"Caring about people and the environment must permeate all of our work"

ENVIRONMENTAL REPORT 2000

SKANSKA

Skanska's Environmental Policy

Our vision is that Skanska shall become the world's leading company in construction-related services and in project development. This requires, among other things, that all of us take environmental issues seriously.

What we do today affects the environment of both current and future generations. Caring about people and the environment must therefore permeate all of our work. This responsibility rests with all of us. Our environmental awareness will help us prevent and minimize adverse environmental impact and improve our operations, thereby generating new business opportunities. We must be open-minded in our dialogue with others. In order to be successful, we need knowledge and commitment.

We shall always follow these principles in our work at Skanska:

- Think ahead about how your work will affect the environment.
- Ask questions and obtain help if you are unsure. Use common sense.
- Be cautious and avoid materials or methods if you cannot properly assess their environmental risks.
- Bear in mind that there are circumstances where, due to environmental risks, we should not participate.
- Choose or propose environmentally better alternatives when this makes sense.
- Conserve natural resources.

Every operative unit must build up an environmental management system and set its own environmental goals in order for our environmental policy to yield results in our daily work. Legislation and the environmental demands of our clients provide a foundation for our environmental ambitions. Beyond this, we shall endeavor to make continuous improvements. All operations shall have environmental management systems in place no later than December 31, 1999 and be certified no later than December 31, 2000.

By letting responsibility for the environment and the future permeate our day-to-day work, we will gain the confidence and respect of others.

Danderyd, April 1998

Claes Björk

President and CEO

Skanska will construct a new office building in London for Swiss Reinsurance Company. The building has unique architecture. In the pre-construction engineering process, energy efficiency and working environment issues were assigned high priority. (Photo montage)

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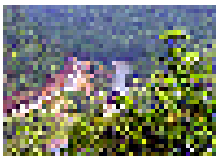
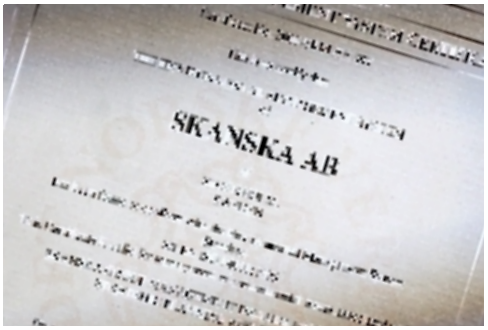
Ekoviikki is Finland's first ecological residential area in an urban setting.

Kukule Ganga, Sri Lanka, is the first international hydropower project that Skanska is completing within the framework of a certified environmental management system.



The fast track to JFK New York. More than twelve million people a year will choose the high-speed light rail system instead of hour-long highway traffic jams to and from John F. Kennedy Airport, one of the world's busiest.



Skanska is the first international construction company to certify all its operations in accordance with the ISO 14001 standard.

The Internet

Skanska's Internet web site contains additional environmental information. This includes a regularly updated project database with summaries on projects with environmental dimensions. It is easy for you to contact us via the web page if you have questions or want to discuss our environmental work.

www.skanska.com/environment

On Poplar Island, USA, a protected place is being created for rare bird species.

At Gårdsten outside Gothenburg, Sweden, apartment buildings are being renovated into an ecological model.

The Dow Jones Sustainability Group Index ranks Skanska as a construction industry leader in environmental and social terms.

The Massachusetts Institute of Technology (MIT), USA, is developing "Green Standards" for its construction projects to ensure environmental adaptation. (Illustration)

Statement by the President and CEO

"Global environmental issues must be taken seriously. One current example is the risk of global climate changes and other impact on the environment from the use of fossil fuels."

Global environmental issues must be taken seriously. One current example is the risk of global climate changes and other impact on the environment from the use of fossil fuels. In a United Nations report published in January 2001, the Intergovernmental Panel on Climate Change (IPCC), describes growing consensus among researchers concerning the risks of serious climate effects on the earth. This is a major challenge for society at large and for the business community.

Energy efficiency

The continued development of energy-efficient solutions is therefore a high priority in Skanska's environmental efforts. Our analysis of newly constructed and renovated Skanska-owned properties during 1999 and 2000 also indicates that there is major potential for improvements. A committed and constructive partnership with our clients makes it possible to develop solutions that are both energy-efficient and cost-effective.

Within the European Union, Skanska has initiated a discussion on measures to increase the energy efficiency of existing buildings. We are currently participating in a dialogue with the European Commission. This is an important area because 40 percent of total energy use in the EU is related to the use of buildings and there is significant potential for improvement that can help reduce emissions of carbon dioxide and other gases that influence the climate.

Developing best practices

A large proportion of our construction projects have an extra environmental dimension, with Skanska or the client having initiated environmental adaptation that goes beyond legal and regulatory requirements. Our analysis of order bookings during 2000 shows that this is true in more than 500 major construction projects – together representing about 40 percent of the Group's total order bookings. In most cases, Skanska initiated these measures. This is visible proof that an active environmental dialogue with clients is becoming a reality.

