b>				
Appropriations	10.5	10.1		
Temporary differences	-0.6	-0.7		
Included in group companies' own balance sheets	-	-		
<b>Total</b>	<b>9.9</b>	<b>9.4</b>		
<b>26. Short-term creditors</b>				
Bonds		21.5		21.5
Loans from financial institutions	20.1	8.2	19.8	5.9
Advances received	37.4	36.4	4.7	3.8
Trade creditors	271.6	242.1	134.5	111.7
<b>Amounts owed to group companies</b>				
Trade creditors			34.2	29.9
Other short-term creditors			85.8	129.1
Accruals and deferred income			0.6	1.9
Total			120.7	160.9
<b>Amounts owed to participating interest companies</b>				
Trade creditors	46.3	46.4	44.3	44.0
Other short-term creditors	12.5	13.2	12.5	13.2
Accruals and deferred income	0.0	0.9		0.0
Total	58.8	60.5	56.9	57.2
Other short-term creditors	327.5	353.2	308.6	330.4
Accruals and deferred income	85.8	64.9	50.1	24.9
<b>Total short-term creditors</b>	<b>801.2</b>	<b>786.8</b>	<b>695.1</b>	<b>716.2</b>

EUR million	SOK CORPORATION		SOK	
	2001	2000	2001	2000
<b>Specification of accruals and deferred income</b>				
Staff costs	23.7	25.7	5.2	4.0
Financial items	5.5	8.6	3.2	7.5
Other	56.7	31.7	42.4	15.5
Total accruals and deferred income	85.9	66.0	50.8	26.9

## NOTES CONCERNING INCOME TAXES

See 11 above.

## NOTES CONCERNING THE STAFF AND BOARD MEMBERS

### 27 a. Average staff numbers by group

Agricultural and hardware trade	879	846		
Home appliance trade	53			
Hotels and restaurant business	1 238	1 265		
Car trade	430	464		
Sokos department stores and special clothing shops	655	1 135		
Grocery trade	190	52		
Consumer goods sourcing	234	225		
Real estate and property leasing and other services	524	443		
Operations sold		70		
Total	4 203	4 500		
<b>SOK</b>	486	402		
<b>Subsidiaries</b>	3 717	4 098		
<b>Total</b>	4 203	4 500		

The average number of personnel has been calculated as the average of the personnel at the end of each month and converted to full-time staff. The number of staff at sites abroad at 31 Dec. 2001 was 409.

### 27 b.

Salaries and remunerations:

CEO and members of the Executive Board	2.2	2.0	0.8	0.7
Members of the Supervisory Board	0.1	0.1	0.1	0.1

Management loans:

Interest on loans is determined by the base rate of the Bank of Finland +1.25 per cent.	0.1	0.1	0.1	0.1
Sum of loan repayments in 2002–2009.				

Management pension liabilities:

For those members of the Executive Board in the employ of SOK and for certain of the subsidiaries' managing directors, the retirement age is 58–62 years.

## SECURED ASSETS AND CONTINGENT LIABILITIES

### 28. Contingent liabilities

#### Pledges and contingent liabilities

#### Loans secured by mortgages

Loans from financial institutions	0.0	0.0		
Mortgages	0.2	0.2		
<b>Total mortgages given as security</b>	0.2	0.2		

EUR million	SOK CORPORATION		SOK	
	2001	2000	2001	2000
<b>Loans secured by pledges</b>				
Loans from financial institutions	4.6	15.8		
Pledged hire purchase agreements	20.3	25.8		
Other creditors	1.7	1.7	1.7	1.7
Book value of pledged shares	1.9	2.2	1.9	2.2
<b>Total pledges given as security</b>	<b>22.3</b>	<b>28.0</b>	<b>1.9</b>	<b>2.2</b>
<b>General security for liabilities</b>				
Mortgages	58.9	62.1		
<b>Other security given</b>				
Pledges	2.2	2.1	2.2	2.1
<b>Security given on behalf of Group companies</b>				
Guarantees			66.0	64.1
Total			66.0	64.1
<b>Security given on behalf of others' liabilities</b>				
Guarantees given on behalf of associated company's liabilities	2.9	3.0		
Guarantees given on behalf of cooperative society's liabilities	13.0	14.6	4.2	4.2
Guarantees given on behalf of others' liabilities	0.2	0.2	0.2	0.2
Total	16.1	17.7	4.4	4.4
<b>Other contingent liabilities</b>				
Repurchasing liabilities:				
Hire purchase liabilities	62.7	39.8		
Other repurchasing liabilities	64.5	64.9	35.4	28.8
Total	127.3	104.7	35.4	28.8
Leasing liabilities:				
To be paid the following year	4.1	3.3	1.5	0.7
To be paid in a year's time	4.5	5.4	1.0	0.7
Total	8.6	8.7	2.4	1.4

Rental liabilities:

Rented business facilities used by the S Group are regularly secured with long-term contracts, for which the SOK Corporation bears rental liabilities. Rental liabilities have increased owing to the Mylly shopping centre in Raisio. This is a joint liability together with the said regional cooperative society.

Other financial liabilities:

The basic improvements and new structures in respect of the properties of Group companies involve a reduced value added tax return liability in accordance with Section 33 of the Value Added Tax Act. The return liability materialises if the premises for which reductions have been made are removed from the use entitling them to said reduction within the 5-year period specified by said act.

## SOK CORPORATION

### Liability under derivative contracts, value of underlying assets, EUR million

	Value of underlying assets 31.12.2001	Of which value of underlying instruments of open agreements 31.12.2001	Value of underlying assets 31.12.2000	Of which value of underlying instruments of open agreements 31.12.2000
<b>Interest derivatives</b>				
Forward rate agreements	345.9	225.9	502.5	342.5
Interest options				
Purchased	180.0	180.0	290.5	240.0
Written			50.5	
Interest rate swaps	182.9	137.8	166.1	136.9
<b>Currency forwards</b>				
Forward rate agreements	30.4	29.2	50.5	46.0
<b>Electric forwards</b>				
Forward rate agreements	2.4	2.4	1.0	0.9
Electric swaps	0.4	0.4	1.9	1.9
Electric options				
Purchased			1.1	1.1

### Liability under derivative contracts, market value, EUR million

	Market value 31.12.2001	Of which market value of open agreements 31.12.2001	Market value 31.12.2000	Of which market value of open agreements 31.12.2000
<b>Interest derivatives</b>				
Forward rate agreements	-0.0	-0.0	0.0	0.0
Interest options				
Purchased	0.0	0.0	0.1	0.1
Written			-0.0	
Interest rate swaps	1.3	1.3	4.6	4.6
<b>Currency forwards</b>				
Forward rate agreements	0.1	0.1	-3.3	-3.3
<b>Electric forwards</b>				
Forward rate agreements	0.1	0.1	-0.0	-0.0
Electric swaps	0.0	0.0	-0.1	-0.1
Electric options				
Purchased			0.1	0.1

## SOK

### Liability under derivative contracts, value of underlying assets, EUR million

	Value of underlying assets 31.12.2001	Of which value of underlying instruments of open agreements 31.12.2001	Value of underlying assets 31.12.2000	Of which value of underlying instruments of open agreements 31.12.2000
<b>Interest derivatives</b>				
Forward rate agreements	345.9	225.9	502.5	342.5
Interest options				
Purchased	180.0	180.0	290.5	240.0
Written			50.5	
Interest rate swaps	182.9	137.8	166.1	136.9
<b>Currency forwards</b>				
Forward rate agreements	39.7	20.8	59.2	41.8
<b>Electric forwards</b>				
Forward rate agreements	2.4	2.4	1.0	0.9
Electric swaps	0.4	0.4	1.9	1.9
Electric options				
Purchased			1.1	1.1

**Liability under derivative contracts,  
market value, EUR million**

	Market value 31.12.2001	Of which market value of open agreements 31.12.2001	Market value 31.12.2000	Of which market value of open agreements 31.12.2000
<b>Interest derivatives</b>				
Forward rate agreements	-0.0	-0.0	0.0	0.0
Interest options				
Purchased	0.0	0.0	0.1	0.1
Written			-0.0	
Interest rate swaps	1.3	1.3	4.6	4.6
<b>Currency forwards</b>				
Forward rate agreements	0.1	0.1	-3.2	-3.2
<b>Electric forwards</b>				
Forward rate agreements	0.1	0.1	-0.0	-0.0
Electric swaps	0.0	0.0	-0.1	-0.1
Electric options				
Purchased			0.1	0.1

In examining the overall risk status, a factor to be taken into account, in addition to the derivatives, is the position of the balance sheet items that should be hedged. The derivative contracts open at the end of the financial year have mainly been used to control the Group's foreign exchange, interest rate and price risks. Open interest rate swaps have a duration from one to seven years. Open electricity forward rate agreements contracts fall due in two years. Other open derivative contracts have durations of less than one year.

Principles used in calculating the current value:

- the current value of interest rate swaps has been estimated on the basis of the current value of future cash flows
- in determining current values of other derivative contracts the market values of the date of the financial statements have been used.



# SOK CORPORATION KEY RATIOS 1997–2001

	1997	1998	1999	2000	2001
<b>Net turnover</b>	2 088	2 347	2 540	2 754	<b>2 915</b>
<b>Operating profit</b>					
EUR million	45	59	56	57	<b>35</b>
% of net turnover	2.2	2.5	2.2	2.1	<b>1.2</b>
<b>Profit/loss before extraordinary items</b>					
EUR million	23	42	49	54	<b>39</b>
% of net turnover	1.1	1.8	1.9	2.0	<b>1.3</b>
<b>Profit/loss before appropriations and taxes</b>					
EUR million	23	63	49	52	<b>33</b>
% of net turnover	1.1	2.7	1.9	1.9	<b>1.1</b>
<b>Return on equity, %</b>	14.3	16.8	12.3	11.0	<b>6.5</b>
<b>Return on investment, %</b>	8.4	10.7	8.9	9.2	<b>6.4</b>
<b>Equity ratio, % <sup>1)</sup></b>	23.9	28.9	29.4	30.9	<b>33.2</b>
<b>Gross investment in fixed assets</b>					
EUR million	63	51	64	61	<b>31</b>
% of net turnover	3.0	2.2	2.5	2.2	<b>1.1</b>
<b>Gearing, %</b>	99	66	49	36	<b>21</b>
<b>Average number of personnel during the financial year</b>	4 375	4 766	5 043	5 075	<b>4 657</b>
<b>Payroll, converted to full-time staff</b>				4 500	<b>4 203</b>

## CALCULATION OF KEY RATIOS

**Return on equity, %** =  $\frac{\text{Profit/loss after financial items} + \text{value adjustments on investments} - \text{taxes for the financial year}}{\text{Capital and reserves} + \text{minority interest, average}} \times 100$

**Return on investment, %** =  $\frac{\text{Profit/loss after financial items} + \text{interest and other financial expenses} + \text{value adjustments on investments}}{\text{Total assets} - \text{non-interest-bearing liabilities} - \text{provisions, average}} \times 100$

	1997	1998	1999	2000	2001
Non-interest-bearing liabilities	329	337	398	425	472

**Equity ratio %** =  $\frac{\text{Capital and reserves} + \text{minority interest}}{\text{Total assets} - \text{advances received}} \times 100$

<sup>1)</sup> Counting the capital loan that is entered as a liability in the balance sheet as an item akin to equity, the equity ratio in 2001 was 34.7 %.

**Gross investment in fixed assets** = Acquisition costs of subsidiary shares and other fixed assets

**Gearing, %** =  $\frac{\text{Interest-bearing liabilities} - \text{liquid assets}}{\text{Capital and reserves} + \text{minority interest}} \times 100$

**Average number of personnel during the financial year** Calculated as the monthly average number of employment relationships. In addition, in 2000–2001 the calculation comprises the average number of employees converted to full-time staff.

# PROPOSAL OF THE EXECUTIVE BOARD

## CONCERNING THE USE OF SOK'S PROFIT FOR THE YEAR

Surplus indicated in the income statement	EUR 11,284,455.48
Surplus from the previous financial years	EUR 290,840,517.28
Total	EUR 302,124,972.76

The Executive Board proposes that the profit for the financial year of EUR 11,284,455.48 be used as follows:

– paid as interest on the supplementary cooperative capital	EUR 532,693.12
– distributed as 9 % interest on the cooperative participation share paid by the cooperative societies by the beginning of the financial year	EUR 4,847,460.28
– transferred to the supervisory board's disposal fund	EUR 168,187.93
– left in the profit account	EUR 5,736,114.15

Should the cooperative meeting approve the above proposal, the SOK shareholders' equities will be as follows:

Cooperative capital	EUR 58,658,163.08
Supplementary cooperative capital	EUR 9,250,335.96
Legal reserve	EUR 11,773,154.85
Supervisory board's disposal fund	EUR 434,360.14
Profit account	EUR 296,576,631.43
Total	EUR 376,692,645.46

Helsinki, 13 February 2002



Jere Lahti



Jukka Salminen



Leo Laukkanen



Kalle Lähdesmäki



Reijo Lähteenmäki



Kuisma Niemelä



Eero Saukkonen



Jouko Vehmas

# AUDIT REPORT

To the members of Suomen  
Osuuskauppojen Keskuskunta SOK

We have audited the accounting records, the financial statements, and the administration of Suomen Osuuskauppojen Keskuskunta SOK for the period of 1 January – 31 December 2001. The financial statement drafted by the Executive Board includes the income statement, balance sheet, cash flow statement, and notes to the financial statements both for the Corporation and the Cooperative. Based on our audit we submit a statement on the financial statement and administration.

The audit has been conducted in accordance with sound auditing procedure. The accounting records as well as the accounting principles and the content and presentation of the financial statement have been examined to an extent sufficient to determine that there are no relevant errors or defects. In auditing the administration, we have examined the law-

fulness of the activities of the Supervisory Board and the Members of the Executive board in accordance with the regulations provided by the Cooperative Societies' Act.

We express as our opinion that the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations concerning the drafting of financial statements. The financial statements provide correct and sufficient information, as intended in the Accounting Act, on the results of the Corporation's and the Cooperative's activities and their financial standing. The financial statements and the consolidated financial statements may be approved and the Members of the Supervisory Board and the Executive Board can be discharged from liability for the period audited by us. The proposal made by the Executive Board on accumulated profit is in compliance with the Cooperative Societies' Act and the Cooperative's Rules.

Helsinki, 12 March 2002

Jorma Jäske  
Authorised Public Accountant

Tapani Rotola-Pukkila  
Authorised Public Accountant

Juhani Heiskanen  
Authorised Public Accountant

## STATEMENT BY THE SUPERVISORY BOARD

In accordance with Item 2, Paragraph 1 in Section 18 of the Rules of Suomen Osuuskauppojen Keskuskunta SOK, the Supervisory Board has today examined the report of the Executive Board, the attached financial statement and consolidated financial statements as well as the proposal on the use of profit, and reviewed the auditors' report for the year in question and the Audit Committee's report for the Annual General Meeting of SOK.

As it presents the Executive Board's report and the auditors' report, the Supervisory Board suggests that the financial

statements and the consolidated financial statements be confirmed, and that the proposal on the profit for the financial year and shareholders' equity be approved.

Arto Arvonen's, Tuula Entelä's, Heikki Ikonen's, Maija-Liisa Lindqvist's, Kari Neilimo's, Jorma Sieviläinen's, Antero Taanila's and Timo Sonninen's membership of the Supervisory Board will expire. A corresponding number of new members to be elected by the Annual General Meeting for a period of three years has been proposed to replace the members subject to membership expiration.

Helsinki, 20 March 2002

SUOMEN OSUUSKAUPPOJEN  
KESKUSKUNTA  
on behalf of the Supervisory Board

Kari Neilimo  
Chairman

Markku Viljanen  
Secretary



*The Mylly (The Mill) shopping centre was opened in Raisio in October.  
The S Group units at The Mill are Prisma, Sokos and a spectrum of restaurants.*

## FIELD DIVISION



*Reijo Lähteenmäki*

The Field Division comprises three SOK subsidiaries: Hankkija Agriculture Ltd, Intrade Partners Oy and Hansafood AS. In addition, the division's functions include market chain management and ABC chain management. The Field Division is headed by Reijo Lähteenmäki, M.Sc. (Soc.Sc.).

The value of grocery sales nationwide grew by 6.6 per cent. The value of the S Group's grocery sales continued to outpace the market, growing at a rate of 12.2 per cent. This meant an increase in market share. Last year was the eleventh straight year of growth. S Group's market share in the grocery trade rose from 28.9 per cent a year ago to 30.5 per cent.

The overall market for the agricultural trade in Finland grew by 10 per cent. The S Group maintained its strong market position and remains the market leader with a share of 40 per cent.

Total consumption of petrol in Finland grew by more than one per cent. The trend in the S Group's fuel trade was good and the market share in petrol sales rose from 12.5 per cent to 13.2 per cent.

### Hankkija Agriculture Ltd

Hankkija Agriculture Ltd had net turnover in 2001 of EUR 671 million, representing growth of 11.9 per cent. The figure was somewhat higher than the growth in the overall agricultural market.

Sales by the company's agricultural supplies trade were EUR 427 million, up 17 per cent. In the summer Hankkija Agriculture Ltd concluded a co-operation agreement with Syngenta, the world's largest company in the plant protection field. The Agrimarket chain began marketing Syngenta products from the beginning of 2002.

Hankkija Agriculture increased its market share in the feed trade. Munakunta's feed sales were transferred to the Agri-

market chain in July. The Agrimarket chain accounted for about half of the certified seed sales in Finland.

Thanks to the good grain harvest, the grain trade increased by 67 per cent. More than 80 per cent of the company's grain purchases were made with farmers who had entered into a preliminary agreement with Viljatila. Grain was delivered to both Finnish industry and exported.

