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SKANSKA

Environmental Report 1999

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Cedar Grove Middle School, Atlanta, Georgia, U.S.A.

This project built by Beers Construction, a Skanska Group company, demonstrates how creative thinking and practical solutions can increase recycling of building materials during the construction process. It proved possible to recycle both metal and concrete in an environmentally sound way and also to reduce costs.



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 i april 1998



CLAES BJÖRK
PRESIDENT AND CEO



Statement of the President and CEO

Environmental issues affect us all. In order to achieve sustainable long-term development, far-reaching changes are required when it comes to efficient use of resources and environmental adaptation of buildings and other structures. Skanska has the resources and expertise to speed up this development.

Future challenges

To me, it is self-evident that environmental issues will become increasingly important in the coming years. This is true of society in general and it is true of Skanska. In a world where the population is now estimated at 6 billion people and is expected to increase by 2–4 billion during the next 50 years, environmental and resource issues will affect everyone. It suffices to mention housing, workplaces, transportation and energy supply to make everyone realize what challenges we face. In order to speak meaningfully of sustainable development, far-reaching changes are required when it comes to efficient use of resources and environmental adaptation of buildings and other structures.

Taking responsibility for the environment is one element of Skanska's vision of becoming the world's leading company – the client's first choice – in construction-related services and project development. Our own ambition to make continual improvements in our environmental work implies that more efficient solutions can be developed all the time. This may involve everything from energy-efficient buildings to the logistics of construction projects. In our own project development we have particularly good opportunities for achieving improvements.

In our opinion, more and more construction projects will include environmental standards that go beyond legal and regulatory requirements. Meanwhile, national environmental rules will be tightened over the next few years. These standards may concern such matters as environmental management systems, selection of materials, energy solutions and waste management. In my opinion, this is a positive and desirable development.

Leadership

By further developing its expertise and experience in the environmental field, Skanska

shall be an obvious and credible discussion partner and source of inspiration for its clients. In order to accomplish this, environmental issues must become a natural element of our day-to-day business. One important tool in this process is the environmental management systems that have been introduced at a rapid pace in the Group. By the end of 1999, 51 percent of Skanska's employees worked within units which had introduced ISO 14001-certified systems. The goal of having ISO 14001-certified systems in place at all units of the Skanska Group by the end of 2000 will be achieved ahead of schedule.

This is a confirmation of the environmental commitment of the employees and managers of our business areas and companies. Environmental issues are, moreover, a recurrent theme at Group Management meetings and in other management contexts. Informational outreach and training programs are other important elements of effective environmental leadership. During 1999, Skanska implemented both basic environmental training programs and various specialized training programs on such issues as environmental legislation and environmental impact assessment of projects.

When assessing projects, a number of risk factors must always be taken into account. During 1999, the Group's risk assessment systems underwent further development. Environmental aspects were assigned a more prominent role. This means that Skanska will abstain from participating in construction projects when, in our judgment, a project will result in serious risks to the environment or to society at large.

Dialogue

A dialogue with our stakeholders is another prerequisite for a satisfactory outcome. Early communication with our clients on possible environmental adaptations is crucial. We





must also pursue a continuous dialogue with our suppliers and subcontractors. This process has begun in various parts of the Group, among other things by making our environmental expectations clear to our major suppliers.

An active dialogue with environmental agencies and organizations is important. We are convinced that this encourages all parties to improve their environmental work.

We also endeavor to convey our environmental ambitions and the outcome of our environmental work to our financial stakeholders. In light of this, we are proud that a number of environmental equity funds have invested in Skanska shares. Skanska is also included in the Dow Jones Sustainability Index and is thus regarded as one of the international companies that are global pacesetters in their environmental work.

Innovative business climate

Within a short time, ISO 14001-certified environmental management systems will be in place throughout the Group. This will provide a platform for effective environmental work. To stimulate interest in environmental issues, we have introduced a project database on our web site (www.skanska.com). Its purpose is to more rapidly disseminate information about projects with an environmental dimension to our employees, clients and other stakeholders. This project database is expected to grow rapidly in the coming years, enabling it to help speed up the environmental adaptation of construction projects around the world.

We have also decided to establish an internal prize – the Skanska Award for Outstanding Environmental Contribution – which, beginning in 2000, will go to individuals or project teams at Skanska that have distinguished themselves in the environmental field. Pride and positive publicity

should be the reward for successful environmental work. I am also convinced that positive environmental results will receive increasing attention in the future management development work of the Group.

Results

We are judged by the results we actually achieve. Therefore one essential element of continued development work is to further develop our follow-up methods in such a way that we can measure progress more clearly. We must also continue to pursue our dialogue with others about people's expectations of Skanska. This Environmental Report presents an overview of Skanska's environmental work. This description will be supplemented by an environmental section in Skanska's Annual Report and by environmental information on Skanska's web site (www.skanska.com).