A comparison with our main international competitors indicates that we are the first in the world to introduce ISO 14001-certified environmental management systems throughout the company – from Group headquarters to the smallest subsidiary. In the companies that we acquired during 2000, the task of introducing and certifying environmental management systems has already begun, and they must be in place no later than two years after acquisition. Environmental management systems are a necessary foundation for structured, efficient environmental activities. However, it is the day-to-day decisions in all parts of our organization that will determine how well we will succeed. We must continuing working with improvements in the environmental field, both at the overall level and at individual construction sites.

Utilizing the environmental management systems and the collective competence of our employees, our environmental performance can surpass the

expectations of our clients and the achievements of our competitors. This is an important part of our vision to be a world leader and our aim is that this should be an essential element of our clients' confidence in Skanska.

Our environmental management systems and risk assessment procedures related to building and civil construction projects provide us with ever-improving background information on which to base our decisions in evaluating projects and proposing effective environmental measures. Sometimes, of course, an evaluation leads us to abstain from participating in construction projects, due to environmental and other external risks.

During 2000, Skanska actively participated in the work of the World Commission on Dams to develop guidelines concerning major dam projects. We have also declared our support for the principles in the WCD's final report. Our hope is that national and international financing bodies will apply these recommendations, thereby ensuring a serious evaluation of environmental aspects and social aspects related to future dam projects.

Pride and humility

Environmental issues are complex and long-term. In light of this, I am impressed by – and proud of – the environmental improvements that we achieved in our business during 2000 through the systematic and dedicated work of our Group employees. At the same time, we must not relax and let ourselves become complacent. Instead, we must constantly assure the quality of our environmental activities. We must also be humble about the task of changing people's attitudes and be aware that this takes time and requires determination. In an organization with 15,000 ongoing construction projects, there is naturally always a risk of mistakes being made, something that we must constantly work to prevent. We have noted with pleasure that Skanska's environmental work is receiving positive marks both in the financial world and among environmental agencies. This year, Skanska is again included among the pacesetting companies in its industry in the Dow Jones Sustainability Group Index. In addition, the U.S. Environmental Protection Agency (EPA) has commended three of Skanska's American subsidiaries as top performers in the environmental field. This will spur us to continue our ambitious environmental efforts.

Broadening our perspectives

During the coming year, we will also clarify and refine our role and ambitions with regard to Skanska's social responsibility. Through our operations, we influence social developments, which makes it natural to broaden our perspective as well as establish a common approach and ambition concerning the social responsibility of the growing Skanska Group. This work has already begun, and we welcome a dialogue with all of our stakeholders.

Stockholm, March 2001

CLAES BJÖRK
President and CEO
claes.bjork@skanska.se

This is Skanska

"Skanska is creating an organizational structure with faster decision-making processes and also wishes to promote the transfer of ideas and experience between business units."

Skanska's mission is to develop, build and maintain the physical environment for living, traveling and working.

Skanska's vision is to be a world leader – the client's first choice – in construction-related services and project development.

International expansion

Skanska's international expansion is continuing. Its core business developed very favorably during 2000 in terms of order bookings, sales and earnings. The strategy of growing through acquisitions in important growth markets was clearly evident during the year. Skanska acquired companies in such countries as the United States, Great Britain, Norway, Poland and the Czech Republic. The Group has ten main geographic markets and net sales totaled SEK 108 billion during 2000. The number of employees was more than 85,000 at year-end.

Skanska's performance is not only characterized by volume growth in old and new markets. Equally important is the further refinement of services and functions in its core business. Increasingly often, Skanska's role in construction projects is expanding to include design, financing solutions and project management. Its service- and maintenance-related business is also increasing. These trends signify that our client relationships are broadening and intensifying. This also requires transfers of experience within the Group in order to take advantage of its collective competence and generate added value for clients.

Skanska's organizational structure

In March 2001, Skanska implemented an adjustment of its organizational structure in order to increase its focus on clients and client relationships. Skanska is creating an organizational structure with faster decision-making processes and also wishes to promote the transfer of ideas and experience between business units.

The new organization is divided into 18 business units, all of them reporting directly to the Group's Senior Executive Team.

These business units consist of construction service companies in different regions as well as units working with project development. Two business units are related to new businesses in the service and telecommunications fields: Skanska Services and Skanska Telecom Networks.

Environmental responsibility and specialists

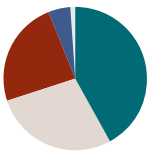
Environmental responsibility is part of the managerial role and line responsibility at Skanska. This applies to everyone from the CEO to project managers at building and civil construction projects.

In compliance with the environmental management system at Skanska's Group headquarters, the CEO reports regularly to the Board of Directors on the strategy and results of environmental activities.

In the Skanska Group's management, Executive Vice President Mats Wäppling has been assigned responsibility for environmental issues. The Group's Senior Vice President for Environmental Affairs, Axel Wenblad, has an overall role in coordinating and developing Skanska's environmental work.

In Skanska's business units, line managers are responsible for the outcome of their environmental work and environmental management systems are integrated into the management systems of their operations. In order to support and coordinate this work, there are also environmental managers/coordinators at each business unit. Each business unit also has environmental expertise at various levels, including environmental coordinators at construction projects. The organizational structure varies, of course, depending on the size and structure of the business unit. At Skanska Teknik, there are also environmental specialists who can provide support to business units on various environmental issues. The contact person at each business unit is listed on Skanska's web site (www.skanska.com/environment).