Machinery sales totalled EUR 157 million, up 2.3 per cent. In the tractor trade the Agrimarket chain maintained its market share in the combined sales of John Deere and Massey Ferguson equipment at 17 per cent. The chain's market share for combine harvesters is over 60 per cent.

At the beginning of 2001 the machinery centres in Tampere, Virkkala, Seinäjoki, Kokkola, Kuopio, Kouvola and Oulu began operations. The machinery centre in Turku went into operation a year ago. The machinery centres are a centralised organisation for handling sales of tractors, combines, special work machines and grain dryers as well as trade-in machines in these categories.

The company's sales in the market trade amounted to EUR 89 million, an increase of 5.7 per cent. The market trade comprises sales of hardware and gardening supplies. The overall market in the hardware trade declined somewhat. Hardware sales by the Agrimarkets grew by 3 per cent, which meant slight growth in market share. Market share gains were also registered in the horticultural and garden trade, with sales by the Multasormi (Loam Finger) garden stores increasing by 13 per cent.

During the year the Agrimarkets in Kuopio and Lapinlahti moved into new premises. Major store refurbishments were carried out at 13 Agrimarkets. The chain's dispatching and control were centralised at the Turku logistics centre and a new logistics management system was put into use, along with a new transport planning system.

A new Agrinet online service was opened on the Internet in October. It is Finland's first online agricultural store that enables farmers to buy agricultural production inputs, such as feeds, fertilisers, seed and types of oil. In addition, via Agrinet customers can monitor their own individual data. Agrinet is a service that is intended primarily for loyal customers of the Agrimarket chain. At the end of the year Hankkija Agriculture had more than 21,000 loyal customers, who accounted for 60 per cent of the entire company's sales.

The Agrimarket chain comprises Hankkija Agriculture Ltd, the Southern Ostrobothnia Cooperative Society, the Salo District Cooperative Society, the Cooperative Society Osla and Kymenlaakson Agrimarket Oy. All in all, the chain had 132 Agrimarkets and 8 Agrimarket Machine Centres. The chain employed 924 people, of whom 767 were Hankkija Agriculture staff.

2001	EUR million	± prev. yr.
Net turnover	671.1	+71.1
Operating profit	11.5	+1.7

### Intrade Partners Oy

For the S Group's chains, Intrade Partners Oy purchases products in the home, leisure, apparel and store furnishing categories. The largest client chains were Prisma, Sokos, S-market and Agrimarket.

During the year the organisational structure needed to ensure consistent category management for the chains' business ideas was put in place. Co-operation with the chains' category planning organisations was amplified by overhauling the processes and tools for category planning on a joint basis. The aim is to improve the competitiveness of the assortments and operational cost-effectiveness, whilst also shortening throughput times. A programme for developing own brands was launched together with the market chains. In addition, monitoring of deliveries was reorganised both in Finland and for deliveries abroad.

The order-delivery process was completely revamped. The company introduced – without changeover downtime – a new integrated ERP system, whereby all the old separate information systems were replaced. Installation and start-up went according to schedule. The new ERP system will be used to handle all the company's functions: supplier management, the order-delivery process, accounts payable and accounts receivable invoices, complaint claims, financial administration, reporting and contacts with the chains and providers of logistics services.

The company's net turnover developed in line with plans. The growth in net turnover was largely attributable to the good sales trend of the Prisma and Sokos chains. The company had a payroll of 255 employees at the end of the year.

2001	EUR million	± prev. yr.
Net turnover	407.1	+23.8
Operating loss	0.4	-1.8

## Hansafood AS

Hansafood AS is SOK's subsidiary that engages in the market trade in Estonia. During the financial year business in Tallinn was carried on through chain agreements under the Prisma concept at two hypermarkets, one of which was owned by Hansafood and the other by ETK's subsidiary Ramare AS. In October an agreement was signed on building a third Prisma. It will be opened in Tallinn's Mustamäe town district in autumn 2002.

Hansafood AS had net turnover of EUR 21 million (313 million Estonian kroons).

SOK's restaurant subsidiary Foodcourt AS was merged with Hansafood AS in December and it is also continuing to operate under the Rosso, Rosso Express, Coffee House and Hesperburger concepts.

## Market Chain Management

The Market Chain Management unit has operational responsibility for the development and management of the S Group's Market chain operations. The Market Chain Management unit's organisation comprises the chain managers, the category planning and control of the grocery and consumer goods trade, store and network planning as well as information management. The unit has a staff of 66 employees.

The S Group's market chains are the S-markets, Prismas, Sale stores and Alepa stores.

The S Group's grocery and consumer goods sales totalled EUR 3.9 billion, an increase of 11.5 per cent. The grocery trade grew by 12.2 per cent, rising to EUR 3.2 billion. The S Group's market share of the grocery trade rose to 30.5 per cent. Consumer goods sales of the Prisma and S-market chains were EUR 511 million, representing an increase of 15 per cent. The result of the market chains also improved on the previous year and was good.

During the year the S Group began fine-tuning its competitive strategy for the market trade. Within development of information systems the focus was on projects supporting product group management, thereby facilitating the demand-

oriented and product-driven management of assortments, retail sales space and pricing. Thanks to extensive preparations, the introduction of euro banknotes and coins went smoothly across the entire market chain.

Development work on the sales network of the market chains continued ahead energetically in accordance with a network plan extending up to 2005 that was formulated together with the regional cooperative societies. In 2001 new Prismas were opened in Hyvinkää, Kuusamo, Kerava and at the Mylly (The Mill) shopping centre in Raisio.

The S-markets form the S Group's largest chain of grocery markets. At the end of the year it comprised 329 units, an increase of 19 units. The chain had aggregate sales of EUR 1,870 million, an increase of 9.4 per cent. The chain's increase in grocery sales was 9.5 per cent.

The Prisma chain continued to rock up strong sales growth. The chain posted sales of EUR 1,590 million, up 15.8 per cent. Sales of groceries grew by 17.2 per cent. The increase in sales of consumer goods increased by 15.9 per cent. At the end of the year the Prisma chain included 42 units in Finland, an increase of four units. In addition, in Tallinn there were two Prismas, which were opened in 2000.

The Sale chain had 159 sites, a decrease of six units. The chain had sales of EUR 213 million, an increase of 7.8 per cent.

Sales by the Alepa chain totalled EUR 130 million, an increase of 20.0 per cent. There were 45 sites, two more than a year earlier.

## ABC chain management

ABC chain management is the development unit for the S Group's service station store business and fuel trade. Its central task is to develop the business's strategy and chain business ideas as well as to assist the local cooperative societies and provide guidance in the development of the business area.

At the close of the year the cooperative societies had 233 units that sold fuel, 91 of which were service station stores, the remaining 143 consisting mainly of unmanned stations. The increase on the previous year was 3 units. The business had aggregate sales of EUR 547.4 million, up 2.2 per cent. The operational result developed favourably and increased by more than 40 per cent on the figure a year earlier.

The ABC service station store and ABC unmanned station are the S Group's new brands. The ABC network has expanded to 20 cooperative societies to date. During the year, 10 ABC service station stores and 21 ABC unmanned stations were opened. All in all, there were 26 ABC service station stores and 65 ABC unmanned stations at the end of the year. Energetic building out of the chain is continuing and the one hundred unit mark will be exceeded already in 2002.

Chain management operations centred on concept-driven planning of the ABC service station stores and ABC unmanned stations as well as on the guidance of implementation and operation, the unit-specific building out of existing systems and the transition to the euro as well as the acquisition of business locations. During the year a review of the ABC chain's competitive strategy was carried out.

S Group's fuel sales developed well. The market share in petrol sales grew to 13.2 per cent. The growth was mainly attributable to the expansion of the ABC network and the fact that customer-owners made more of their fuel purchases than ever before through the S Group's service stations.

## SPECIALITY STORES DIVISION



*Juhani Järvenpää*

The Speciality Stores Division comprises the SOK subsidiaries Sokotel Oy, Kuusinen Oy, HOT Hometechnics Ltd, Helsingin Sokos Oy, Turun Sokos Oy, Tampereen Sokos Oy, Porin Sokos Oy, Oy Sokos Ab and Tenco Oy. In addition, the division encompasses the Ässäravintolat (Ace Restaurants) chain management and Sokos chain management units. The division was headed by Juhani Järvenpää, M. Sc. (Econ.).

The speciality goods trade is estimated to have grown by about 4–5 per cent in Finland in 2001. The growth in the S Group's speciality goods trade, 8.7 per cent, outpaced the average for the country, boosting the Group's market share.

The sales trend in the hotel and restaurant trade remained barely in positive territory, but growth nevertheless slowed down compared with the previous year. The S Group posted growth of 2.4 per cent in its restaurant and hotelary businesses, which was close to the country's average. The S Group's hotel occupancy rate remained at the previous year's level and was 62 per cent, as against 49 per cent nationwide.

### Sokotel Oy

At the end of 2001, Sokotel Oy had a total of fifteen units belonging to the Sokos Hotels chain (Helsinki, Vantaa, Espoo, Lahti, Hämeenlinna, Tampere, Pori, Vaasa and Rovaniemi) as well as six units belonging to the Radisson SAS chain (Helsinki, Espoo, Oulu and Vaasa). The newest hotel in the Radisson SAS chain opened for business in Espoo as from the beginning of February 2001.

The Sokos Hotels chain is Finland's best known and largest hotel chain and offers professional service for business and convention guests as well as versatile alternatives for leisure time accommodation. The Sokos Hotels chain comprises 35

modern hotels in central locations in 24 different cities. Sokotel Oy owns 15 of the chain's hotels, the remainder of the hotels in the Sokos Hotels chain being in the ownership of the regional cooperative societies. The hotels owned by Sokotel Oy account for 53 per cent of the entire Sokos Hotels chain's sales and just under 47 per cent of its available rooms.

The Radisson SAS hotel chain is a worldwide premium chain that is specialised in serving business travellers as well as meeting and conference guests. SOK has an exclusive right to operate under the Radisson SAS emblem in Finland. By the end of 2001 the Radisson SAS chain operated in Finland under a management agreement, and from the beginning of 2002 the business was transferred to the management of Sokotel Oy on the basis of a franchise agreement.

Changes did not take place in the business structure of Sokotel Oy during 2001. Sokotel Oy is a wholly-owned subsidiary of SOK. The company owns the real-estate management subsidiary Kiinteistö Oy Oulun Vaakuna (100%) and it has a 33 per cent stake in Hotelli Joensuu Kimmel Oy, which operates the Sokos Hotel Kimmel.

In December 2001 the company took a decision according to which the business operations of Sokos Hotel Joensuu Vaakuna were sold to the North Karelian Cooperative Society as from the beginning of February 2002. The company also announced it was terminating the operations of the Radisson SAS Hesperia Hotel from the beginning of 2004 when the lease agreement on the property expires.

The company's operations developed according to plans in the first part of 2001. In the latter part of the year the effects of the terrorist attack on the USA cut into hospitality sales, particularly for the Radisson SAS units in the Greater Helsinki area, which cater for international business travellers. The events did not have a mentionable effect on the Sokos Hotels units. The company responded to the weakened demand by beefing up its sales activities and improving internal efficiency. Partly thanks to these measures, the company's full-year result was nearly on budget.

The company's largest single investment was the complete refurbishing of the Radisson SAS Hotel Espoo and the start-up of the unit's operations as part of the chain. Other major investments were the restaurant refurbishments in Rovaniemi, Tampere and Helsinki. The transition to the euro involved making major modifications to information systems, thanks to which the changeover to the euro, which was one of the most important operational projects during the past financial year, was accomplished smoothly at all the company's units. Sokotel Oy had chief responsibility for carrying out the euro project for the entire S Group's hotel and restaurant business.

Sokotel Oy had an average payroll during the financial year of 1,399 employees, as against 899 a year earlier. The average number of personnel was affected mainly by the structural arrangements carried out at the end of 2000.

The company's net turnover grew by 49 per cent during the financial year. The growth in net turnover was due to the merger of Royal Hotel Oy into Sokotel Oy at the end of the financial year.

2001	EUR million	± prev. yr.
Net turnover	169.1	-4.5
Operating profit <sup>D)</sup>	11.6	-4.8

<sup>D)</sup> Operating profit in 2000 included EUR 7.3 million of the S Group's internal income from the disposal of businesses.

## Ässäravintolat

Ässäravintolat (Ace Restaurants) is the SOK hotel and restaurant chain management unit that oversees the S Group's chain restaurants and develops their business ideas, monitors the profitability and competitiveness of the restaurant chains and maintains and develops the dynamism underlying the brands.

The task of Ässäravintolat is furthermore to co-ordinate training and quality studies bearing on key aspects of the brands as well as to produce marketing materials and guidelines. Ässäravintolat also plays a major role in developing both food and beverage products.

Ässäravintolat participates in the development groups for the entire business's logistics and information systems and it develops the customer-owner benefits offered by the restaurants.

The S Group's restaurant chains numbered 132 restaurants at the end of the year. The largest of the chains is Rosso, which has 43 attractive restaurants in 35 different localities so far. Other chains are the Fransmanni (Frenchman) and Iltaravintola (Evening Restaurant) which operate in the hotels, the dining and socialising restaurants Amarillo, Sevilla and Memphis as well as the Corner pub restaurants and Coffee House cafes. In addition, the S Group's restaurant chains include the Rosso Express fast food restaurants and Presso cafes. The division also has co-operation with the Hesburger chain of hamburger restaurants.

Apart from a number of restaurant refurbishments during the year, a total of fifteen new chain restaurants were opened during the year; a Rosso in Hyvinkää, Lappeenranta and Tikkurila, a Sevilla in Turku, a Coffee House in Raisio and Espoo, a Corner in Tampere and Varkaus, a Rosso Express in Lahti, Jyväskylä and Kuopio and a Presso in Hämeenlinna, Lahti and Jyväskylä.

The chain restaurants had aggregate sales of EUR 143.6 million.

## Sokos Chain Management

The main tasks of the Sokos Chain Management unit are to define the category structure and sales assortment of the Sokos department stores and Emotion speciality shops as well as to develop and maintain the chains' business ideas and concepts. Sokos Chain Management drafts position statements guiding the chain's operations for use by the chain's decision-making bodies and provides the agreed marketing, logistics, information systems and accounting services for the chain units. The number of personnel at the end of 2001 was 69.

2001 was the first year of operations for the Sokos chain

under its new ownership structure, in which the department stores are owned either directly by the regional cooperative societies or by a local company that is jointly owned by a cooperative society and SOK. Under this system, the Chain Management unit operates within SOK.

At the end of 2001 the Sokos chain operated 19 Sokos department stores following the opening in Raisio in October of a new Sokos department store in the Kauppakeskus Mylly (The Mill) shopping centre. The Sokos business was discontinued in Kouvola in February and in Oulu in March because under the new ownership structure, appropriate premises were not available.

At the end of the year there were five Emotion speciality shops, which are specialised in cosmetics and ladies' lingerie. All of them are owned by the regional cooperative societies and they are located in Seinäjoki, Lappeenranta, Hamina, Joensuu and the Nummela district of Vihti. In addition, a Sokos department store owned by the SOK subsidiary Tenco Eesti AS operates in the Viru Centre in Tallinn, Estonia.

The technical implementation of the structural change went smoothly. Similarly, the decision-making bodies according to the new structure were in operation right from the start of the year to the full extent and with a dedicated commitment. The work of the personnel of Chain Management's category management and Sokos purchasing, which operates within Intrade Partners Oy, brought good results despite the extensive changing of roles and job tasks that was carried out towards the end of the previous financial year. Right from the start of the year the personnel of the Sokos department stores were covered by the development and incentive programmes and management systems of the local and regional cooperative societies. The sales and profits of the chains came in somewhat ahead of the targets set. Compared with the previous year the earnings improvement was substantial and the sales trend of the network on a same-store basis outpaced the general trend in the retail sector.

Refurbishment of the department stores continued during the report period, notably, in Salo, Lohja, Rauma, Kajaani, Jyväskylä and Tampere. During the current financial year a number of major refurbishment projects are in progress, for example, in Kuopio, Pori and Turku.

Development work on the content of the Sokos business is carried out through joint projects involving the broad participation of the entire personnel of both the department stores and Chain Management and Purchasing, all of whom work on refining changes springing from the market situation and trends in it.

The Sokos chain had net turnover in 2001 of EUR 249 million, an increase on a same-store basis of 6.7 per cent. The Emotion chain had net turnover of EUR 4.2 million, consisting nearly entirely of new sales because the first unit of the chain was not opened until the early summer 2000.

## Sokos companies

Sokos operations in the Greater Helsinki area, Tampere, Turku and Pori are handled through the local Sokos companies that



were established jointly by the regional cooperative societies and SOK somewhat over a year ago.

Helsingin Sokos Oy is engaged in the consumer goods department store trade in Helsinki and the Tapiola district of Espoo. The company had net turnover of EUR 54.9 million. Net turnover of the department stores was up 7.5 per cent on the previous year. The company's operating result was in the black, and it had a payroll of 282 employees at the end of 2001.

Tampereen Sokos Oy is engaged in the department store trade in groceries and consumer goods in Tampere. The company had net turnover of EUR 40.4 million, up 8.4 per cent on the figure a year ago. The company posted an operating profit. The number of staff at the end of 2001 was 234.

Turun Sokos Oy carries on department store trade in consumer goods in Turku, and from October 2001 also at the Kauppakeskus Mylly (The Mill) shopping centre in Raisio. The company had net turnover of EUR 18.1 million, an increase of 6.8 per cent on the previous year. The company reported an operating loss. The number of staff at the end of 2001 was 163.

Porin Sokos Oy is engaged in department store trade in consumer goods in Pori. The company had net turnover of EUR 11.1 million, up 8.5 per cent on the figure a year earlier. The company reported an operating loss. The payroll at the end of 2001 was 63 employees.

On January 1, 2001, Oy Sokos Ab sold its business to the regional cooperative societies or the above-mentioned local companies with the exception of the business of the department stores in Oulu and Kouvola. These businesses were wound up in February and March 2001. Oy Sokos Ab has been responsible for the logistics services for provisioning Tenco Eesti AS's department store in Tallinn from Finland. Oy Sokos Ab had net turnover of EUR 2.4 million and posted an operating profit. It had 2 employees at the end of 2001.

Sokos companies, total

2001	EUR million	± prev. yr.
Net turnover	126.9	-61.0
Operating loss	-0.3	+7.6

## Kuusinen Oy

Kuusinen Oy is specialised in the retail sales of women's and men's international brand apparel and footwear. In 2001 the company's entire operations were based in a single store.

The company's net turnover totalled EUR 6.8 million, down 15 per cent, primarily owing to the decrease in retail space following the consolidation of operations. The number of staff at the end of the year was 39.

A decision was taken to sell the Kuusinen Oy business to TFG Retail Oy, a company established by the private merchants operating within the Texmoda purchasing group. The divestment took place on 1 March 2002.

## HOT Hometechnics Ltd

HOT Hometechnics Ltd is a retailer of household appliances and consumer electronics. From 1 January to 23 April 2001

the company was owned jointly by Ernst Brinkmann KG of Germany and SOK. When the Brinkmann companies ended up in corporate restructuring at the beginning of 2001, SOK purchased Brinkmann's stake, whereby the company became a wholly-owned subsidiary of SOK.

The company had three stores: in Jyväskylä, Espoo and Vantaa.

During 2001 talks were held actively with the aim of finding an international partner. The talks nevertheless did not lead to an outcome that was acceptable to SOK. Accordingly, it was decided to wind up the operations of HOT Home-technics Ltd. Operations of the stores in Espoo and Jyväskylä ended on 31 December 2001, and in Vantaa on 19 January 2002.

The company's net turnover in 2001 amounted to EUR 19.2 million and it had a staff at the end of the year of 78 employees.

## Netista Oy

Netista Oy is SOK's subsidiary that is engaged in retail sales of consumer goods on the Internet. In November Netista Oy became a wholly-owned subsidiary of SOK when SOK purchased the Sonera Plaza Ltd's shares in the company.

In spring 2001, with the support of an energetic marketing thrust, SOK opened the netista.com online store, which offers an extensive range of goods. The objectives for visibility, attention-getting and visits were reached successfully, but sales did not get started in line with objectives. Towards the end of the year monthly numbers of visitors rose to over 100,000, and Netista's visibility amongst Internet users rose to 34 per cent.

In December 2001 an action plan was approved whereby the operations of Netista Oy will be scaled down as dictated by the market situation. Netista Oy is operating in close co-operation with the Sokos Chain Management and SOK's e-Business unit.

The company had net turnover in 2001 of EUR 1.1 million and a staff of 15 at the end of the year.

## Tenco Oy

Tenco Oy is SOK's wholly-owned development company whose task is to develop and carry on department store activities in the Baltic countries and St Petersburg.

Tenco Oy's wholly-owned subsidiary Tenco Eesti AS is engaged in the department store trade – employing the Sokos business idea – in the centre of Tallinn. A decision has been taken to concentrate the department store trade in Estonia on building up the Prisma chain. Operations of the Sokos department store in Tallinn will be discontinued in autumn 2002.

The company had turnover of EUR 4.3 million and a staff of 60 employees at the end of the year.



*Sokos operated according to a new concept last year. It now has a business idea that makes it a real chain.*



*The cafe scene in Finland is experiencing a renaissance. The cafes of the Coffee House chain have been designed to offer a highly appealing atmosphere.*

# AUTOMOTIVE DIVISION



Risto Mäkeläinen

The Automotive division was formed from the vehicle dealerships of the SOK subsidiaries Oy Maan Auto Ab, Automaa Oy, AS Kommet Auto, AS Lauva Auto and Rainex Yrityspalvelu Oy, which is a wholesaler of hardware and building supplies. In addition, the division includes the Automotive Management unit. The Automotive division is headed by Risto Mäkeläinen, M. Sc. (Econ.).

Registrations of new passenger cars in Finland diminished markedly after three normal-level years. New car registrations totalled 109,500, a decrease of 18.7 per cent on the previous year. The main reason for the slowdown in vehicle sales was the discussion that got started at the beginning of the year concerning the tax treatment of used imported vehicles, an issue that led to the bringing of an appeal before the EU Court. There was speculation that the eventual decision would also affect the taxation and prices of new vehicles. These expectations had a significant effect on inducing private customers in particular to defer their car trade-in decisions. The number of vans registered was 12,863, down 1.4 per cent.

## Automotive Management unit

The task of the Automotive Management unit was to manage and co-ordinate the S Group's car sales development programmes and to participate in implementing them together with the Group's car dealerships.

The Automotive Management unit and the dealerships co-operated on drafting the S Group's competitive strategies for vehicle sales, and the relevant decisions were taken towards the end of the year. The S Group's online vehicle sales ser-

vice was developed. It is available at the address [www.auto-kanava.net](http://www.auto-kanava.net).

At the end of the year the S Group had a total of 42 car dealerships. New car dealerships were completed in Seinäjoki, Porvoo and at the Mylly (The Mill) shopping centre in Raisio. Retail car sales totalled EUR 552 million, down 7.2 per cent. The number of new cars sold was 11,841 (a change of -13.1%), and 21,066 trade-in vehicles were sold (change: -0.4%). In addition to SOK Corporation, 15 regional cooperative societies were engaged in vehicle sales. At the end of the year the car dealerships represented a total of 18 different makes of vehicle.

## Oy Maan Auto Ab

Oy Maan Auto Ab is an SOK subsidiary which imports into Finland and markets Peugeot vehicles, spare parts and accessories through its distributor network. Maan Auto's distributor network comprised 36 full-service car dealerships, 5 of which were owned and operated by Automaa Oy, 16 by the regional cooperative societies, with 15 owned by private entrepreneurs.

6,946 Peugeot passenger cars were registered, a decrease of 8.6 per cent on the previous year. Since the overall market declined by 18.7 per cent, Peugeot's market share increased from 5.6 per cent to 6.3 per cent. The growth in market share was primarily due to the well-received Peugeot 206 and 307 models. The new 307 was voted European car of the year for 2002 by automotive journalists. Peugeot also won the world rally championship in 2001. Sales of Peugeot trucks fell by 6.3 per cent and amounted to 913 vehicles. Peugeot vans saw their market share decline from 6.2 per cent to 5.6 per cent.

The company started the stage by stage implementation of the Peugeot network's quality programme with the objective of having the entire network covered by the programme by the beginning of 2003. In December 2001 SOK's Executive Board decided to merge its subsidiary Oy Maan Auto Ab into Automaa Oy.

2001	EUR million	± prev. yr.
Net turnover	160.8	-14.1
Operating profit	2.6	-0.7

## Automaa Oy

Automaa Oy is an SOK subsidiary that is engaged in the retail sales of Peugeot vehicles and their servicing and repairs in Helsinki, Espoo, Vantaa, Tampere and Turku. A new car dealership was completed for the company in November 2001 in the vicinity of the Mylly shopping centre in Raisio.

As sales of new cars slowed down right from the start of the year, Automaa initiated a cost-cutting programme. Its effects showed up in the level of earnings beginning in the summer months.

The company introduced the Leijona (Lion) trade-in vehicle programme for high-quality trade-in vehicles. An impor-

tant feature of the programme is sizeable warranty benefits for customers.

The company sold 3,379 new Peugeot vehicles, a decrease of 20 per cent. The number of trade-in vehicles sold was 3,879, down by 31 per cent.

2001	EUR million	± prev. yr.
Net turnover	105.2	-27.7
Operating profit	0.1	+0.5

### AS Kommest Auto and AS Lauva Auto

AS Kommest Auto is SOK's 90 per cent-owned subsidiary, which has exclusive dealership rights for Peugeot vehicles in Estonia and Latvia. It has a wholly-owned subsidiary, AS Lauva Auto, which acts as a sales company in Latvia. The Kommest Group has its own car dealerships in Tallinn (2), Tartu, Pärnu (Estonia) and Riga (Latvia). The company's own network is supplemented by private district distributors: six in Estonia and four in Latvia.

Estonia's total market was 15,294 new passenger cars and vans, representing growth of 20.2 per cent. Latvia's total market was 8,624 passenger cars and vans, a decrease of 32 vehicles.

The Kommest Group sold a total of 2,366 Peugeot vehicles in Estonia and 696 in Latvia. The market share of Peugeot passenger cars in Estonia was 14.4 per cent and in Latvia 8.1 per cent. The market share of Peugeot vans in Estonia was 21.5 per cent and in Latvia 7.7 per cent. In addition, 587 Peugeots were exported.

Premises were reserved in Riga for a new car dealership that will go into use at the beginning of 2002. A decision was taken to build a new car dealership in Tartu, Estonia, with

completion scheduled for the spring 2002. These investments will make possible sales growth and efficient servicing and repair operations.

2001	EUR million	± prev. yr.
Net turnover	45.3	+14.2
Operating profit	1.0	+0.1

### Rainex Yrityspalvelu Oy

Rainex Yrityspalvelu Oy is a hardware and building supplies wholesaler that is also engaged in the sale of equipment and supplies for civil defence, security, work clothes and products and textiles for institutional use. The company has six sales outlets: in Helsinki, Tampere, Turku, Jyväskylä, Kuopio and Oulu. Warehouses are located in Vantaa, Turku and Oulu.

The hardware and building supply market fell by more than one per cent at the annual level, though prices rose on average by 3 per cent. The market for basic building supplies declined, depending on the product group, by 5–10 per cent, but the interior decorator market offset this, showing growth of 5–8 per cent. The biggest declines were in commercial and office construction as well as in residential construction. Growth was registered in the construction of public service buildings.

In a tougher market situation, Rainex Yrityspalvelu performed well in retaining its position and level of earnings.

2001	EUR million	± prev. yr.
Net turnover	84.0	-1.8
Operating profit	1.2	-0.1



*The Peugeot 307 was voted Car of the Year.*

# ADMINISTRATIVE DIVISION



*Jukka Salminen*

The Administrative Division was in charge of SOK Corporation's finance, treasury, field consulting, real-estate operations, legal affairs and administrative services. The head of the division was Jukka Salminen, M. Sc. (Econ.).

## Finance

SOK's Finance unit was responsible for SOK Corporation's financial control as well as for formulating the joint principles and guidelines governing the entire S Group's finances in the areas of management accounting, book-keeping, financial statements and taxation, and the unit also provided the necessary joint financial services for the Group.

In 2001 the unit's operations were geared towards actions required for introducing euro cash. Because it bore responsibility for supporting the financial control of both SOK and the entire S Group, the unit's project expanded to cover the change management of reciprocally used basic information systems and financial control systems. The most important subject areas were functionality modifications to systems, updating of data transfer links, changes to systems for communicating money data and database conversions.

In line with its fundamental task, the unit maintained and developed accounting guidelines and the principles and guidelines of management accounting and was furthermore in charge of overseeing Group-level taxation matters and supporting the information systems of the finance functions.

Within financial planning, the building of a centralised financial control database project was started by first replacing the Group's sales reporting system with products of the Hyperion product family. Concurrently, a path for overhauling the planning and Group accounting systems was described and set up as a project. Information systems also had the central role – in addition to managing the euro changeover process – of designing the structure and functionality of the database project for financial control.

System services concentrated on creating capabilities – drawing on pilot programme results – for an extensive electronic mode of circulating, logging approvals for and archiving purchase invoices. A number of cooperative societies also introduced machine price-checking of goods purchase invoices as well as terminal-assisted invoice checking. Centralised purchasing functions for grocery and consumer goods were placed extensively within the scope of EDI invoicing.

Apart from drawing up euro guidelines, the timetable for publishing financial statements was speeded up by about a month within Group accounting by means of process and scheduling changes. Financial services handled the accounting of certain of SOK's subsidiaries and associated companies and carried out the new arrangements required by the Corporation's structural changes. Within tax planning, the role of consultancy in particular increased compared with previous years.

In updating the Group strategy, a preliminary research project was launched in the spring with the aim of improving the cost-effectiveness of the financial administration processes. The project, which was staffed by representatives of both the regional cooperative societies and SOK's financial administration, defined the sought-after state of the S Group's future operational model for finance functions. The objectives of the project are, among other things, more integrated and efficient processes, common operating procedures and basic systems as well as the allocation of resources to support operations and the services required for accomplishing this. Otherwise, the co-operation of SOK Finance with the regional cooperative societies was weighted very much towards carrying out the changes for the euro changeover.

Employee contentment and well-being have been promoted through an ambitious programme of job fitness activities for the second year now.

## Treasury

The Treasury unit had a centralised responsibility for SOK Corporation's treasury operations.

The Corporate Bank was in charge of SOK Corporation's liquidity management as well as the management of interest rate and foreign exchange risks in accordance with the instructions and credit limits set by SOK's Executive Board. Apart from its risk management task, the Corporate Bank acts as a profit centre and seeks to exploit changes in the financial markets. During the financial year the Corporate Bank continued its operations on the electricity wholesale market. During 2001 the Corporate Bank purchased the electricity it needed for most of SOK Corporation's real-estate properties and acted in accordance with the guidelines issued on the management of electricity price risks.

SOK Takaus Oy granted guarantees to the cooperative societies and SOK subsidiaries. The portfolio of guarantees at the end of the year amounted to EUR 61.2 million. Guarantee liabilities diminished by EUR 2.7 million. Counterguarantees and own funds at the end of the year totalled EUR 78.4 million.

S-Etuluotto Oy is the S Group's company that is specialised in managing consumer credits and produces services taking

into account the needs of customer-owners, customers and the S Group's business chains. In the company's third fully-fledged year of operations, the transition to euro banknotes and coins was accomplished. A company card, Business Card Manager, was designed for the S Group's business customers and introduced in autumn 2001. Total credits at the end of the year amounted to EUR 18.0 million (EUR 17.4 million at the end of 2000).

## Field Consulting

The main task of Field Consulting is to oversee the finances of the cooperative societies and control the necessary measures, to oversee the development of the cooperative societies' regional and business structure and to prepare capital expenditures in co-operation with the management of the regional cooperative societies.

Field Consulting carried out continuous monitoring of the cooperative societies' operational performance and financial position in accordance with the financial control principles approved by SOK's Supervisory Board. The financial position of the cooperative societies was defined in accordance with the approved financial position criteria. Field Consulting supported the annual planning of the cooperative societies by means of analyses and forecasts concerning the retail operating environment, and it issued general planning instructions and budgeting guidelines.

Changes did not take place in the number of cooperative societies during the year.

Revised main principles of financial control and financial position criteria for the cooperative societies were prepared for presentation to SOK's Supervisory Board. These will be applied for the first time in assessing the 2001 financial year. In connection with the overall reform of the Cooperative Societies Act, an extensive project for overhauling the cooperative societies' model statutes and a proposal for unifying the customer-owner concept was prepared for confirmation by SOK's Supervisory Board in the early months of 2002.

Field Consulting did its part in monitoring the cooperative societies' savings fund activities in accordance with the guarantee pool agreements. The savings fund activities of each cooperative society are the responsibility of its Executive Board and the activities are monitored by a savings fund inspector. Member investments constitute the cooperative societies' debt to their member investors. Each cooperative society is primarily responsible for repaying member investments from its own assets. In addition, the cooperative societies have two separate guarantee pool agreements covering member investments, one of which comprises 22 regional cooperative societies and the other covering 10 local cooperative societies that carry on savings fund activities. The savings fund investments made in the cooperative societies grew by EUR 41 million during the year and totalled EUR 416 million at the end of the year. As part of the reform of the Cooperative Societies Act, the revised model statutes for savings fund activities were also prepared for confirmation by SOK's Supervisory Board.

The Ministry of Finance has drafted amendments to the Credit Institution Act on the basis of the proposals of the Bank-

ing Services Working Group that was set up by the ministry in autumn 1999. Because the legislative bill will have a substantial effect on the savings fund activities of the cooperative societies, Field Consulting has monitored drafting of the new legislation actively together with the management of the cooperative societies.

## Real-Estate Management

SOK Corporation's Real-Estate Management unit was responsible for the Corporation's real-estate property that is in use, the production of facilities services and the development of real-estate holdings.

Real-estate investments amounted to EUR 6.6 million. The largest renovation sites were the Kilo Logistics Centre, the HE-PAC and electrical work at the Koy Valtakulma residential property in Helsinki and the renovation of the Sokos Hotel Vaakuna. Renovation of the Vaakuna was started in October 2001 and the works are scheduled for completion in autumn 2003. Similarly, renovation work on the Sokos property in Pori was started in the autumn and will be completed in August 2002. Premises for Hankkija Agriculture Ltd's machine centres were built in Nurmo and in the Sarankulma district of Tampere. The Jollas Institute's premises were refurbished in line with modern requirements. The programme of repairs to properties was carried out in accordance with plans.

Sales of real-estate totalled EUR 11.7 million. The largest sale was the Raisio Automa property, which was sold to the Tapiola Group and leased back to the business on a long-term agreement. The Sokos Hotel Vaakuna was sold to the Northern Karelia Cooperative Society, the Hämeenmaa Cooperative Society bought the service station and S market properties in Hollola, Lahti and Janakkala and 50 per cent of the shares in the Turun Brahenkatu 8 property (Wiklund block) was sold to the construction company NCC-Puolimatka.