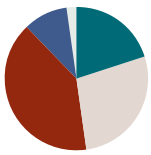
Sales, full-year basis[1], by geographic area



North, Central and South America	42%
Scandinavia	28%
Europe, excl. Scandinavia	24%
Asia and the Pacific region	5%
Other areas	1%

[1] Acquired companies counted from January 1, 2000.

Number of employees, full-year basis[1], by geographic area



North, Central and South America	20%
Scandinavia	28%
Europe, excl. Scandinavia	40%
Asia and the Pacific region	10%
Other areas	2%

[1] Acquired companies counted from January 1, 2000.

Holistic view

Allergy-adapted student apartments in Sweden won an award. The project demonstrates that it is neither complicated nor expensive to build healthy residential units.

Skanska is developing greater expertise and experience in the environmental adaptation of construction projects. This includes environmental aspects during the long life cycle of a structure: at all phases from concept and pre-construction engineering to construction, service life and maintenance, as well as final demolition and recycling.

Skanska also actively influences its clients, suppliers and sub-contractors to pay greater attention to the long-term environmental aspects of each construction project. Above all, it is design, structural solutions and material selection that determine a structure's total environmental impact during its life cycle. One obvious example is energy use. Calculations for residential buildings indicate that about 80 percent of their total energy consumption occurs during the service life phase.

As part of its work with environmental management systems, Skanska has extensively surveyed significant environmental aspects of its business as the basis for managing and following up environmental performance. The matrix below summarizes what areas these surveys have identified as the most important – and which ones are thus being prioritized in our environmental activities. The matrix should be regarded as an overview intended to explain some of the most important areas of Skanska's environmental work.

It should be emphasized that the operations of Skanska units often deal with other environmental aspects in addition to the ones mentioned, and that it is both in environmentally certified units and in individual projects that significant environmental aspects are identified. The environmental management system provides a platform for how to shape environmental adaptation. In order to implement operative environmental activities, a number of "tools" are needed and the development of such tools is underway in the Skanska Group.

Significant environmental aspects – an overview

Phases of the construction process	Material use	Chemicals	Energy conservation	Transport services	Soil contamination	Emissions	Waste
Land use planning			■	■	■		
Concept/pre-construction engineering	■	■	■	■	■	■	■
Construction	■	■		■	■		■
Service life			■	■		■	■
Renovation	■	■	■				■
Demolition/ recycling	■			■	■		■

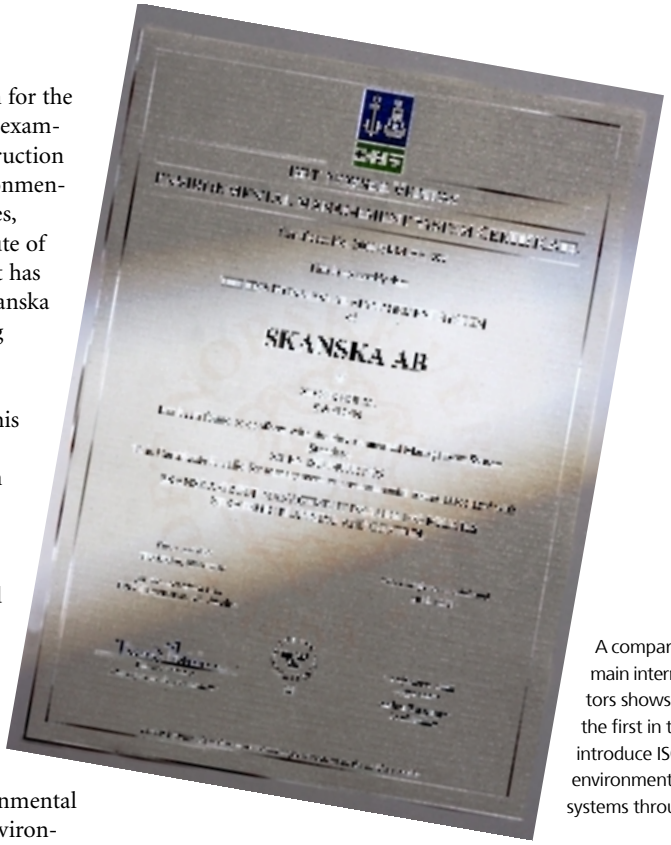
Environmental management

"There is a growing number of examples of efficient environmental adaptation in Skanska's construction projects, and Skanska's experience and expertise in the environmental field are in demand from many clients."

Business development

Active environmental dialogue with clients is paying off, both for the environment and for Skanska. There is a growing number of examples of efficient environmental adaptation in Skanska's construction projects, and Skanska's experience and expertise in the environmental field are in demand from many clients. In the United States, Beacon Skanska has a contract with the Massachusetts Institute of Technology (MIT) to build a new laboratory, where the client has specified several environmental requirements. In London, Skanska Construction Group is building a new headquarters featuring high environmental performance for Swiss Reinsurance Company.

Environmental issues are both long-term and complex. This creates a need to integrate environmental issues in all operations and to apply common principles and basic structures in the environmental activities of the growing Skanska Group. Sensibly designed environmental management systems are thus a prerequisite for efficient environmental work. The Group is prioritizing the continued build-up of expertise and effective transfer of experience within Skanska in order to achieve environmental improvements more quickly.