The amount of vacant premises at the end of the year was 7,250 m<sup>2</sup>.

Net turnover from real-estate operations was EUR 107.6 million, of which the S Group accounted for 86.7 million, or 81 per cent. Operating profit was up EUR 0.7 million on the previous year.

The main duties of the Business Sites unit are the acquisition of new sites and the development of present ones as well as related expert and developer services within the S Group. The most important project site in 2001 was the Kauppakeskus Mylly (The Mill) shopping centre that was opened in Raisio on 18 October, with 42,000 m<sup>2</sup> of retail space having been let. At the beginning of 2002, with the aim of enhancing customer service, a Property Development unit was set up within Business Sites. The unit will offer customers, on a centralised basis, all the developer services that are necessary in developing commercial locations and are part of the zoning, design, developer and real-estate maintenance processes.

The focus of Real-Estate User Services is, in accordance with the SOK strategy, on the development and marketing of property management services. The greatest demand was for property maintenance logs and real-time energy monitoring. User services took over responsibility for the property management of the Sokos and Radisson SAS hotel chains and con-

tinued its efforts and co-operation for providing solutions to assist the regional cooperative societies in maintaining their properties.

Within finance and administrative services, the launch of the Realisti real-estate software for use by the cooperative societies moved ahead with the aim of unifying the S Group's real-estate databases and software. At the end of the year, 8 regional cooperative societies were using the Realisti software.

Real-Estate Management represented the S Group in a number of development programmes in the real-estate field and took a part in developing training in the real-estate sector. Real-Estate Management plays a major part in implementing the environmental policy which the S Group has approved. It participates actively as one of the forerunners in the principal nationwide development programmes in the real-estate and construction field. The most important of these in 2001 were the Kress energy savings programme for the service sector, the ProGresS programme for the construction and real-estate industry as well as an environmental classification project for buildings. Together with the chain management units, a joint project has been launched with the aim of properly managing the environmental compliance issues for development activities throughout the entire life cycle of commercial premises. The project was started at a pilot property that was under renovation in Turku and work is continuing within the hotel and ABC chains.

Two environmental competence development days were held for the Real-Estate Management personnel. In a benchmarking survey of the development of environmental functions and personnel competence conducted by the Institute for Real Estate Economics, Real-Estate Management placed second in a group of 11 progressive companies in the field. The personnel development programme was continued with the aim of developing daily work, with a special focus on tabulating and analysing the S Group's core values.

## Legal Affairs

The Legal Affairs unit has a centralised responsibility for SOK Corporation's legal affairs and it assists the cooperative societies in issues requiring legal expertise. Various agreements connected with business operations and their structure figure prominently in the Legal Affairs unit's activities. An important aspect of the unit's work during the year was the drafting of agreements connected with the appliance trade and e-business as well as for the Prismas in Tallinn. Studies related to applications concerning price co-operation and the regional structure were prepared for the Finnish Competition Authority. The new Cooperative Societies Act came into force on 1 January 2002, and on the basis of it internal training for S Group staff was arranged at the start of 2002.

## Administrative Services

The Administrative Services unit is in charge of producing centralised services for the units operating within the Ässäkeskus (Ace Centre) which provides office and administrative services.

The service activities cover the following areas: leasing of office and leisure time premises, safety, office furniture and equipment, telephone switchboard and telecommunications services, goods receiving, the payroll office, mailing, copying, working hours control, access surveillance, archiving, cleaning, staff canteen functions and business travel.

About 3,500 m<sup>2</sup> of additional office and meeting space was obtained at the beginning of the year in the Ässäkeskus block at Satamaradankatu 1. There is no apparent need for additional office space in the near term.

The premises at the Ässäkeskus centre were again fully in use, and this has contributed to the efficient provision of Administrative Services.

*At the end of the year the regional cooperative societies already had nearly a million customer-owner households.*



# STRATEGIC AND BUSINESS DEVELOPMENT DIVISION



*Taavi Heikkilä*

Strategic and business development division covers strategic development, customer-owner and marketing services, information systems, e-business, activities in the Baltic region and St Petersburg, the euro project and a unit in charge of the cooperatives. Strategic and business development division is headed by Taavi Heikkilä, M. Sc. (Econ.).

## Strategic development

The focuses of Strategic development were on preparing the S Group's strategy, monitoring the competitive and operating environment, control of environmental compliance activities and planning as well as co-ordination and implementation of the S Group's sponsorship programmes.

During the financial year the S Group's strategy and strategy process were reinforced. The S Group's strategy is based on the Group's mission statement, vision and core values. The S Group's strategy sets the policy for the competitive principles observed by the business areas and chains, and it also has a substantial influence on formulating the strategies of the regional cooperative societies and the SOK Corporation. The strategy seeks to strengthen the unity of the S Group and to implement its mission statement in a competitive manner. To promote strategic thinking, a project for determining strategic objectives and benchmarks was launched.

The monitoring of the competitive and operating environment was geared to identifying the trends in various sectors of the economy. A central element was assessing the effects of globalisation, particularly in the retail and wholesale trade, and analysing it from the standpoint of the Finnish retail sector. The Strategic development staff furthermore participated in developing the business ideas of the S Group's business areas. The Strategic development function also produces daily information on the changing operating environment to serve the S Group's needs. The most important of the channels used in passing on the information is the S Group's intranet.

Implementation of the S Group's environmental policy was

continued under the guidance of the environmental compliance department. The main principles of environmental policy are continuous improvement together with maintenance and development of the staff's environmental knowledge. Environmental communications beamed at stakeholders have been implemented via the SOK Corporation's Environmental Report, Annual Report and the S Channel website. In a comparison of reporting on environmental and social responsibility, the SOK Corporation's Annual Report for 2000 was the best of the annual reports in the retailers category.

During the year implementation of the confirmed sponsorship strategy was carried out and sponsorship programmes were planned and implemented in co-operation with the regional cooperative societies and the SOK Corporation's units. The S Group's sponsorship activities in 2001 included the Finnish National Opera, the Savonlinna Opera Festival, the Kiasma Museum of Modern Art, Taidekeskus Salmela art centre, the Seinäjoki Tangomarkkinat tango dancing event, the Finnish freestyle national team and the Neste Rally Finland.

## Customer-owner and marketing services

Together with the regional cooperatives and chains, Customer-Owner Services produces and develops the customer-owners' service system in accordance with the S Group's mission statement, including: membership management, administration of the S-Benefit Card, savings fund and bonus calculations as well as related support services for the cooperative societies. Other services are the production of communications directed at customer-owners, a customer-owners' Call Centre and the S Group's research service.

Customer-owners received a monthly customer-owner circular, containing a letter from the management of the regional cooperative society, personal data on bonuses earned, an S Account statement and the Yhteishyvä magazine. In addition, the customer-owner circular contained information on product and service benefits targeted at customer-owners.

The offerings of services and benefits for customer-owners were expanded by starting up nationwide bonus co-operation with the mobile phone service provider Radiolinja on 1 December 2001.

The number of the regional cooperative societies' customer-owner households at the end of the year was 970,250, with a record 148,203 new customer-owner households during the year. Customer-owners increased their patronage of the S Group's sites and bonus sales increased by 16 per cent on the previous year, coming in at EUR 3.8 million. Customer-owners received purchase credits or Bonuses totalling EUR 100 million. More than 2 million S-Benefit Cards with their parallel cards were already in use, of which about 650,000 were issued with a payment facility and about 46,000 with a credit facility.

Marketing Services is the S Group's internal advertising agency, which designs and implements advertising for the regional cooperative societies, chains, subsidiaries and the entire S Group, employing versatile production technology.

The provision of Marketing Services grew substantially compared with the previous year, its biggest internal clients being the Prisma, S-market and Sale chains, the Sokos and Sokos Hotels chains, the Oy Maan Auto Ab and Automaa car dealership chain, Autokanava.net, the ABC service station store chain and the customer-owner services.



## Information systems

During the year, in accordance with previous guidelines and action programmes, the preparations for adapting systems to the euro were carried through to completion successfully as part of the S Group's entire euro project. Some details still remained to be worked out in 2002.

The focus of new systems development was again on overhauling the Enterprise Resource Planning (ERP) systems, the development of ways to utilise precise and timely data, adding EDI links and expanding electronic communications.

Data security was exposed to far more threatening external menaces than previously, due to a significant increase in computer viruses and attempts to penetrate networks. The ever-increasing dependence of business operations on information technology, the lengthening of store service hours and the forward march of e-business called for and will continue to call for additional inputs into safeguarding the continuity of information network services.

The study on the need to overhaul the information technology strategy, which was launched last year, was continued on the basis of both an external development survey and the S Group's revised strategy. On the basis of it, a project to overhaul the strategy was launched and it will be completed in 2002.

## E-Business

The main areas of responsibility of the e-Business unit are the co-ordination and development of the S Group's e-Business activities, the S Group's internal Sintra online service as well as [www.s-kanava.net](http://www.s-kanava.net), the service portal for customer-owners. In addition, the unit's task is to promote and design the utilisation of new terminal devices enabling the use of the Internet (mobile, digital TV) in the different business areas.

Towards the end of the financial year the S Group confirmed the policy lines of its e-Business, in accordance with which the task of e-Business is to support and strengthen the S Group's basic operations. The foundation of e-Business is a multichannel operational model in which the electronic channel is the customer-owners' alternative and/or supplementary form of handling transactions.

The S Channel is the S Group's service portal for customer-owners. The S Channel encompasses the entire S Group at a single address. The S Channel was revamped thoroughly in March 2001, with a greater emphasis on supporting operations and serving customer-owners. The S Channel's renewed websites for the individual regional cooperative societies went on the net in October. In the latter months of the year the S Channel's number of visitors rose by nearly 50 per cent and the steady growth is continuing.

October saw the launch of the [autokanava.net](http://autokanava.net), a new online service for motorist customer-owners. The site displays the offerings of the new and used vehicles of nearly all the S Group's car dealerships as well as contact information on the dealerships. In 2001 a new targeted communications concept, S-Agent, was developed for a launch in 2002.

The S Group's internal intranet service, Sintra, also underwent a thorough overhaul. Introduction of the new Sintra was started up stepwise in May 2001 and by the autumn the entire S Group was covered by the updated Sintra. The new Sintra makes possible not only nationwide intranet service but also regional, chain-specific and unit-specific implementations that are based on a common frame structure. From the end of 2001 several unit-specific intranet design and implementation projects were started up.

## The Baltic region and Russia

SOK's business activities in the Baltic region and St Petersburg comprise the S Group's operations, the associated companies and co-operation relationships in the Baltic area and Russia.

Activities that were continued during the financial year were a feasibility study on the Baltic area, as well as investment planning and the expansion of operations in the market, vehicle and agricultural trade. The operations of the subsidiaries and associated companies operating in the Baltic area are discussed in the sections on the individual divisions.

## Euro project

An important part of operations in 2001 was careful preparation for the introduction of euro banknotes and coins within SOK and the entire S Group. From the beginning of the transition period (1 January 1999), the SOK Corporation has handled its financing operations in euros. The SOK Corporation kept the Finnish markka as its currency of account up to the end of 2001.

Customer information, such as prices, was as a rule kept in Finnish markka up to the end of 2001. In the hotel and restaurant business as well as in the fuel trade, the euro became the home currency of systems stage by stage during autumn 2001. By staggering the changes the company sought to ensure disturbance-free customer service. In customer information, euro prices have been displayed alongside Finnish markka prices at nearly all sites in the form of additional information since spring 1999.

From spring 2001 on, the S Group's personnel went through an extensive series of training sessions concerning the euro. All in all, about 1,500 euro instructors trained some 16,000 S Group staff in the basics of using the euro currency. In respect of cash supply, a comprehensive risk analysis was drawn up, on the basis of which careful preparations were also made for cash supply and safety during the changeover to euro cash. The communications staff carried out the S Group's joint "Safely into the Euro Era" marketing campaign. Within internal euro-related communications, use was made of both existing publications and the internal network with its euro info database and bulletins. Consumers were also offered euro information via the [s-kanava.net](http://s-kanava.net) as well as the *Yhteishyvä* (Bounty) magazine.

For information systems, changes connected with the currency changeover were scheduled for completion first, thereby guaranteeing that all the S Group's systems were euro-compliant in time.

In price conversions the S Group has used the official conversion factor in translating Finnish markka prices. At all sites across the S Group no price changes were made solely due to the introduction of the euro. At the S Group's sites, Finnish markka information is still being displayed even after the currency changeover period for as long as this is necessary for consumers' to get used to thinking in euros.

The S Group accomplished the changeover to euro banknotes and coins in exemplary fashion. The inputs into carrying through the project, and especially in training the personnel, were reflected in the smooth and flexible customer service at company sites right from the first days of the euro cash era. The S Group carried out its euro principles: reliability, simplicity and customer-focus.

## The Finnish Cooperative Union, FCU

SOK's Cooperative Department was responsible for the practical activities of the Finnish Cooperative Union, FCU. The

Union has no clerical staff of its own. The Union's main tasks are to promote the implementation of co-op principles in the practical work of the S Group, to assist the cooperative societies in their endeavour to enhance co-op administration and to improve the joint functioning of the S Group's different parts. The Union's members are all the S Group's cooperative societies and SOK.

The number of the S Group's cooperative societies at the end of 2001 was 987,037, an increase of 132,994 customer-owners compared with the previous year. The number of regional cooperative societies was 970,250, and there were 16,787 local cooperative societies.

The cooperative society representatives on the FCU Board of Directors were Jukka Huiskonen, LL.M. (chairman), Marja Lehtiranta, LL.M. (vice chairman), the regular members being Tytti Isohookana-Asunmaa, member of parliament, Pekka Kangasmäki, managing director, Ulla Kurvinen, lecturer, Kauko Mikkonen, professor, Otto Mikkonen, managing director, Håkan Smeds, managing director, Heikki Taimi, municipal secretary, Juha Vuorenhela, LL.M. as well as the SOK representatives Jere Lahti, CEO, and Tapio Peltola, director.

Work on revising the Cooperative Societies Act was monitored actively. The FCU Board of Directors anticipated application of the new act in the model statutes of the cooperative societies and through implementation of the act within the S Group. The position statements of the FCU Board of Directors were brought to the attention of the Model Statutes Working Group, and the Board of Directors issued its own statements to the Model Statutes Working Group at different stages of drafting of the model statutes. The new Cooperative Societies Act bill was brought before Parliament on 17 October 2001 and the act came into force on 1 January 2002, by which date the model statutes of the cooperative societies had also in practice been drafted to completion. The objective is that the new statutes will come into force across the cooperative societies and be entered in the Trade Register on 1 July 2002.

The revised statutes bring major reforms, notably, in respect of joining as a member and withdrawing from membership, cooperative contributions as well as the division of responsibilities of the administrative bodies.

The activities of the Cooperative Advisory Board that was established on the initiative of the Pellervo Society cooperative companies started up in November. The task of the Advisory Board is to deal with a variety of subjects, including lobbying on behalf of the cooperative societies, competition policy, legislation and cooperative enterprises' scope for exercising influence internationally. The S Group's representatives on the Advisory Board are Jukka Huiskonen, LL.M., Marja Lehtiranta, LL.M., Kari Neilimo, professor, and Tapio Peltola, director.

Training for the administrative staff at the S Group level was carried out in co-operation with the Jollas Institute. Two nationwide training sessions in administration were held in Helsinki during the year. In addition, numerous training events and development seminars directed at individual cooperative societies were arranged for the members of the Councils of Representatives, the Supervisory Boards and the Executive Board.

A total of 1,545 customer-owners took part in the administration of the regional cooperative societies, 76 of whom were members of the Executive Board, 450 being members of the Supervisory Boards and 1,109 serving on the Council of Representatives. Elections for the Council of Representatives were held at six regional cooperative societies (Southern Ostrobothnia Cooperative Society, Koillismaa Cooperative Society, Hämeenmaa Cooperative Society, Keskimaa Co-

operative Society, Ympyrä Cooperative Society and Satakunta Cooperative Society). The cooperative societies were assisted in conducting the elections and counting the ballot results. Voter activity averaged 33 per cent.

Owing to activation measures by various customer-members, the voting rate at many cooperative societies rose compared with the previous elections. The highest rate (43.3%) was reached in the Keskimaa Cooperative Society election. An orientation and training session was held for the new Council members, either during the meeting or as a separate event.

As in previous years, the cooperative societies were assisted in matters connected with the amendments to statutes and Trade Register filings. In addition, the Cooperative Department took part in a number of sessions for administrative staff and stakeholders that were arranged by the cooperative societies.

The S Group held its ninth Administration Summer Days convention in Turku on 16–17 June 2001. The convention for the entire administrative staff of the S Group was one event on the programme of the Turku Cooperative Society's Centennial. A total of about 1,000 representatives and spouses of the administrative staff and management of the cooperative societies and the SOK Corporation took part in the various events during the festival days. Amongst the speakers on the administration seminar programme was EU Commissioner Erkki Liikanen, who spoke on the theme of the European Cooperative Movement in the Information Society.

International cooperative movement relations are handled through the Finnish Consumer Cooperative Union (FCCU). The FCCU is a member of the International Cooperative Alliance (ICA) and of EURO COOP, a Brussels-based lobby organisation for consumer cooperatives. ICA has 236 member societies in 93 countries and a total membership of over 730 million. ICA Europe comprises 93 national cooperative societies in 37 countries. Its total membership is nearly 140 million.

EURO COOP's membership is comprised of consumer cooperatives in 11 EU countries and it has associate members from four countries in eastern central Europe. EURO COOP acts as the representative of more than 3,200 cooperative societies and their 21 million members. EURO COOP is gaining significantly in stature in Brussels, and it has been decided to make its activities a priority for the Finnish Consumer Cooperative Union. The Finnish Consumer Cooperative Union's representative on EURO COOP's Board of Directors is Anne Santamäki.

The number of elected officials in the regional cooperative societies of the S Group (excluding committees)

	Men	Women	Total
Executive Board	60	16	76
Supervisory Board <sup>1)</sup>	271	179	450
Council of Representatives	494	525	1 019
Total	825	720	1 545

<sup>1)</sup> incl. salaried staff members of the cooperative societies



*Already more than 20,000 S Group staff have participated in the S Fit for Work 2000 programme.*

# HUMAN RESOURCES AND COMMUNICATIONS DIVISION



*Aino Toikka*

Human Resources and Communications Division include the personnel, training, occupational health services, S Publications and public relations units. Human Resources and Communications was led by Aino Toikka, M.A.

## Human resources unit

The Personnel unit was responsible for centralised services and guidance of personnel resources and employment issues.

Two field training groups were recruited in co-operation with the regional cooperative societies: 9 trainees for the university-level commercial field training group that started out in February and 12 trainees for the vocational polytechnic group launched in June. These field training programmes ensure the continuity of joint key resources and the availability of the required expertise in the various business areas of the S Group.

In 2001, SOK Corporation initiated Personnel Responsibility Coaching for Supervisors in association with the Jollas Institute. The aim is to provide supervisors with tools for efficient personnel management. Coaching dealt with issues such as personnel planning and recruitment, orientation, employment relationship matters and the development of competence.

Wages and salaries were increased as from 1 February 2001 in accordance with collective agreements in the retail, lodging and restaurant sectors. Basic wages and salaries were rounded out by expanding company-specific pay-by-results systems and incentives to cover all of SOK Corporation's units and personnel groups. Pay-by-results and incentives aim to motivate personnel to top their previous achievements and to reward high performance and the development of their personal skills.

The changeover to the euro took place in the entire Corporation's wage and salary payments on 1 September 2001, well before the turn of the year. The changeover was made in connection with the inauguration of the new payroll calculation system.

## The Jollas Institute

The Jollas Institute is the S Group's training and learning centre. It is a special vocational institute that trains the employees of SOK Corporation and the regional cooperative societies under the S Group. The Jollas Institute provides coaching and training services for all the chains and personnel groups of the S Group. Operations focus on training in support of the S Group's strategies that is planned in co-operation with the Field Division and chain management. In 2001, there were close to 35,000 training days.

In 2001, operations focused on frontline and managerial coaching in line with the S Group's strategies and the implementation of euro coaching in association with the chain management and the S Group's euro organisation.

New coaching areas included customer service, secretarial and Leader II coaching, wine master training, a field training programme for degree holders in hotel, restaurant and tourism management and different kinds of coaching programmes for the development of leadership and managerial work.

Vocational training was organised to prepare the students for vocational degrees in sales and financial administration and special vocational degrees in store supervision, food supervision, management as well as hotel, restaurant and institutional kitchen supervision. In addition, apprenticeship training-related demonstrations were organised for salespeople, food supervisors and store supervisors. In 2001, over 400 apprentices took part in the Jollas Institute's coaching programmes.

International preparedness was improved by arranging traineeship positions and study trips abroad, by further deepening contacts with educational institutions and by inviting lecturers to visit from foreign universities. The development of technology-enabled long-distance study and the online learning environment was continued.

A major event that took place in 2001 was the Jollas Institute's 40th jubilee year seminar, held in Jollas from 2 to 3 October 2001. In addition to Finnish business managers, numerous top experts on foreign retail spoke at the seminar.

Coaching, managerial coaching and the development of the online learning environment and new teaching products in line with the S Group's strategies will also be core areas in operations in 2002. The key coaching programme to be started in 2002 is the "For You, the Customer 2002" programme, which deals with customer-ownership. The programme aims to reach about 15,000 S Group employees in 2002, and it will continue in 2003.

## Occupational health services

The Occupational Health Services unit aims to promote the health of employees by such means as organising regular health meetings, during which employees are helped to find their personal resources for living, supported in reconciling work and life, and efforts are made to assess and help reduce lifestyle-related risk factors and untreated diseases.

Fit for work 2000 coaching has been one of the focus areas of operations. Occupational health care employees have participated in the training of supervisors and team leaders and the implementation of practical programmes at the units. It is intended that the Fit-for-work programme will continue

as part of the day-to-day operations of the units; the responsibility for heading the programme has been transferred from the Jollas Institute to the Occupational Health Services unit.

## S Publications

For 97 years, the Yhteishyvä magazine has been the organ of the customer-owners and served as the S Group's customer communications tool. In terms of its circulation, Yhteishyvä remains the fourth-largest magazine in Finland, and is still the third most read.

In 2001, Yhteishyvä was published 12 times and the number of its pages, including supplements, rose to 186 pages on average (growth of 6.9%). The average print run of Yhteishyvä in 2001 was 826,668. At the end of the year, the print run had already exceeded 840,000 copies.

Ruokalehti, a separate cooking supplement, was published in every issue. During the report year, eight other supplements were also published on subjects such as living, gardens, beauty, leisure, fashion and home electronics.

The magazine was "localised" for specific co-operative societies by varying the choice of editorial copy and ads on changeable pages and using additional covers and supplements. During the report year, a uniform communications concept was also created for the copy on the regional pages of co-operative societies.

Samarbete, Yhteishyvä's Swedish-language sister magazine, has been published for 92 years. A Swedish version of Ruokalehti, Matbladet, is published as a supplement to every issue of Samarbete. The average print run of Samarbete was 30,625 copies (up 6.2%). At the end of the year, the print run was 31,100.

In May 2001, an interactive online supplement was established for Yhteishyvä magazine at [www.yhteishyva.net](http://www.yhteishyva.net) with a view to rounding out the S Group's Internet portal, [s-kanava.net](http://s-kanava.net). On the site, the Puutarhamaailma gardening section and the S-Zone youth section were both given a new look during the report year. S Publications was also responsible for writing the copy for the S Channel in 2001.

Ässä, the professional magazine for S Group employees, was published 11 times during the report year. It delved into the S Group's business operations and changes in its business environment. The magazine's theme issues looked into topics such as customer-ownership, changes in consumption habits, personnel development, environmental issues and trends in food and beverages.

## Public relations

The Public Relations unit was responsible for disseminating information on SOK Corporation's and the S Group's operations to different interest groups. The unit participated in the public discussion on retail sector events mainly by providing information to the media. SOK Corporation's Annual Report was published in Finnish, Swedish and English, as were its interim reports. A new S Group brochure was published in Finnish and English at the beginning of the year.

## Number of personnel

SOK Corporation's number of personnel at the end of 2001 was 4,537 employees, of whom 494 (10.9%) were SOK staff and 4,043 (89.1%) employees of the subsidiaries. The number of personnel decreased by 525 from the previous year (11.6%).

The decrease in SOK Corporation's number of personnel was attributable to the transfers of the Sokos businesses to the regional cooperative societies (Lahti, Hämeenlinna, Jyväskylä, Kuopio, Joensuu, Salo, Rauma and Kajaani) as well as to the transfer of the Etelä-Suomen Huoltamot Oy service stations to the Hämeenmaa Cooperative Society.

Offsetting the decrease in staff, however, was the transfer of HOT Hometechnics Ltd, whereby it became an SOK subsidiary.

SOK Corporation personnel at 31 December 2001

	Number of personnel	Distribution %	Change
SOK CORPORATION			
Field Division	1,289	28.4	-80
Speciality Stores Division	2,398	52.9	-465
Automotive Division	477	10.5	-3
Administrative Division	191	4.2	+11
CEO's staff units	14	0.3	+2
Strategic and Business Development Division	102	2.3	+10
Human Resources and Communications Division	66	1.4	±0
SOK CORPORATION, TOTAL	4,537	100.0	-525
SUBSIDIARIES	4,043	89.1	-618
SOK	494	10.9	+93

## Employment relationships

The majority (92.7%) of SOK Corporation's personnel were employed under a permanent employment contract at the end of 2001. Full-time employees accounted for 74.6 per cent and part-time employees for 25.4 per cent of the personnel. Compared with the previous year, the number of permanent staff diminished by about 10 per cent and full-time staff by 4.8 per cent. This was due primarily to the transfer of the Sokos businesses to the regional cooperative societies.

## Breakdown by gender

At the end of 2001, 42 per cent of SOK Corporation's personnel were men and 58 per cent women. Proportionally, the number of male employees rose compared with last year (men 38.7%, women 61.3%), because the majority of the employees who left the payroll in connection with the transfer of the Sokos businesses (85%) were women.

## Personnel by job category

The largest job category within SOK Corporation was blue-collar workers. The majority of the personnel belonging to

# SOK CORPORATION PERSONNEL IN 2001

this category and to the salaried employees group were women.

## Age breakdown

The average age of SOK Corporation's personnel in 2001 was 38 years. The average age fell by one year compared with 2000. At the corporation level there were not significant differences in the age breakdown between men and women. On the other hand, there were company-specific differences: the number of young people was the largest in the hotel and restaurant business and in retail sales.

## Staff well-being and competence development

The S Group launched a core value discussion in 2000. In the course of comprehensive discussions, to date the following shared core values have been singled out for the entire Group:

### Performance

A good operational and financial result and its use for developing services and promoting well-being safeguards continuity and advancement.

### Responsibility

Respect for people and seeing to both financial and mental well-being is the starting point for the S Group's basic task - to produce services and benefits for our customer-owners.

### Renewal

A readiness to embrace change, continuous renewal and providing for the future assure competitiveness and appropriate services and benefits for our customer-owners.

### Partnership

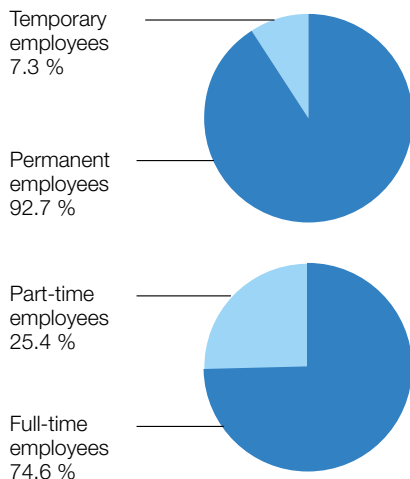
A comprehensive and efficient co-operation network ranging from customer-owners to partners in co-operation is the key to success in a changing and increasingly global society.

The discussion is continuing ahead with the aim of arriving at concrete rules of the game which are based on the core values and guide everyday operations.

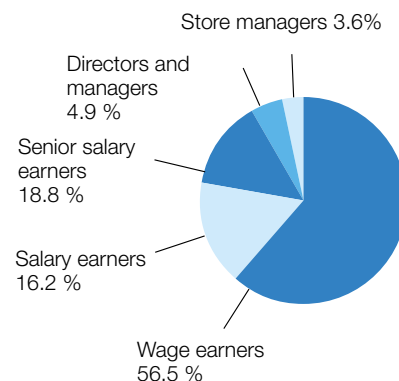
The Fit for Work 2000 programme moved ahead and the total number of participants within the S Group rose to more than 20,000 employees. SOK Corporation sent 250 people to participate in the training sessions that were held at the Jollas Institute. Under the direction of these job facilitators, concrete programmes were carried out and the most important development areas were selected for the individual units. In the programmes that were carried out, a third stressed physical elements, another third social aspects and the remainder vocational and psychic elements.

Customer-ownership is one of the S Group's success factors, and the next major training session covering the entire S Group's personnel will begin in 2002 under the theme "Customer-ownership pays!". The training is part of the S Group's maintenance of the staff's job-fitness, with the accent this time on vocational and social job-fitness. The objective is for each participant to internalise the basic knowledge and skills involved in customer-ownership and to be able to promote the basic ideas of customer-ownership better than ever before in their own work. The training programme is expected to be the largest one ever carried out by the S Group: participating in it will be the personnel of the regional cooperative societies and SOK Corporation as well as the administrative staff of the regional cooperative societies and the staff of bonus partners.

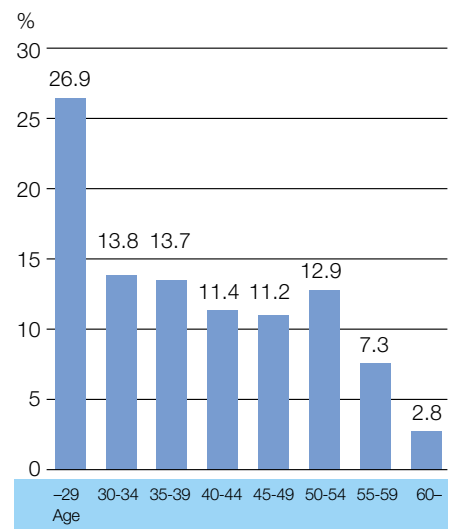
EMPLOYMENT RELATIONS IN SOK CORPORATION, 31.12.2001



JOB CLASSIFICATION GROUPS WITHIN THE SOK CORPORATION, 31.12.2001



AGE STRUCTURE OF SOK CORPORATION'S PERSONNEL, 31.12.2001



# THE S GROUP AND THE ENVIRONMENT

## Fundamentals

This report examines the development of environmental compliance within the various units of the S Group in 2001. The report focuses on environmental management, the environmental competence of employees, properties, energy and water consumption, acquisitions and logistics, the product range, packaging, waste management, recycling services for customers, environmental communications and co-operation with interest groups.

## Environmental management

In 2001, environmental management continued to implement the S Group's environmental policy, which was updated in 1999. The central principles of the environmental policy are continuous improvement and the development and maintenance of environmental awareness among personnel. The overriding objective is to develop the S Group's operations according to the principles of sustainable development.

Within the S Group, attending to environmental compliance and implementing environmental policy in the field is the responsibility of both the units of SOK Corporation and the cooperative societies. It is SOK's task to co-ordinate environmental activities and to provide related expert services to all members of the S Group. The SOK business planning centre's experts in this field are the environmental manager and the environmental planning engineer. In addition, at every business unit of SOK Corporation one person has been appointed to take charge of environmental issues. At some units, there is a separate environmental working group; in other respects, environmental issues are dealt with by the management group. The environmental co-ordination working group – comprising the persons in charge of environmental issues at the units and the environmental experts – plays a key role in the development of environmental compliance. In 2001, the working group convened five times.

Systematic environmental efforts are based on a consistent mode of operations, which helps the Group to create a common, comprehensible "environmental language". The SOK business planning centre is responsible for guiding the introduction of environmental policy into the day-to-day operations of the various business units. In 2000, the units of the S Group specified the policy lines that guided the development of environmental compliance in 2001. Environmental perspectives were derived from the environmental policy. On the basis of these perspectives, each unit has set clear-cut goals and objectives for itself. In addition, schedules, responsible persons and actions that have been decided upon and which can be carried out in practice using existing resources were specified. This systematic operating model integrates environmental issues into the day-to-day decision-making process.

Key figures and comparable information are required for decision-making. For this reason, SOK Corporation has developed environmental indicators related to waste amounts and energy and water consumption for assessing environmental efforts in the field. SOK Real Estate has participated in pioneering programmes of the real estate and construction industry, including the ProGresS environmental programme, which defines environmental indicators for each field of business and company.

As a result of the aforementioned development efforts, the environmental indicators can be used to make progress towards environmental accounting, which is a system for producing environmental information for the measurement of a company's environmental impacts. Unlike traditional accounting, this system evaluates the company's performance over a longer period of time with the aim of assessing what effect a given environmental action or function has on the company's earnings as well as whether both the company and the environment can benefit simultaneously.

The environmental programme of SOK Real Estate and the numerous environmental projects based thereon have laid down a solid foundation for the systematic management of environmental issues related to construction and property management. Proper groundwork makes it possible to establish an environmental system in line with ISO 14001.

Although ISO 14001 is complied with in the systematic management of environmental compliance, the certification of the environmental system is not the primary objective. There are grounds for seeking certification if it were to bring substantial added value for operations. Hankkija Agriculture Ltd has the only certified systems in the S Group. The seed and grain trade received a quality system certificate in line with ISO 9002 in 1999, while seed production was granted a quality and environmental system certificate in 2000.

## Environmental competence of employees

In 2001, operations focused strongly on increasing and maintaining the environmental awareness of personnel. Information was supplied to employees through training, seminars, communications, reporting, pilot projects and co-operation with the authorities. Environmental training has been provided in co-operation with the Jollas Institute, the Hyvinkää-Riihimäki Adult Education Centre and the units of the S Group. At the Jollas Institute, environmental issues have been included in store opening training, management training days, commercial field training, management group seminars and vocational degrees in sales and service-station store sales.

Other training has concerned the training of persons responsible for environmental issues at the Sokos and Sokos Hotels chains. In addition, the units have carried out their own internal training by means such as co-operating with goods suppliers and other interest groups. Environmental issues have been marketed to employees in the *Ässä* magazine, the company's Internet site and SOK Corporation's environmental and safety report. Trade magazines, guidebooks, brochures, concepts, fairs and working groups have also served as important sources of information.

## Real estate

Taking environmental issues into consideration has been a prominent aspect in the construction management, use and maintenance of the S Group's properties. SOK and the Turku Cooperative Society's joint Mylly shopping centre project represents the first time that environmental compliance has been included in such a project in the planning stage. Good design ensures the flexible use of the shopping centre and proper building management in the long run, both in terms of cost-effectiveness and environmental soundness. The centre features state-of-the-art building equipment systems, enabling

the energy-efficient use of the property while conserving natural resources. A separate environmental working group has co-ordinated the environmental compliance of the Mylly Shopping Centre, which was opened in October 2001. The working group convened 10 times in 2001. The working group has drafted both an environmental policy for the shopping centre and environmental communications materials as well as outsourced and invited competitive bids on its waste management.