A comparison with Skanska's main international competitors shows that Skanska is the first in the world to introduce ISO 14001-certified environmental management systems throughout the Group.

Construction projects with environmental dimensions

Skanska's analysis of its construction projects during 2000 indicates that a large proportion incorporated various environmental dimensions, with Skanska or the client having initiated an environmental adaptation that was more far-reaching than legal and regulatory requirements. This analysis covers order bookings received during 2000 and all construction projects with a contract sum exceeding SEK 10 M (USD 1 M).

The number of large projects implemented with such environmental dimensions totaled 547, and in 70 percent of these, Skanska initiated the expanded environmental adaptation. The total order value of projects with environmental ambitions was about SEK 51 billion, or about 40 percent of the Group's order bookings for the full year 2000. This is visible evidence that active environmental dialogue is becoming a reality. The same is true of all business units in the Group. Skanska USA, for example, accounts for 116 of these projects, with a total order value of SEK 32 billion.

The analysis of these projects also reveals which environmental aspects received priority. The most commonly occurring priorities are energy-efficiency, material selection, chemical and waste management as well as emissions related to the construction process.

The type of project ranges from the homes that Skanska Trendhouse is building in Finland to a tunnel under Harrods in London being built by Skanska UK. In the United States, Sordoni Skanska is building office space for Bristol-Myers Squibb. In Malta, Skanska is building a new hospital. Among Swedish-based projects on the list is the Gothia Twin Towers hotel complex in Gothenburg.

Construction projects with environmental dimensions, 2000

	Number of projects	Total contract sum, SEK billion
Client's initiative	156	SEK 15 billion
Skanska's initiative	391	SEK 36 billion
Total	547	SEK 51 billion

The number of construction projects – with order values exceeding SEK 10 M – that incorporate environmental standards beyond legal and regulatory requirements.

The Dow Jones Sustainability Group Index regards Skanska as a company with low risk and large potential related to environmental and social aspects of its operations.

Skanska's operations ISO 14001-certified

Skanska fulfilled its 1998 goal that all operations must be environmentally certified according to the ISO 14001 international standard by the end of 2000. In many cases this was achieved as early as 1999.

As for recently acquired operations, Skanska has decided that ISO 14001 certification must be completed no later than two years after acquisition. ISO 14001 has already been introduced at Argentine-based Sade Skanska, which was acquired in 1999. In operations acquired during 2000, the task of introducing and certifying environmental management systems has already begun. At Polish-based Exbud and Norwegian-based Selmer, 16 percent and 8 percent of operations, respectively, were ISO 14001-certified as early as during 2000.

A comparison with Skanska's main international competitors shows that Skanska is the first in the world to have implemented ISO 14001-certified environmental management systems throughout the Group. Available data indicates that to date, Skanska's main international competitors have not introduced this type of environmental management system on any large scale. However, in a number of these companies, development work on environmental management systems is underway.

Skanska's position is that sensibly designed environmental management systems are a prerequisite for pursuing effective environmental activities in a large corporate group. Well-structured environmental work, improved expertise and effective transfer of experience within the Group are important components of continued environmental activities aimed at both developing opportunities and avoiding risks.

Environmental training

Skanska companies continuously run training programs for their employees. By the end of 2000, about 80 percent of employees at environmentally certified units had received basic environmental training.

Beyond basic training, a large number of employees have undergone various specialist training programs in the environmental field. These included a variety of programs, for example on environmental legislation, environmental assessments of construction projects, environmental standards in purchasing and chemical issues. The table below reports the number of people who participated in specialist and environmental audit training during 2000.

Environmental training in 2000 beyond basic training

Type of training	Number of participants, 2000, Skanska Group
Specialist training	1,804
Environmental audit training	289

Subcontractors perform a significant part of the work at Skanska's construction projects. This is especially true in U.S. operations. During 2000, Skanska's U.S. companies also created information and training programs for the employees of subcontractors who work at Skanska construction projects. A total of 8,495 people participated in this type of environmental training during 2000.

Follow-up and evaluation

Internal environmental audits, mainly at the project level, are an essential part of the task of ensuring the implementation of environmental management systems. This work also helps increase the transfer of experience within Skanska and thereby speeds up effective environmental adaptation. Most of the findings resulting from these audits are related to the implementation of processes in environmental management systems. There are also findings related to employee support for environmental issues in the organization as well as training and expertise.

The number of internal environmental audits during 2000 was 1,234, compared to 525 during the preceding year. This rapid increase was an effect of the introduction of ISO 14001 in more units.

Environmental certification also means that accredited certification bodies conduct regular follow-ups of the quality of implementation and the development of environmental management systems in relation to the ISO 14001 standard. These external environmental audits occur at least once a year and include visits at selected operations encompassed by each respective ISO 14001 certificate. The number of external environmental audits during 2000 was 125. These audits did not cite any significant exceptions. Instead, only minor exceptions were noted.

During the year, Skanska also began a follow-up of the long-term effects of dam projects carried out earlier. This work is being performed by outside experts, and their conclusions will be reported during 2001. The aim is to create a better knowledge base for the evaluation of similar projects in the future. This type of project accounts for a very small percentage of Skanska's operations, but these projects may sometimes have a major impact on the environment and on people. During the year, Skanska decided to withdraw from a consortium related to a planned dam project in Ilisu, Turkey.

During 2000, Skanska actively participated in the efforts of the World Commission on Dams to develop guidelines related to large dam projects, and Skanska supports the principles in the WCD's final report. For more information, see www.dams.org. This is an example of Skanska's efforts to develop methods for evaluating construction projects and being able to propose effective environmental measures.

Climate change and energy efficiency

Skanska prioritizes energy issues in its environmental work. Committed and constructive partnership with clients creates solutions that are both energy-efficient and cost-effective. This applies both to new construction and renovations.

The risk of climate change is attracting more and more attention in public discourse. There is a growing consensus among researchers concerning the risks of serious climatic effects on the earth. These climatic effects are strongly influenced by carbon dioxide emissions in the atmosphere – emissions that largely occur due to fossil fuel combustion. This is a major challenge for society at large and for the business community – a challenge that requires fresh thinking and coordination, especially on measures to achieve more efficient energy use and greater use of renewable energy resources in all sectors.

The debate on possible measures often focuses on vehicle and traffic issues. Until now, the potential for reducing the energy consumption of buildings has remained in the background, although it is an essential element of total energy use. In the EU, energy consumption from the use of existing buildings is estimated to account for about 40 percent of total energy consumption.

This is why it is important to develop various solutions to achieve better energy utilization both in newly constructed and existing residential and commercial properties. It is largely a matter of taking advantage of available technology and applying life cycle thinking with regard to both costs and environmental effects.

Skanska prioritizes these issues, and its ambition is to develop good energy solutions in construction projects together with clients. This section of the Environmental Report presents three examples that illustrate the potential for reducing energy consumption. The three projects are the renovation of an existing residential area (Gårdsten, Sweden), new residential construction (Ekoviikki, Finland) and new construction of a high-tech office and laboratory complex (MIT, United States).

Gårdsten, Sweden

Renovation of apartment buildings into an ecological model

Gårdsten, a residential area in Gothenburg, is changing. A few years ago, it was a shabby, anonymous setting. Today it is a neighbourhood characterized by fresh thinking, in both environmental and social terms.

One key element of this change is a renovation program for the apartment buildings in the area. Ecological, social and economic sustainability has been the main focus during the creation of these "Solar Buildings."

Skanska has been responsible for renovating ten buildings containing 255 apartments with a total residential area of 19,000 sq m (205,000 sq ft). The project has attracted a great deal of attention both because of its far-reaching environmental program and its efforts to increase tenant influence and create a positive social environment. The project is part of the European Union's non-nuclear energy program THERMIE, which showcases new methods of renewable energy technology and conservation.

The buildings, constructed in the early 1970s, consist of 3-story stair access buildings and 6-story balcony-access buildings. The primary focus of the environmental program is on reducing energy consumption. Solar collectors on the roofs are used to heat tap water, and intake air for the apartments is pre-warmed in glassed-in balconies. The roofs have been equipped with extra insulation. Efficient heating and ventilation management systems have been installed. Individual metering of heat and water consumption in each apartment gives the tenants an incentive to reduce their consumption. Greenhouses have been created, with personal garden allotments for all tenants. Conventional garbage collection has been replaced by composting and recycling.

These measures will reduce heating requirements by an estimated 40 percent. With the aid of individual metering, thrifty families can save an additional 25 percent on their energy consumption. Total operating expenses are expected to decrease by SEK 1.3 million per year or an average of about SEK 5,000 per year for each apartment.

Ekoviikki, Finland

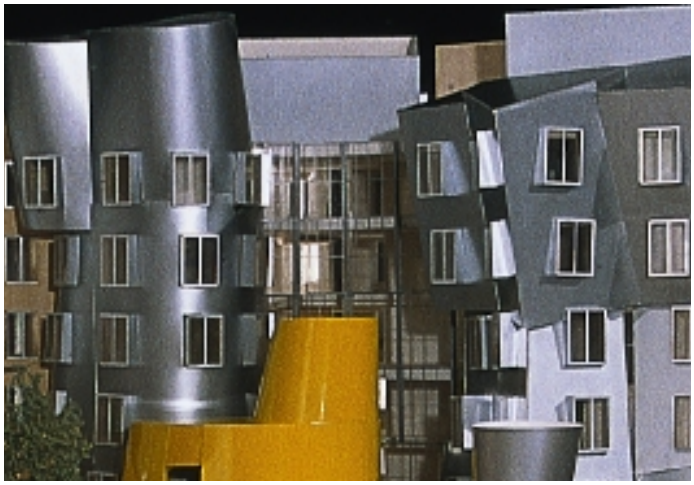
Ecological residential area in Helsinki

Ekoviikki, a few kilometers outside central Helsinki, is Finland's first ecological property development being built in an urban setting. Skanska is constructing 186 apartments in buildings where solar energy and heat recycling will sharply reduce energy consumption.

The aim is to create flexible buildings with long service lives and minimal energy consumption. The placement of the buildings and rooms is optimized in terms of incoming light and heat. Solar energy is utilized by means of solar panels, attractively built into the roofs. Glassed-in balconies serve as buffer zones by storing solar heat and reducing heat loss from the apartments. Solar energy will thereby cover 15–20 percent of total household energy needs.