Accounting for environmental issues during renovation as well can lead to reductions in usage and maintenance costs and environmental impacts. For example, the planning of the Jollas Institute renovation project was guided by setting environmental goals.

SOK Real Estate has participated in the environmental classification project of buildings that is co-ordinated by Motiva, the Energy Information Centre for Energy Efficiency and Renewable Energy Sources, and carried out under the aegis of the Ministry of Trade and Industry. The aim is to generate clear-cut numerical indicators for use as the basis of classifying different types of properties. The project will continue until the end of 2002.



*Spinning atop the 50 metre high tower at the Mylly shopping centre are two turbines whose energy output goes to the restaurants that enliven the shopping centre.*

In 2001, a joint project was started up with the chain management with a view to achieving environmental management encompassing the entire life cycle of construction projects. With assistance from the Life Cycle Clinic, technical environmental objectives for department store properties were prepared in 2001 during renovation pilot projects at the Wiklund quarter in Turku and the Sokos property in Kuopio. A similar assessment of the Arina Hotel property in Oulu was started up towards the end of 2001; the technical environmental objectives will be ready in the first half of 2002.

The furnishings and supplies used in the daily maintenance and care of properties have a significant bearing on environmental soundness. The Sokos chain has opted to use energy saving lamps at its stores and an environmentally certified paper towel system at all of its sanitary facilities.

The Institute for Real Estate Economics KTI carried out a benchmarking study of the development of real-estate functions and the competence of personnel at 11 property and construction companies. SOK Real Estate ranked second in the study.

## Energy and water consumption

SOK Real Estate has joined the voluntary energy conservation agreement of the property and construction industry (KRESS). In order to join the agreement, a company must analyse its energy consumption, make plans for achieving higher efficiency in energy consumption, take steps to carry out these plans and engage in annual reporting. Energy-conscious planning solutions in the retail sector pertain to ventilation, illumination and cold storage. By using energy more efficiently, SOK has been able to substantially decrease energy costs and the burden on the environment.

The energy consumption of SOK's own properties can now be monitored in real time over the Internet.

## Procurements and logistics

The development of procurement and logistics functions should be considered as an act that benefits the environment. As Finland is a sparsely populated country, with long distances between towns and cities, it is both economically and environmentally sound to deliver goods to all the customers in as rational a manner as possible, avoiding unnecessary transport, packaging and unloading. Efficient Consumer Response (ECR) co-operation between trade and industry enhances information management and provides better opportunities for the planning of logistics functions. In addition, the spread of e-commerce could be considered as having environmental value, as it enables the centralised delivery of goods ordered via the Internet.

Over half of the daily consumer goods sold by the S Group's chains are transported to the stores by means of the procurement, storage and distribution services provided by Inex Partners Oy. Environmental co-operation between the S Group and Inex Partners is an important aspect of the entire logistics chain. A good example of successful co-operation is the Transbox, a recyclable plastic box for perishable goods. The goods are delivered in the box from the supplier to the store via the transport chain. At the store, the boxes can be placed on the counters without any unnecessary further handling. The introduction of the Transbox has resulted in less pack-



aging waste, easier handling and time-savings. It has also helped to reduce deterioration in the quality of perishable goods.

Intrade Partners Oy acts as the procurement and logistics company of the S Group. Its main task is to provide products boasting competitive price/quality ratios and high-quality operations-related service to its customer chains. In practice, the responsibility for monitoring and providing guidelines for environmental compliance is in the hands of the quality control unit.

Packaging requirements emphasise avoidance of excessive packaging, the use of recyclable or otherwise reusable packaging materials and restrict (insofar as this is possible) the use of PVC as a packaging material. Intrade Partners Oy surveyed the use of PVC and EPS plastics in both products and packaging by the 400 largest goods suppliers. Packaging materials and their recyclability must be marked in accordance with EU practices. Products that place a lower burden on the environment must feature a nationally or internationally approved environmental label. The company's instructions set environmental and ethical requirements on goods suppliers, which must be taken into consideration when evaluating a new supplier. Intrade Partners Oy is responsible for ensuring that purchased goods and the information provided on them comply with environmental legislation and requirements.

## Product ranges

The number of products featuring environmental labels included in the ranges is growing continuously. Organic products have consolidated their position in the food sector. At the end of 2001, the product range of the nationwide chain featured 167 organic products. At best, the number of organic products at select outlets has exceeded 400. Sales doubled during the report year at stores such as Cooperative Society Suur-Savo's Prisma in Mikkeli, which was chosen as the organic store of the year for the second year running in the hypermarket category.

In the case of non-food consumer goods, environmentally-labelled products comprise products marked with the Nordic Swan or the EU Flower. It has become more common for building materials to feature their environmental specifications.

Since autumn 1999, Fair Trade products have been available on the market. The best-known criterion of a Fair Trade product is the prohibition of child labour. These products are labelled with an elephant logo and must measure up to stringent environmental criteria as well: the use of pesticides must be kept at a minimum and both water systems and the soil are to be protected in accordance with strict regulations. Some Fair Trade products also meet the criteria set for organic products, for which the farmers are paid more. In 2001, the market stores stocked elephant-labelled coffee, tea, honey, chocolate, sugar and bananas. At best, Fair Trade bananas have achieved a market share of five per cent.

In addition to ordinary plastic and paper bags, the S Group has started to sell biodegradable shopping and fruit and vegetable bags made of corn starch.

In the agricultural business, the Agrimarket chain introduced planting seeds treated with the biological supplement Cedemon into its range of seeds in spring 2001. These seeds are suitable for both ordinary and organic farming. At the beginning of the year, the Agrimarket chain started up the sale

of Vapo Oy Energy's wood pellets to small houses and farms. Wood pellets are a domestic, environmentally friendly and economical fuel made from cutter chips, grinding dust and sawdust.

## Packaging and waste management

The Council of State's decree on packages and packaging waste entered into force on 1 December 1997. It obligates companies, including the S Group, to keep statistics on and recycle/reuse packages, both those of imported products and products packaged by the Finnish retail sector. These statistics are collected with a view to generating information on packaging materials and the amount of packaging waste. Statistics can also be used to prevent the production of packaging waste, to cut down on disposable packages and to increase the number of recyclable packages.

Wastes generated by the retail sector primarily comprise packaging waste. The amount of packaging waste has been reduced by means such as developing and utilising recyclable transport accessories. Packaging wastes are consigned for recycling or other types of reuse whenever possible. Well-run waste management entails reducing the amount of waste destined for landfills to under 10 per cent of the entire volume of waste generated. At best, it has been possible to reduce the amount of waste sent to landfills to five per cent. Meeting this aim entails having motivated employees, good instructions, efficient societal co-operation and potential recycling and reuse solutions for the waste materials.

One reason behind the higher rate of waste utilisation is that plastic and wood packages are sorted into energy fractions that are used to manufacture recycled fuels for energy generation. The focus in the sorting of wastes generated by the retail sector is on four main fractions: biowaste, cardboard, the energy fraction and landfill waste.

SOK participated in a study carried out by VTT Energy assessing the effect of the point-of-origin sorting system on the quality of recycled fuels. The pilot site was Cooperative Society Keskimaa's Prisma in Jyväskylä.

The sorting of wastes generated by the S Group's own operations has been developed in compliance with municipality-specific waste management regulations. The best utilisation rate has been reached with corrugated cardboard, which accounts for about 50 per cent of all wastes generated by the Prisma supermarkets and S-markets. In the other waste fractions, the recovery of biowastes saw the greatest growth in 2001.

Changes in environmental legislation mean stricter local official regulations, and thus new challenges for the S Group. For this reason, it has been important to initiate a dialogue between the retail sector and the municipal authorities. Active co-operation in the rational and economical management of environmental issues has been considered positive by both the S Group and the municipalities.

In 2001, the Southern Karelia Cooperative Society assessed the present state of waste management at its business locations. The study also specified the steps that have to be taken to enable cost-efficient and environmentally effective waste management in the future.

## Recycling services for customers

The best-known recycling service for customers is the bottle and can recycling system. Other recycling services are relat-

ed to bio centres and tyre recycling. The latest service offered is the collection of electronic scrap. At some of the business locations, preparations for the implementation of the system have been started up well before the legislation comes into effect.

Collection of bottles and cans is one of the basic services offered in market stores. Collection is mainly handled using automated bottle and can collection machines. Over 95 per cent of glass and plastic deposit bottles are returned, while over 90 per cent of aluminium cans are returned. Prisma hypermarket in Lahti was the first store in the world to introduce a robot that loads beer bottles on to pallets.

Manufacturers' responsibility for tyres was enforced in Finland for the first time in 1995. The obligation to recycle 90 per cent of tyres, which was set by the Council of State, was achieved before the deadline, in 1.5 years. The major reason for this is that the entire industry came on board the effort from day one. Of SOK Corporation's companies, Hankkija Agriculture Ltd and Maan Auto Oy have made an agreement with Finnish Tyre Recycling Ltd. The recycling of used tyres is funded by a recycling fee included in the purchase price of new tyres.

Helsinki Cooperative Society HOK, Cooperative Society Suur-Savo, Cooperative Society Pirkanmaa and Cooperative Society Keskimaa have participated in the pilot project for electronic scrap collection co-ordinated by the Finnish Environment Agency. The pilot sites were the Prisma chain outlets.

## Communications

Environmental information targeted at interest groups has been disseminated through the SOK environmental report, the environmental pages of the Annual Report and the S Group's Internet site. SOK Corporation's Annual Report for 2000 was ranked as the best publication of its type in the retail sector in a comparison of reports on environmental and social responsibilities organised in autumn 2001. In the Annual Report, particular attention was devoted to presenting environmental issues and dealing with personnel issues and the company's values. According to the evaluation, SOK deserves praise for the thorough manner in which environmental is-

ssues are dealt with in its Annual Report.

Environmental information has been provided to households through the Yhteishyvä magazine. The regional cooperatives have disseminated information using brochures, ecological experts, bulletin boards and various events.

The internal communications tools of the S Group are the Ässä magazine and the S-Intranet.

## Interest groups

SOK has continued actively to contribute to discussions in international environmental co-operation, EuroCoop's environmental working group and EuroCommerce's environmental committee. The June meeting of EuroCoop's environmental working group was held at the Ässäkeskus in Helsinki. Central themes have included the recycling of electronic scrap, the recycling and reuse of packaging and issues concerning environmental labels. SOK has actively headed the work of the environmental committee of the Federation of Finnish Commerce and Trade (FFCT). The joint environmental working group of FFCT and the Confederation of Finnish Industry and Employers TT has focused on generating environmental information about the life cycles of products. SOK has also been represented in the following working groups: the Ministry of the Environment's waste management committee and Sustainable Development Programme Section, the environmental system working group of the Ministry of Agriculture and Forestry's foodstuffs quality strategy group, and the project management group of the Recycling Technologies and Waste Management project (a.k.a. Streams, a new technology programme initiated by TEKES, the National Technology Agency).

Cooperative Society Seutu is the only company representing the retail sector in the Lohja environmental cluster project. The objective of the project is to expand, deepen and stabilise network co-operation both at the corporate and regional levels. Network co-operation improves the environmental management of companies and other parties in the region, which in turn enhances the competitiveness of the companies and the region, increases employment and reduces the burden on the environment. The project is co-ordinated by the University of Helsinki's Adult Education Centre and the West Nylands Further Education Centre. Cooperative Society Seutu was the first cooperative society to approve – by a decision of its management group – environmental objectives for 2002 in line with the model used by SOK Corporation.



*At the end of the year the nationwide chain assortments now included 167 organically farmed products.*

# CORPORATE SECURITY WITHIN SOK CORPORATION

The aim of corporate security operations within SOK Corporation is to safeguard personnel, customers, assets, the unhindered continuity of operations, information and the environment against damage, accidents and crime. Security operations are preventative in nature, that is, they entail establishing capabilities and preparing for risks inherent in SOK Corporation's operations.

## Security management

The responsibility for attending to and implementing security issues within SOK Corporation is in the hands of its subsidiaries and units. The aim of security operations is as follows: to support corporate management with decision-making concerning corporate security issues; to assist subsidiaries and the units to achieve their strategic goals by means of corporate security measures; to specify and prepare goals, operating principles and rules of the game for security operations; and to monitor the realisation of those goals, principles and rules. SOK's task is to co-ordinate and develop security operations within the entire S Group via SOK's chain management and its subsidiaries and regional cooperative societies. This task is carried out by SOK Corporation's security manager and security expert.

In 2001, a particular focus area in corporate security was security management. The security programmes of SOK Corporation's companies and units progressed according to plans. The main thrust of security programmes was risk analysis. Security management was also upgraded by setting up a crisis management system. A security report was included in SOK Corporation's environmental report. Security reporting dealt with security management and the organisation of security activities in particular. Benchmarks suitable for assessing the level and results of security operations were set up for the use of the companies and units.

## Personnel safety

The safety expertise of personnel throughout the entire S Group was stepped up by means of training and store opening training organised by the Jollas Institute. The S Group organised its second safety management course in association with the Helsinki University of Technology. The persons responsible for security at the chains and companies received training. A euro-related review of personnel safety was held at the units, with a particular focus on safety training and technical security arrangements. The safety guidelines for S Group personnel were updated.

## Crime prevention

SOK Corporation focused on upgrading crime prevention. The most important steps taken were a review of confidentiality agreements made in connection with the changeover to the euro, increasing the number of such agreements, and reviews of the security level of business locations under the Safe and Sure anti-burglary campaign of the Federation of Finnish Commerce and Trade.

## Property and business premise security

A structural and technical security manual was drafted for the S Group in association with SOK Real Estate. The manual de-

fines the design, implementation and procurement process of security systems as part of a construction project.

## Rescue operations

A project was started up to review whether the safety plans measure up to the requirements of the Act and Decree on Rescue Services. Rescue operations were integrated into the total management of corporate security within SOK Corporation.

## Information security

A virus prevention project was initiated, leading to faster virus prevention updates within the S Group. The SMS 2.0 network management system was expanded to cover other locations apart from the business locations. The verification of the information security of new servers was launched. The information security of the servers of almost all regional co-operative societies was raised to the level required in view of present threat scenarios. The structural information security of Ässäkeskus was inspected. In Crisis Management activities, the actions that will be taken in the event of risks materialising in information systems were planned and drilled.

## Occupational safety

Occupational safety activities were upgraded at the companies and units with the aid of occupational safety organisations and operating programmes. A project to inspect and develop legally-mandatory occupational safety organisations and programmes was started up.

## Security of operations

Security operations played a major role in the S Group's changeover to the euro. The changeover was ensured by means of systematic risk management, providing instructions to employees and training them, designing technical solutions and preparing for euro-related crisis situations.

## Security of foreign functions

In co-operation with companies operating in neighbouring areas, we drafted an accident risk analysis covering these areas. Crisis management operations were planned for neighbouring regions and drilled on the basis of the risk analysis.

## Environmental protection

Environmental protection and safety were developed in co-operation with SOK Corporation's environmental experts. The most important measures were the start-up of the systematic analysis of environmental risks and the consideration of environmental safety perspectives in environmental and safety training.

## Co-operation with stakeholders

SOK has been actively represented in the security committee of the Federation of Finnish Commerce and Trade, the retail sector's working group on origin markings, the Secman security forum and the steering group of the private security field's legislative project.

# ASSOCIATED COMPANIES

## Inex Group

At the close of 2001, the Inex Group comprised the parent company Inex Partners Oy and its wholly-owned subsidiaries Meira Nova Oy and Meira Oy. A-Muna Oy was divested on 1 June 2001. Inex Partners Oy is owned on a 50–50 basis by SOK and Tradeka (Cooperative Tradeka Corporation). Frozen foods logistics is handled in co-operation with the associated company Finnrost Oy.

Inex Group's operations are enjoying buoyant growth, spurred by the strong performance of client chains and the improvement in the profitability of all the Group's divisions. All in all, last year was the best in Inex's history.

The Group's sales were up 9 per cent on the previous year, to EUR 1,660 million, outstripping the growth rate of Finland's grocery trade by a significant margin.

Operations during the year were geared to bringing information systems and operations fully on stream. The improvements achieved in these areas have boosted efficiency, operational reliability, quality and earnings.

The good performance tells of the successful development work that Inex has carried out, the motivated and skilful way the staff go about their work and the fruitful co-operation with client chains. The added value that Inex Group generates has strengthened the competitiveness of client chains.

The Group's operational result was in the black, on budget and better than the previous year's, as was the financial position.

Last year saw continuing good performance by Inex Partners Oy, which produces assortment, purchasing and logistics services for the grocery and speciality trade. The company had sales of EUR 1,500 million, up 10 per cent on the previous year. The growth meant a strengthening in the company's competitive advantages for customers and in its position on the market. The financial performance of Inex Partners Oy exceeded the targets set.

Meira Nova Oy, which produces assortment, purchasing and logistics services for the HoReCa sector, generated sales of EUR 165 million, on a par with last year. Meira Nova's share of the delivery wholesale trade in the HoReCa sector is about 30 per cent.

The coffee and spice company Meira Oy had sales of EUR 55 million. In Finnish markka terms, this represented a decrease of 10 per cent owing to the fall in raw coffee prices, but the volume of coffee sales increased by 4 per cent. Meira's

coffee brands had a market share of 26 per cent. Within spices, Meira strengthened its position as the market leader, gaining a 34 per cent share.

Sales reported by Finnrost Oy, the associated company that produces purchasing and logistics services for frozen foods, were EUR 140 million, up 11 per cent.

Inex Group had a payroll of 2,077 employees at the end of the year.