Heat recycling and energy-efficient ventilation systems will further reduce energy consumption. Overall energy use is expected to be 34 percent below the average for this type of apartment house. The aim is for heat energy from outside sources not to exceed 80 kWh per square meter per year in these buildings.

Water consumption will also be reduced by about 20 percent. The aim is to limit water use to 125 liters per person per day. To ensure that Skanska's environmental activities in the project meet these objectives, special emphasis has been placed on measurement and performance evaluation. The project uses Skanska Oy's new Ecometer calculation software to estimate environmental impact during the life cycle of the buildings.



MIT, Stata Center, USA

The Massachusetts Institute of Technology (MIT) is developing "Green Standards" for its construction projects to ensure environmentally sound buildings. Beacon Skanska is turning these ambitions into a reality in the construction of the Stata Center.

Beacon Skanska is overseeing the construction of the Ray & Maria Stata Center at Massachusetts Institute of Technology (MIT) in Cambridge, Massachusetts USA.

The building is being designed by world renowned Frank O. Gehry and Associates of Santa Monica, California -- who was responsible for such projects as the Guggenheim Museum in Bilbao, Spain and the Experience Music Project in Seattle, Washington.

Massachusetts Institute of Technology has long been considered a global leader among research universities. One of its roles is to lead the charge with regard to promoting environmental awareness and concerns. As a result, MIT is developing "Green Standards" for its building projects in order to build environmentally responsible buildings.

The Stata Center's design is anticipated to receive a Silver Rating from the Leadership in Energy and Environmental Design (LEED™) Program. The LEED™ Green Building Rating System is a priority program of the US Green Building Council and is a voluntary, consensus-based, market-driven building rating system that is based on existing proven technology. It evaluates environmental performance from a "whole building" perspective over a building's life cycle.

To date, the Stata Center's environmental design elements created are extensive. They include an innovative air plenum ventilation system, whose method of mechanically heating and cooling the building provides for an energy-efficient equipment operation and consumption of power.

Environmental operations

"Over the past two years, Skanska has developed a number of 'tools' for facilitating environmental work that also decrease the risk of mistakes."

This section of the Environmental Report describes activities implemented during 2000 in some of the highest-priority areas of Skanska's environmental work. More information is available on Skanska's web site (www.skanska.com) and is regularly updated. The web site includes a project database that summarizes information on construction projects in various fields and in different parts of the world that have an environmental dimension. Contact persons for each project are listed in order to promote the spread of ideas and experience.

The ISO 14001-certified environmental management systems that now exist in all business units provide the basis for Skanska's environmental work. Now expertise, dedication and effective transfer of experience will be needed to further enhance this environmental work and help improve best practices in our sector.

Effective tools

Over the past two years, Skanska has developed a number of "tools" for facilitating environmental work that also decrease the risk of mistakes. These tools have usually been developed at one of the business units. After evaluation, Skanska takes steps to expand the availability of these aids within the Group. One example is the chemical database developed by Skanska Sweden, based on its continuous evaluation of more than 3,000 chemicals. This database has now been adapted to Groupwide guidelines for chemicals and been made available throughout the Skanska Group.

The illustration at the right is a schematic description of some of the environmental work tools that have begun to be used in parts of the Group. Meanwhile Skanska is continuing its efforts to further develop networks inside Skanska in order to promote the dissemination of both positive and negative experience from environmentally oriented operations. After all, it is day-to-day decisions at numerous job sites that determine the quality of Skanska's overall environmental work. A dialogue with clients on the potential for combining environmental adaptation with a cost-effective construction process is much easier when Skanska can showcase good systems, "tools" and successful reference projects.

Energy

The theme pages on energy and climatic impact in this Environmental Report highlight the fact that energy issues are a high priority in Skanska's environmental activities. The use of energy during the long service lives of buildings has a major environmental impact. In both new construction and renovation work, there are substantial opportunities to reduce future energy use.

Our follow-up of Skanska's own properties in its Project Development and Real Estate business area show that such measures yield results. The table below shows total energy consumption of properties per square meter (space heating, air conditioning and electricity for operations other than tenants' electricity use) in Skanska's property holdings in Sweden.

Energy consumption, Skanska-owned real estate in Sweden, kWh/m², per year

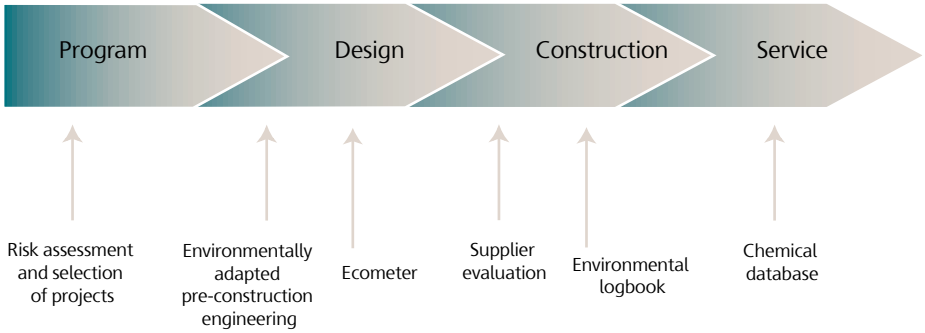
Type of property	1999	2000
Average, existing properties	145	142
Properties renovated during the year	128	115
Properties constructed during the year	115	75

The sharp improvement in energy efficiency of properties constructed during 2000 was mainly due to several large properties built during the year that meet high standards in the energy field. This is true, for example, of Hagaporten, a newly constructed office property outside Stockholm that, among other things, houses the headquarters of Skanska's operations in Sweden.

When it comes to energy use, it is essential to focus on the carbon dioxide emissions that are generated. This is why Skanska Real Estate Stockholm is conducting an analysis of whole energy systems including the production of electricity, heating and cooling by electricity and district heating suppliers. Preliminary findings, from a comparison between year 1999 and 2000, show that emissions have been reduced from 14.2 to 12.3 kg of carbon dioxide per square meter per year. This indicates that it is possible to achieve a significant reduction in carbon dioxide emissions through the choice of energy supplier and energy system. Skanska intends to further refine this form of follow-up of carbon dioxide emissions during the service life phase of buildings, which accounts for about 80 percent of total carbon dioxide emissions during a building's life cycle.

Selection of materials

During 2000, Skanska conducted a survey and an analysis of the methods used in the



Poplar Island, on the U.S. eastern seaboard, is a valuable nesting habitat for many species of birds. A restoration project is now creating a protected place where bald eagles, ospreys, herons and other species can nest and live.

Group for evaluating materials from an environmental standpoint. The findings are being used to improve the task of materials selection, mainly at the purchasing stage, by improving the level of employee expertise on criteria and tools. There is also reason to expand collaboration in the construction industry and develop alliances with building material suppliers.

Influencing suppliers

During the year, Skanska continued to communicate its environmental policy and the aim of its environmental activities to numerous suppliers. A total of about 5,600 suppliers were contacted in this way during 2000.

Skanska in Sweden and a number of Skanska units elsewhere in Europe have carried out environmental evaluations of major suppliers. During 2000, this involved more than 300 suppliers. About 20 percent of the suppliers with which Skanska has corporate-level agreements in Sweden are ISO 14001-certified.

Skanska USA, which uses subcontractors extensively in its projects, has begun a program for providing the employees of subcontractors at Skanska projects with basic environmental information and training. A total of about 8,500 people underwent this basic training during 2000.

Chemicals

Skanska has Groupwide rules on chemicals, under which the following substances may not be introduced into the operations of Group companies: acrylamide, asbestos, CFCs, halon and PCBs. A follow-up of these rules during the year showed that no violations have occurred.

Skanska Sweden continued and expanded its evaluation of chemicals. It has evaluated a total of 3,200 chemicals and has begun phasing out 765 chemicals. A Groupwide version of this chemical database has now been translated into English and is available throughout the Skanska Group.

Waste and recycling

Skanska's ambition is to reduce the quantity of residue and to sort the waste that nevertheless arises, so it can be reused or recycled. During 2000, about 90 percent of all construction wastes from construction sites in Sweden underwent at-source separation into at least three material types. Elsewhere in Europe, the percentage of separation varies between 80 and 100 percent. Where local authorities permit at-source separation, Skanska USA companies also report a high degree of waste separation.

Contaminated soil

An analysis of the occurrence of contaminated soil on Skanska-owned land, and where the costs are expected to be substantial, was completed during the year. This review turned up only two such cases.

However, contaminated soil is a relatively common element in the large construction projects that Skanska carries out for its clients. An analysis of new projects in 2000 with order values exceeding SEK 10 M indicated that soil decontamination is a factor in about 170 of these projects. As a result, Skanska has extensive experience of decontaminating soil so that sites can be used for residential or other buildings.

Outlook for 2001

"An industry-leading position and an ambition to be at the cutting edge in the development of industry-wide best practices also requires an open attitude toward change."

More effective environmental work

Skanska's ambition is to be the construction industry leader in the environmental field. Faster transfer of experience is required in order to ensure high-quality environmental activities in all operations, and to ensure that Skanska continues to improve best practices in such a way that more and more construction projects will have an ambitious environmental identity. It is a matter of learning from each other's successes and mistakes. Skanska must promote a humble, open attitude on these issues. As the Group's Environmental Policy states, everyone at Skanska should ask and get help when unsure. The same document also emphasizes the importance of caution, resource conservation and the use of common sense.

Environmental issues are numerous and complex. This means that development activities often require backup. Skanska is striving to increase the element of environmental issues in its internal management development programs and to incorporate the outcomes of its environmental work in management evaluation and compensation systems.

In order to pursue an effective dialogue with a client, it is necessary to have both good environmental management systems and an opportunity to show the client reference projects in which environmental efforts have been successful. The continued buildup of Skanska's database of environmentally oriented projects is thus essential.

Subcontractors perform a significant and increasing part of the work at Skanska's construction projects. It is therefore essential to systematically include environmental requirements when procuring such services. This area will enjoy high priority during the coming year, as will Skanska's continued work with suppliers.