The good trend of the Inex Group and its client chains will continue for the most part in 2002. The main factors behind this are the good competitiveness of the client chains, the ever closer co-operation between Inex and its partners in co-operation as well as the overhaul of operations. Furthermore, in 2002 competitor retail groupings will have to carry out the refurbishment, transformation and new store projects. Inex remains well placed to achieve its operational and profitability objectives in its lines of business.

The managing director of the parent company and the Group is Martti Haaman.

## Hansacoop Oü

Hansacoop Oü has been responsible for the management, financial administration, purchasing, marketing and systems in Estonia of SOK's and ETK's market chains and restaurant operations that are based on the S Group concepts. SOK and ETK both own 50 stakes in the company. In accordance with the decisions that have been taken, ownership of the company will be transferred to SOK, after which, following the merger, Hansafood AS will take over the company's tasks in spring 2003.

## Agribalt Oy

Agribalt Oy is a company that is owned on a 50-50 basis by Hankkija Agriculture Ltd and Avena Oy and is engaged, via its subsidiaries, in the agricultural supply and machinery trade in the Baltic countries. The Latvia-based subsidiary Agribalt SIA reached its sales and profit objectives. In February 2001 the subsidiary Agribalt AS was established in Estonia. The company will open its first store in 2002.

# SOK SUPERVISORY BOARD 2001

The supervisory board in a cooperative society may be given wider duties than in a limited company. The tasks of the Supervisory Board are specified in the Rules of SOK.

The main duty of the Supervisory Board is to supervise that the Society and the SOK Corporation are administered in accordance with the law, the SOK Rules, the decisions of the general meetings of the Society and the Supervisory Board, and in the interests of the Society. In addition, the Supervisory Board decides on the principles of collaboration and the long-term plans of the S Group. These decisions of the Supervisory Board form the basis for the operations of the S Group. The Executive Board shall provide the Supervisory Board with all the information it requires in order to carry out its duties.

**Kari Neilimo** (born 1944)  
Kangasala  
Chairman  
Ph. D. (Econ.)  
Professor of Business Administration, Tampere University  
Chairman, Supervisory Board, Pirkanmaa Cooperative Society  
Retiring in 2002

**Eino Tenhunen** (born 1941)  
Pyhäselkä  
First Vice Chairman  
Managing Director, North Karelia Cooperative Society  
Until 25.4.2001

**Håkan Smeds** (born 1948)  
Espoo  
First Vice Chairman  
from 25.4.2001  
Managing Director,  
Cooperative Society Varuboden  
Retiring in 2004

**Eino Laaksonen** (born 1936)  
Oulu  
Second Vice Chairman  
Principal, Pohjankartano Upper Secondary School  
Chairman, Supervisory Board, Cooperative Society Arina  
Retiring in 2004

**Arto Arvonen** (born 1944)  
Salo  
Managing Director, Salo District Cooperative Society  
Retiring in 2002

**Tuula Entelä** (born 1955)  
Espoo  
LL. M, B. Sc (Econ.)  
Director of Investment  
Sato-Yhtymä Oyj  
Retiring in 2002

**Esko Hakala** (born 1952)  
Kajaani  
Managing Director,  
Cooperative Society Maakunta  
Retiring in 2003

**Jukka Huiskonen** (born 1945)  
Mikkeli  
LL. M.  
J.Huiskonen, Attorneys-at-Law  
Chairman, Supervisory Board, Cooperative Society Suur-Savo  
Retiring in 2003

**Heikki Ikonen** (born 1943)  
Nurmes  
Farmer  
Chairman, Supervisory Board, Cooperative Society Jukola  
Retiring in 2002

**Pekka Kangasmäki** (born 1945)  
Porvoo  
B. Sc. (Econ.)  
Managing Director, Cooperative Society Osla  
Retiring in 2003

**Simo Kutinlahti** (born 1957)  
Keuruu  
Farmer  
Chairman, Supervisory Board, Cooperative Society Keskimaa  
Retiring in 2004

**Maija-Liisa Lindqvist** (born 1951)  
Lahti  
Training planner  
Chairman, Supervisory Board, Cooperative Society Hämeenmaa  
Retiring in 2002

**Seppo Linjakumpu** (born 1958)  
Kuusamo  
Agronomist  
Chairman, Supervisory Board, Cooperative Society Koillismaa  
From 25.4.2001  
Retiring in 2003

**Ahti Manninen** (born 1950)  
Lappeenranta  
Managing Director, South Karelia Cooperative Society  
Retiring in 2003

In accordance with the Rules, the Supervisory Board shall consist of 18-24 members, as decided upon by the general meeting of the Society, one-third of whom are annually due to resign. The number of members of the present Supervisory Board is 23. In addition, the Supervisory Board has two representatives of the staff.

The SOK Rules specify the duties of the chairman of the Supervisory Board. The Supervisory Board and chairman are assisted by a committee of presiding officers established by the Board and consisting of the chairman and vice chairmen of the Supervisory Board.

Total remuneration paid to members of the Supervisory Board in 2001 is shown in the Notes to the Accounts on page 28.

**Otto Mikkonen** (born 1949)  
Joensuu  
Managing Director,  
KM-Yhtymä Oy  
Chairman, Supervisory Board, North Karelia Cooperative Society  
From 25.4.2001  
Retiring 2004

**Matti Ojanperä** (born 1941)  
Pori  
Managing Director,  
Cooperative Society Satakunta  
Retiring in 2003

**Max van der Pals** (born 1945)  
Lohja  
Farmer  
Member, Executive Board, Cooperative Society Seutu  
From 25.4.2001  
Retiring 2004

**Tauno Riekkö** (born 1941)  
Kuusamo  
M.A.  
Managing Director,  
Cooperative Society Koillismaa  
Until 25.4.2001

**Pentti Sevón** (born 1945)  
Lohja  
Managing Director,  
Cooperative Society Seutu  
Until 25.4.2001

**Jorma Sieviläinen** (born 1954)  
Rauma  
Managing Director,  
Cooperative Society Keula  
Retiring in 2002

**Timo Sonninen** (born 1948)  
Iisalmi  
Farmer  
Chairman, Supervisory Board, Cooperative Society PeeÄssä  
Retiring in 2002

**Matti Suokas** (born 1946)  
Kotka  
B. Sc. (Econ.)  
Director of Finance, Sunila Oy  
Chairman, Supervisory Board, Cooperative Society Ympyrä  
Retiring in 2003

**Antero Taanila** (born 1941)  
Kokkola  
Administrative Director,  
Outokumpu Zinc Oy  
Chairman, Supervisory Board, Cooperative Society KPO  
Retiring in 2002

**Eeva Ukkola** (born 1941)  
Anjalankoski  
Farmer  
Chairman, Supervisory Board, Cooperative Society Ympäristö  
From 25.4.2001  
Retiring 2004

**Hanna Valtari** (born 1948)  
Seinäjoki  
Principal, Seinäjoki Vocational Training Institution  
Vice Chairman, Supervisory Board, South Ostrobothnia Cooperative Society  
From 25.4.2001  
Retiring 2004

**Matti Vanto** (born 1945)  
Raisio  
LL. M.  
Lawyer, Naantali Town  
Chairman, Supervisory Board, Turku Cooperative Society  
Retiring in 2004

## PERSONNEL REPRESENTATIVES

**Tapani Tikkala** (born 1947)  
Helsinki  
Project Manager, Services to customer-owners  
Retiring 2003

**Annikki Heikkinen** (born 1942)  
Helsinki  
Secretary, Real Estate Maintenance  
Retiring in 2003

## SOK EXECUTIVE BOARD 2001

The Executive Board shall represent the Society and manage its administration and the appropriate organisation of its operations within the SOK Corporation in accordance with the law and the Rules. The specific duties of the Executive Board are given in the Rules, in addition to which the Supervisory Board has confirmed the agendas of the bodies. All important decisions pertaining to the operations of the Corporation are decided by the Executive Board.

The members of the Executive Board are appointed by the Supervisory Board. In accordance with the Rules, the Executive Board consists of a chairman, who is the Chief Executive Officer of the Society, and a minimum of three and a maximum of eight other members appointed by the Supervisory Board for a term of one calendar year at a time.

The members of the Executive Board in 2001 are Jere Lahti, CEO of the Society, Reijo Lähteenmäki, Field Division Director and Jukka Salminen, Administrative Director. Their fields of responsibility are explained in the relevant section of the annual report. These fields of responsibility are confirmed by

the Supervisory Board. The other five members of the Executive Board are managing directors of regional cooperative societies.

The duty of the CEO is to direct the activities of the Executive Board and the operations of the Society. The main conditions of employment of the CEO are contained in a written contract. The benefits of those members of the Executive Board in the employ of SOK are based on their conditions of employment. No separate fee is paid for their membership of the Executive Board. The other members of the Executive Board are paid a meeting fee on a monthly basis.

The fees paid to members of the Executive Board not in the employ of the Society are decided by the Supervisory Board. The emoluments of those members in the employ of the Society are decided by the chairman of the Supervisory Board in collaboration with the vice chairmen and in accordance with the instructions given by the Supervisory Board if requested.

**Jere Lahti** (born 1943)  
Chairman and Chief Executive Officer  
Dhc (Comm.),  
B. Sc. (Econ.)  
Various positions in SOK since 1963. Manager of Audit Department, 1978–82. 1982–85 Managing Director of the Turku Cooperative Society and Chairman of the Executive Board. 1985–88 Director, SOK's Grocery and Specialty Goods Division and member of the Executive Board. Since 1988 SOK's CEO and Chairman of the Executive Board

**Jukka Salminen**  
(born 1947)  
Executive Vice President  
M. Sc. (Econ.)  
Various positions in SOK since 1974. Director of SOK's Administrative Division, member of the Executive Board since 1988.

**Arto Hiltunen**  
(born 1958)  
B. Sc. (Econ.)  
Managing Director, Helsinki Cooperative Society HOK  
Member of SOK's Executive Board since 2000

**Leo Laukkanen**  
(born 1947)  
Managing Director, Cooperative Society Suur-Savo  
Member of SOK's Executive Board since 1998

**Kalle Lähdesmäki**  
(born 1952)  
M. Sc. (Econ.)  
Managing Director, South Ostrobothnia Cooperative Society  
Member of SOK's Executive Board since 2001

**Reijo Lähteenmäki**  
(born 1941)  
M.Sc (Soc.Sc.)  
Various positions in SOK since 1985  
Director of SOK's Field Division  
Member of the Executive Board since 1999

**Jorma Niiniaho**  
(born 1945)  
M. Sc. (Econ.)  
Managing Director, Cooperative Society Ympyrä  
Member of SOK's Executive Board since 1998

**Jouko Vehmas**  
(born 1956)  
B. Sc. (Econ.)  
Managing Director, Cooperative Society Ympäristö  
Member of SOK's executive Board since 2001



*SOK's Executive Board in 2001. In front, from the left, Jukka Salminen, Jere Lahti, Reijo Lähteenmäki; in back, from the left, Kalle Lähdesmäki, Leo Laukkanen, Jorma Niiniaho and Jouko Vehmas. Arto Hiltunen is absent from the picture.*

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# SUPERVISORY SYSTEM

A supervisory system was established in order to supervise accounting and asset management, to ensure that strategic objectives are met, and that activities are conducted correctly and serve their purpose. The highest supervisory authorities in charge of internal supervision are the Executive Boards of the SOK Corporation and its subsidiaries. The key objective of the statutory audit of accounts is to ensure that the financial statements and the information provided by the Corporation's management provide a true and fair view of the Corporation's financial performance and its financial position, and that the supervisory systems are effective. Auditors report regularly to SOK's Executive Board regarding their observations on administration and activities.

In addition to the auditors, SOK has an audit committee appointed by the general meeting of the co-operative society. The committee's guidelines have been approved at the general meeting. Its responsibilities include supervising the implementation of decisions taken by the SOK Corporation's institutions across the S Group, and ensuring that the Group's overall resources are used efficiently. The audit committee has two administrative inspectors and SOK auditors, who are elected at the general meeting of the co-operative society.

The SOK Corporation has a Controller unit, which acts as an independent and business-driven management, and as a monitoring and supervisory unit for senior management. The unit focuses on identifying and preventing risks by conducting business analyses and giving statements about decisions concerning major investments or realisations to the Executive Board. Furthermore, it controls and supervises the implementation and development of internal supervision across the SOK Corporation. In line with the agreed division of responsibilities, the Controller unit also provides the auditors with assistance for auditing operations and financial statements, and helps the audit committee carry out the audit of corporate governance.

The SOK Corporation also has a comprehensive financial reporting system as well as corporate principles set forth by the Executive Board, which determine the order of priority when it comes to investment decision making.

## The auditors of SOK 2001

SOK has a minimum of two and a maximum of three auditors, selected by the Cooperative Meeting, and two deputies.

### REGULAR AUDITORS

**Jorma Jäske**

M. Sc. Econ.

Authorised Public Accountant

**Tapani Rotola-Pukkila**

Master of Economics

Authorised Public Accountant

**Juhani Heiskanen**

Doctor Sc. Econ

Authorised Public Accountant

### DEPUTIES

**Jorma Anttila**

M. Sc. Econ

Authorised Public Accountant

**Eero Huusko**

M. Sc. Econ

Authorised Public Accountant

## SOK AUDIT COMMITTEE 2001

### MANAGEMENT AUDITORS

**Pekka Ripatti**

Colonel

Member of the North Karelia Cooperative Society Supervisory Board

**Kristina Dufholm**

Master of Laws

The chairman of the Cooperative Society Varuboden Supervisory Board

### DEPUTIES

**Kalevi Karjalainen**

District prosecutor

Member of the Cooperative Society Suur-Savo Supervisory Board

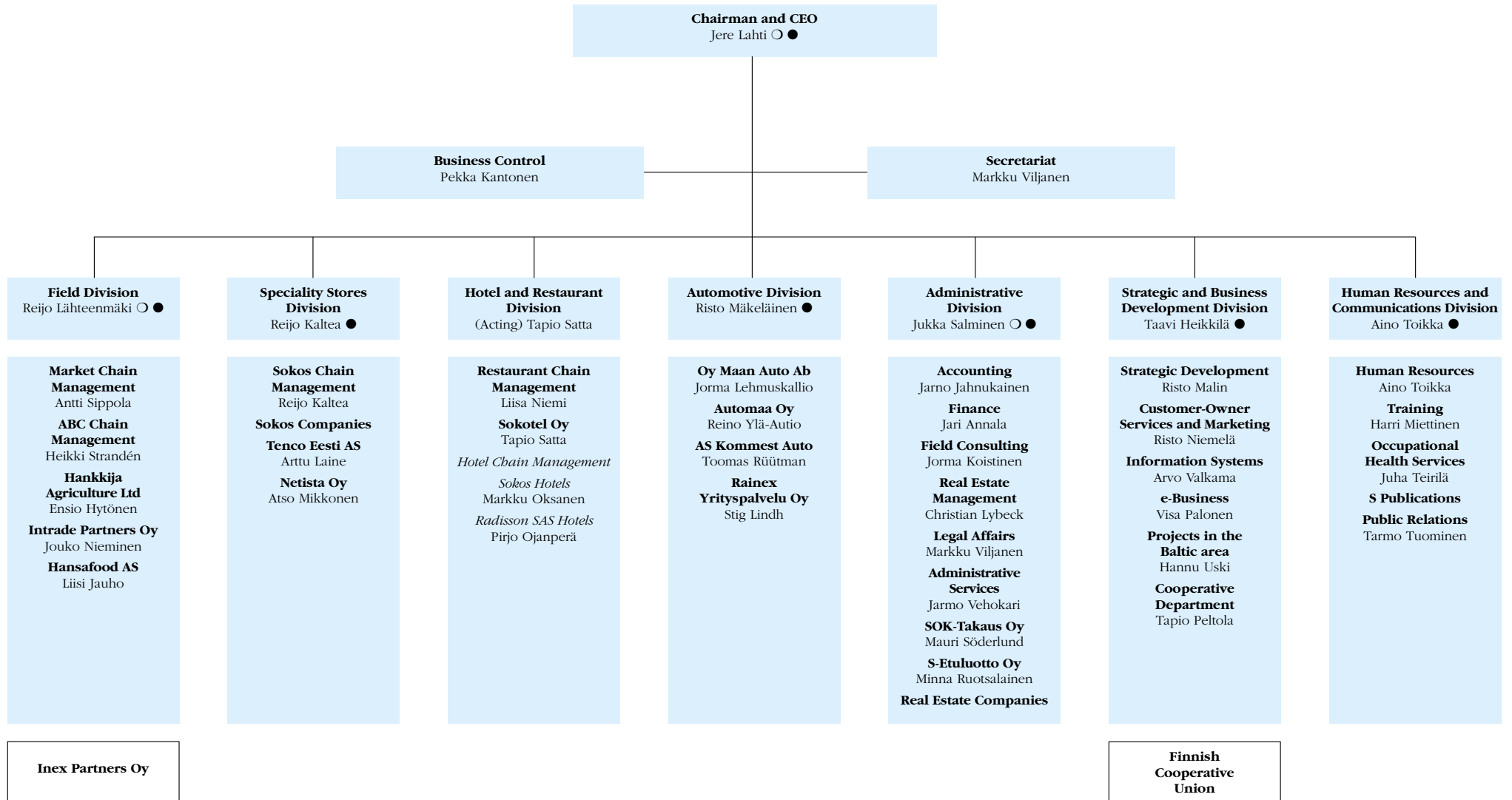
**Tapani Kortejärvi**

Farmer, engineer

The chairman of the Cooperative Society Osla Supervisory Board  
† 27.7.2001

SOK auditors are also members of the audit committee.

# SOK CORPORATION ORGANISATION 1.4.2002



○ Member of the Executive Board  
● Member of the Management Team



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# PURPOSE OF THE S GROUP



THE PURPOSE  
OF THE S GROUP IS  
TO PROVIDE SERVICES  
AND BENEFITS FOR  
COMMITTED CUSTOMER-  
OWNERS.