Climate change

The climate issue will continue to be the single most important environmental issue. It also appears increasingly necessary for the business community to take initiatives to achieve cost-effective solutions that will reduce greenhouse gas emissions. Skanska will therefore continue the work it has begun to improve the energy efficiency of buildings and will thereby help to decrease energy use and lower greenhouse gas emissions. This applies to everything from carrying out individual construction projects to pursuing a dialogue with politicians and decision-makers at the international level.

Dialogue and development

An industry-leading position and an ambition to be at the cutting edge in the development of industry-wide best practices also requires an open attitude toward change. Skanska therefore wishes to intensify its dialogue with its many stakeholders in order to achieve effective environmental adaptation more rapidly.

When it comes to environmental organizations, Skanska's efforts will include trying to achieve an in-depth dialogue on the practical implementation of the guidelines of the World Commission on Dams, as well as the findings of Skanska's follow-up study of the long-term effects of large dam projects. The aim is to improve the evaluation and implementation of similar projects in the future.

Public agencies will play an important role in future environmental activities. This is not only true of their role as standard setters and in their oversight work. The U.S. Environmental Protection Agency has taken the initiative to announce the names of companies that are top performers in the environmental field. The EPA does this by publishing lists and brief comments on companies and facilities recognized by the EPA as meeting its criteria. Skanska has noted with pride that three of its American subsidiaries are included on the first list to be published. Skanska's hope is that environmental agencies in other countries will start similar initiatives to promote voluntary steps to achieve environmental performance that goes beyond legal and regulatory requirements.

In the financial market, too, there are initiatives to promote continued improvement of environmental activities. The number of asset managers who offer their clients equity investment alternatives based on environmental and ethical evaluations of listed companies has increased in recent years. Skanska believes that this is a positive development, provided that the analysis is of good quality and aims at identifying the leading companies in each industry. This creates an additional incentive for companies to improve their environmental work.

The demands of society at large have changed in recent years and will continue to change. To promote greater understanding of values and expectations among tomorrow's decision-makers, Skanska in partnership with the Federation of Swedish Industries (now the Confederation of Swedish Enterprise) and the IVL Swedish Environmental Research Institute initiated a scenario project during 2000. The purpose of the project is to allow young employees in the business community to develop their visions of how a sustainable business sector will look in a global perspective 25 years from today. The project's final report contains thought-provoking images of the future and conceivable strategies for accomplishing the visions that it sketches. The final report of the project can be read and ordered at www.svensktnaringsliv.se.

Broadening our perspectives

During the coming year, Skanska will clarify and refine its role and its ambitions concerning its social responsibilities in a broader sense than environmental aspects alone. Skanska's operations affect social development, and this makes it natural to broaden our perspectives. Our aim is to establish a Groupwide strategy and ambition related to our social responsibility. This will take place, for example, under the auspices of the World Business Council for Sustainable Development (WBCSD), of which Skanska is a member. This work has begun and encompasses such fields as human rights, ethics and working environment.

Glossary

Accreditation
Official approval by a certification body.

Acrylamide
Chemical label: 2-propenamide. A substance that is toxic when in contact with the skin or ingested. Serious health hazards in the event of long-term exposure. Exposure to acrylamide may lead to cancer and genetic damage.

Asbestos
Mineral-based fiber used for fire-retardant insulation etc. Long-term exposure may lead to lung damage and cancer. Prohibited and regulated in many countries.

Certification
An independent examination of an operation and a confirmation that it meets certain standards.

CFCs
Chlorofluorocarbons, synthetically manufactured substances used primarily as refrigerants. They break down the stratospheric ozone layer and contribute to the greenhouse effect. Prohibited under international rules according to the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer.

Dow Jones Sustainability Group Index
An index developed by Dow Jones Indexes and the Swiss company SAM Sustainability Group. It is the first global index for tracking and assessing companies that are pacesetters in their respective sectors in terms of environmental activities and sustainable development (www.sustainability-index.com).

Environmental audit
A systematic, objective review of an organization's environmental work aimed at examining whether an operation is run in accordance with the commitments in an environmental management system.

Environmental management systems
The portion of an organization's management system that includes organizational structure, planning, responsibility, practice, procedures, processes and resources for developing, introducing, fulfilling, revising and maintaining an environmental policy.

EPA
The United States Environment Protection Agency (www.epa.gov).

Halon
Halogenated hydrocarbons primarily used for extinguishing fires. Halons contribute to depletion of the stratospheric ozone layer and are among the internationally prohibited substances under the Montreal Protocol.

IPCC
The United Nations Intergovernmental Panel on Climate Change, which published a report in January 2001 stating that there is growing consensus among researchers concerning the risks of serious climate effects on the earth (www.ipcc.ch).

ISO 14000
A series of standards for environmental activities issued by the International Organization for Standardization, ISO (www.iso.com).

ISO 14001
An international standard for environmental management systems.

PCBs
Polychlorinated biphenyls, a type of toxic hydrocarbons that are very difficult to break down and that accumulate in living organisms. Once widely used in transformers and for insulating purposes, they are among prohibited and regulated substances in many countries.

WBCSD
The World Business Council for Sustainable Development is an organization with 125 member companies with a shared commitment to the principles of sustainable development (www.wbcsd.ch).

World Commission on Dams
An international commission including representatives of governments, interest organizations and business, entrusted with developing guidelines for large dams and power plant projects (www.dams.org).

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