The S Group consists  
of the cooperative societies  
and SOK with their  
subsidiaries.

The SOK Corporation  
consists of SOK and  
its subsidiaries.

As a central organisation for the  
S Group, it is the SOK Corporation's  
mission to promote and improve the  
operations of the cooperative societies  
and other member organisations of  
the S Group, to manage and supervise  
the Group to ensure efficient use of  
its overall resources, and to supervise  
the operations and protect the  
interests of the S Group and its  
different units.

# THE S GROUP

The S Group comprises SOK Corporation and the cooperative societies with their subsidiaries. The S Group's retail sales in 2001 totalled EUR 6,554 million, an increase of 7.7 per cent on the previous year. The growth was attributable mainly to the good sales trend of the market chains.

The S Group's aggregate profit before extraordinary items was EUR 242 million, up EUR 40 million on the figure a year ago and at the same time the Group's best-ever result. The S Group made gross capital expenditures totalling EUR 236 million.

At the end of the year the S Group had 1,216 sites, an increase of 39 sites on the previous year. The most important capital expenditures for the network of sites were the completion of new Prismas in Hyvinkää, Kuusamo and Kerava as well as the Mylly (The Mill) shopping centre in Raisio. Large new S markets were opened in Viitasaari, Kuhmo, Joutseno, Iisalmi, Paimio, Lieto, Laukaa, Ikaalinen and Kristiinan-kaupunki. New ABC service station stores were opened, notably, in Seinäjoki, Kuopio, Joensuu and Kiuruvesi. A Sokos started up operations at the Mylly shopping centre in Raisio and an HOK restaurant world opened at the Iso Omena (Big Apple) shopping centre in Espoo. New car dealerships were completed in Seinäjoki, Porvoo and at the Mylly shopping centre in Raisio.

The S Group had a payroll at the end of the year of 22,615 employees, an increase of 736.

## The cooperative societies

The number of cooperative societies at the close of the year was 43, the same number as a year ago. Of them, 23 were regional cooperative societies and 20 were local cooperative societies.

Aggregate sales by the cooperative societies and their subsidiaries totalled EUR 5,340 million, representing growth of 8.8 per cent. The regional cooperative societies accounted for 97.9 per cent of sales.

The cooperative societies' aggregate profit before extraordinary items was EUR 203 million, an increase of EUR 55 million on the figure a year earlier.

Capital expenditures by the cooperative societies totalled EUR 217 million, or EUR 30 million more than a year ago. Deposits made by customer-owners in the savings funds of the

cooperative societies amounted to EUR 416 million at the end of the year, an increase of EUR 41 million.

The number of the cooperative societies' customer-owners at the end of the year was 970,250, an increase of 133,227. Including the local cooperative societies, the total membership of the cooperative societies was 987,037.

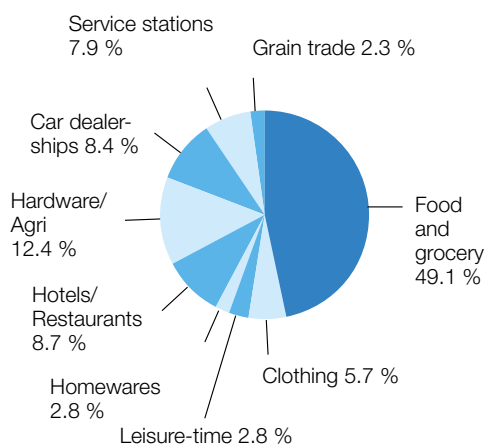
Bonus purchases made by customer-owners amounted to EUR 3.8 billion, for growth of 16 per cent. Bonuses repaid to customers by the cooperative societies and SOK Corporation totalled EUR 100 million, an increase of EUR 17.5 million, or 21 per cent.

The cooperative societies and their subsidiaries employed a total of 18,078 people at the end of the year, representing an increase of 1,261 people.

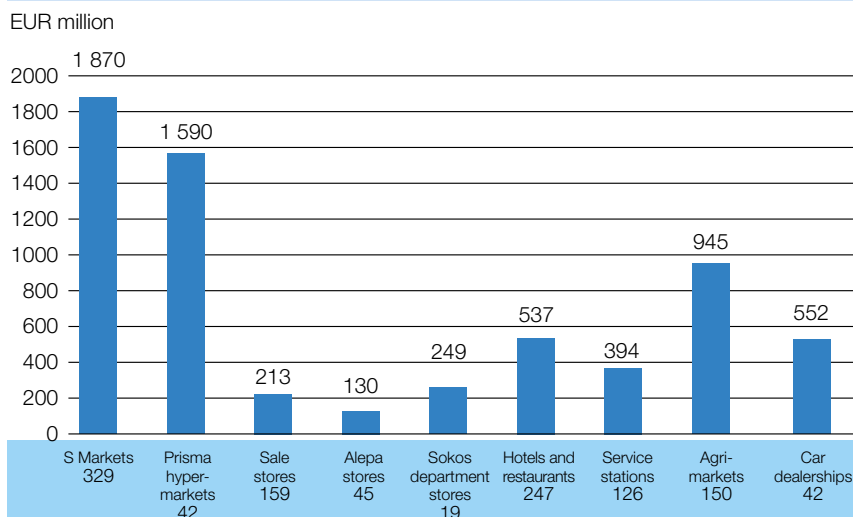
## Regional Cooperative Societies of the S Group

- Cooperative Society Varuboden, *Kirkkonummi*
- Southern Karelia Cooperative Society, *Lappeenranta*
- Southern Ostrobothnia Cooperative Society, *Seinäjoki*
- Helsinki Cooperative Society HOK, *Helsinki*
- Cooperative Society Jukola, *Nurmes*
- Koillismaa Cooperative Society, *Kuusamo*
- Cooperative Society Arina, *Oulu*
- Cooperative Society Hämeenmaa, *Lahti*
- Cooperative Society Keskimaa, *Jyväskylä*
- Cooperative Society Keula, *Rauma*
- Cooperative Society KPO, *Kokkola*
- Cooperative Society Maakunta, *Kajaani*
- Cooperative Society Osla, *Porvoo*
- Cooperative Society PeeÄssä, *Kuopio*
- Cooperative Society Seutu, *Lohja*
- Cooperative Society Suur-Savo, *Mikkeli*
- Cooperative Society Ympyrä, *Hamina*
- Cooperative Society Ympäristö, *Kouvola*
- Pirkanmaa Cooperative Society, *Tampere*
- Northern Karelia Cooperative Society, *Joensuu*
- Salo District Cooperative Society, *Salo*
- Satakunta Cooperative Society, *Pori*
- Turku Cooperative Society, *Turku*

**S GROUP RETAIL TRADE BY BRANCH 2001, Total EUR 6,554 million**



**S GROUP RETAIL SALES BY CHAIN 2001**

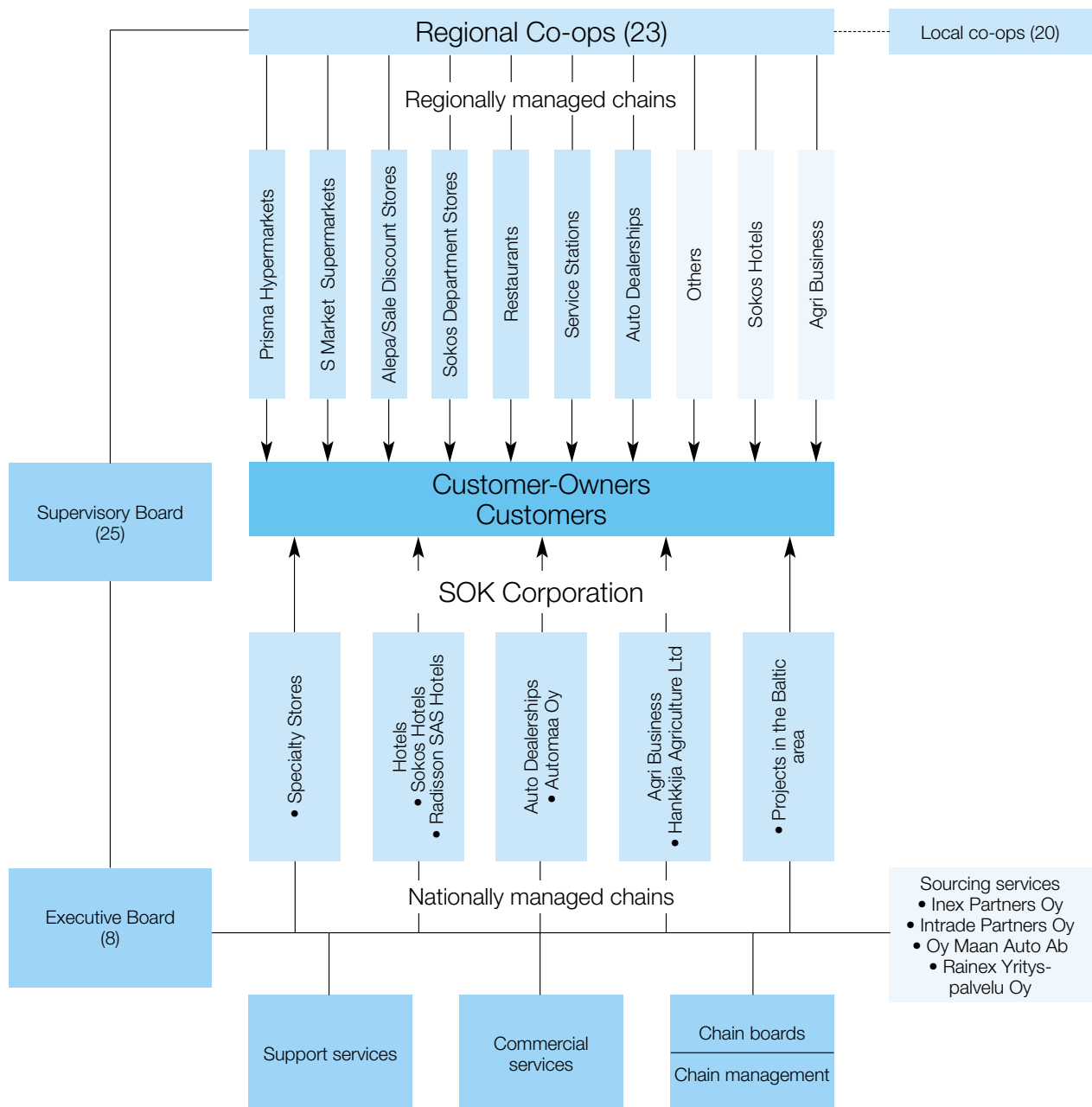


# DESCRIPTION OF THE S GROUP

The S Group operates through regional structures, the basic units of which are the regional cooperatives and the SOK Corporation.

The regional cooperatives are owned by their members, the customer-owners. The purpose of a regional society is to produce the services that meet the basic needs of customer-owners through locally managed chains in its area of operations. These are primarily the Prisma, S Market, Sale and Alepa chains, Sokos department stores, service stations and restaurants.

The SOK Corporation consists of the secondary cooperative SOK, owned by the cooperatives, and its subsidiaries. Its purpose is to produce the support functions and services required by the regional societies. Through its own business operations, the Corporation further strengthens the competitiveness of the S Group. It provides the services that meet the special needs of the societies' customer-owners through nationally managed chains. These are primarily specialty stores, Sokos and Radisson SAS hotels and Agrimarkets.



# S GROUP KEY FIGURES 1997–2001

EUR million	1997	1998	1999	2000	2001	± %
<b>SOK CORPORATION</b>						
Net turnover	2 088	2 347	2 540	2 754	<b>2 915</b>	5.8
Depreciation	31	36	38	32	<b>35</b>	10.4
Operating profit	45	59	56	57	<b>35</b>	-38.5
Financial income and expenses (without value adjustments)	-11	-10	-6	-5	<b>-3</b>	-44.8
Profit/loss before extraordinary items, appropriations and taxes	23	42	49	54	<b>39</b>	-16 EUR million
Profit/loss for the financial year	29	51	40	39	<b>32</b>	-7 EUR million
Total assets	1 109	1 115	1 247	1 327	<b>1 337</b>	0.7
Fixed assets	516	504	524	542	<b>530</b>	-2.3
Stocks	138	143	141	140	<b>129</b>	-7.8
Current assets (without stocks)	454	469	581	645	<b>678</b>	5.1
Capital and reserves	241	297	342	383	<b>414</b>	8.2
Minority interest	15	15	15	16	<b>16</b>	-0.3
Provisions for liabilities and charges	18	15	28	20	<b>21</b>	3.3
Creditors	834	788	861	907	<b>885</b>	-2.5
Interest-bearing creditors	505	450	463	482	<b>413</b>	-14.4
Liquid funds	251	243	288	337	<b>324</b>	-3.9
Net interest-bearing creditors	254	207	175	145	<b>89</b>	-39.0
Personnel at 31.12.	4 504	4 737	5 047	5 062	<b>4 537</b>	-10.4
<b>SOK</b>						
Sales (excl. VAT)	908	966	1 111	1 230	<b>1 494</b>	21.5
Sales to cooperative societies	807	850	991	1 118	<b>1 399</b>	25.2
Operating profit before extraordinary items, appropriations and taxes	-10	14	6	10	<b>-9</b>	-19 EUR million
Profit/loss for the financial year	29	30	11	15	<b>11</b>	-4 EUR million
Personnel at 31.12.	335	364	406	401	<b>494</b>	23.2
<b>COOPERATIVE SOCIETIES + SUBSIDIARIES</b>						
Sales	3 739	4 038	4 488	4 790	<b>5 340</b>	11.5
Number of societies	44	44	44	43	<b>43</b>	0.0
Membership	607 008	673 520	746 183	854 067	<b>987 037</b>	15.6
Personnel at 31.12.	13 779	14 576	16 228	16 817	<b>18 078</b>	7.5
<b>S GROUP</b>						
Retail sales	4 879	5 289	5 709	6 083	<b>6 554</b>	7.7
Outlets	1 205	1 203	1 209	1 177	<b>1 216</b>	3.3
Personnel at 31.12.	18 283	19 313	21 275	21 879	<b>22 615</b>	3.4

## CALCULATION OF KEY RATIOS

**Liquid funds** = Cash in hand and at banks + investments  
**Net interest-bearing creditors** = Interest-bearing creditors – liquid funds

# STATISTICS

## S GROUP RETAIL OUTLETS, DECEMBER 31, 2001

	Outlets		Retail Sale, EUR million
	Number	Change	
Sokos Department Stores	19	-1	250.7
Prisma Hypermarkets	42	+4	1 589.7
<b>Total Department Stores</b>	<b>61</b>	<b>+3</b>	<b>1 840.4</b>
S Markets	329	+19	1 869.6
Alepa Stores	45	+2	129.6
Sale Stores	159	-6	213.1
Other Market Outlets	4	-	8.2
<b>Total Market Outlets</b>	<b>537</b>	<b>+15</b>	<b>2 220.5</b>
<b>Neighbourhood Stores</b>	<b>31</b>	<b>-4</b>	<b>19.8</b>
<b>Specialty Stores</b>	<b>18</b>	<b>+1</b>	<b>38.8</b>
Hotels	47	-	319.1
Restaurants	177	-	205.4
Cafés	23	+9	12.7
<b>Total Hotels and Restaurants</b>	<b>247</b>	<b>+9</b>	<b>537.2</b>
<b>Agrimarkets and Machine Centres</b>	<b>150</b>	<b>+11</b>	<b>944.6</b>
<b>Auto Dealerships</b>	<b>42</b>	<b>+1</b>	<b>552.3</b>
<b>Service Stations</b>	<b>126*</b>	<b>+4</b>	<b>394.4</b>
<b>Other Services</b>	<b>4</b>	<b>-1</b>	<b>4.6</b>
<b>TOTAL</b>	<b>1 216</b>	<b>+39</b>	<b>6 553.9</b>

\*Also 107 unmanned petrol stations attached to stores

## SELECTED S GROUP DATA 1930–2001

Year	Cooperatives	Members	S Group Business Outlets			
			Retail Outlets	Service Operations <sup>1</sup>	Production Plants	Total
1930	423	225 367	2 406	79	85	2 570
1940	368	295 224	2 999	186	146	3 331
1950	376	484 011	4 074	273	165	4 512
1960	364	488 268	5 483	355	125	5 963
1970	274	572 610	4 220	557	70	4 847
1975	220	674 701	3 476	644	58	4 178
1980	202	682 651	2 801	504	38	3 343
1981	193	666 957	2 548	464	35	3 047
1982	183	661 295	2 405	436	34	2 875
1983	178	645 564	2 316	422	30	2 768
1984	92	636 354	2 208	325	30	2 563 <sup>2</sup>
1985	82	637 248	1 790	277	26	2 093
1986	81	616 262	1 586	274	26	1 886
1987	79	610 638	1 453	273	24	1 750
1988	77	591 345	1 340	276	19	1 635
1989	76	573 642	1 228	288	17	1 533
1990	67	542 455	1 071	302	16	1 389
1991	57	459 247	908	296	15	1 219
1992	47	418 990	838	288	12	1 138
1993	46	403 631	929	286	7	1 222
1994	46	429 325	916	268	6	1 190
1995	44	479 087	922	263	6	1 191
1996	44	543 521	916	267	6	1 189
1997	44	607 008	937	263	5	1 205
1998	44	673 520	947	255	1	1 203
1999	44	763 282	952	255	2	1 209
2000	43	854 043	937	238	2	1 177
2001	43	987 037	967	247	2	1 216

<sup>1</sup>Since 1980 only accommodation and catering. <sup>2</sup>Classification changed in 1984. Comparable decrease 136.



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