The structure of the Environmental Report is based on guidelines from the Global Reporting Initiative (GRI), an international initiative to increase comparability between environmental information from different companies. It is an initiative also aimed at broadening the range of such reports to ensure that they also address the social and ethical issues that, together with environment and economic development, provide the basis for sustainable development. These issues are significant and of great importance to Skanska.

CLAES BJÖRK
claes.bjork@skanska.se

Some environmental facts:

Construction projects with high environmental standards

During 1999, Skanska worked with 165 major construction projects, each exceeding USD 1 million, in which the client specified environmental standards that went beyond legal and regulatory requirements. The same is true of 361 major construction projects in which Skanska initiated greater environmental adaptation.

Environmental management systems throughout the Group

Skanska is introducing environmental management systems throughout the Group. Units representing 51 percent of employees now have certified environmental management systems. These units account for 62 percent of Skanska Group net sales.

Environmental training

In addition to basic training, Skanska has carried out numerous specialist training programs in the environmental field. There have been 1,789 participants in such specialist programs, and a total of 389 people have undergone environmental audit training.

This is Skanska

Skanska's mission is to develop, build and maintain the physical environment for living, traveling and working. In partnership with its clients, Skanska shall offer global, comprehensive solutions, from concept via construction to service and maintenance.

Organizational structure

Skanska is active in construction-related services and project development in some 50 countries. The countries regarded as the Group's "domestic" markets are Sweden, Denmark, Finland and the United States. Skanska has annual sales of about SEK 80 billion and employs some 45,000 people.

Its operations are organized into a Parent Company, Skanska AB, with four business areas and three strategic specialist companies. The Group also has staff units for corporate finance, accounting, finance, investor relations, information technology, legal affairs, communication, environment and personnel.

Contracting operations, which provide services related to building and civil construction, take place in the Skanska Sweden, Skanska

USA and Skanska Europe business areas.

These three business areas possess product-oriented specialist knowledge as well as project development know-how.

The Project Development and Real Estate business area – which focuses on project development where Skanska commits its own funds – is also responsible for development, management and divestment of the Group's investment properties. Project development normally assumes the form of collaboration between one of the business areas that performs contracting operations and Skanska Project Development and Real Estate.

The three strategic specialist companies are Skanska Teknik (development of specialized technical expertise), Skanska Financial Services and Skanska IT Solutions (information technology). The specialized know-how in each of these companies supports the operations of all business areas.

The value circle illustrates Skanska's know-how in all phases, from concept to operation and maintenance. By virtue of both depth and breadth, Skanska can add knowledge within all phases of the value circle to both large and small projects. Concern for the environment is a self-evident element of all phases in the value circle. The earlier Skanska comes into a project, the greater opportunity it has to influence its environmental aspects. Proper handling of environmental issues also strengthens its business concept.

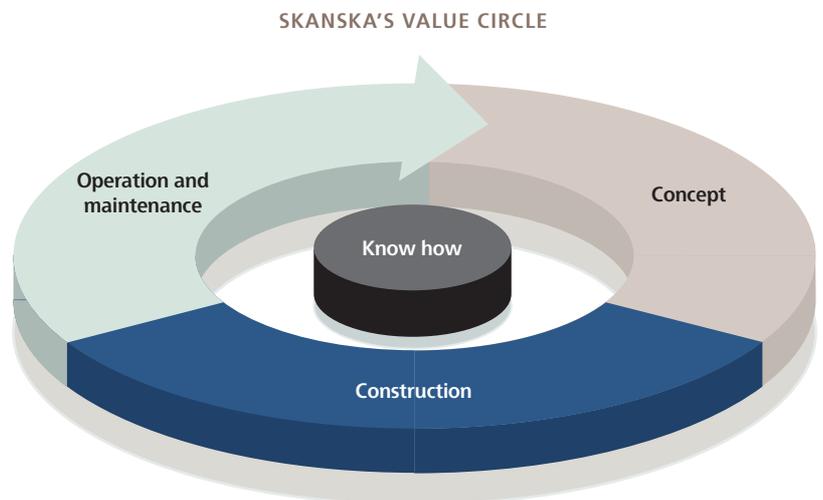
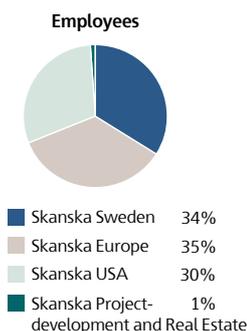
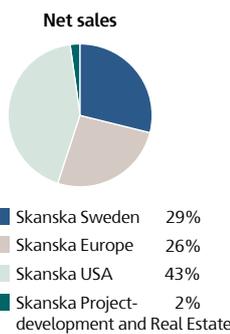
Client focus is a fundamental precondition for the success of this business strategy. Skanska's name and brand identity support this strategy. Because clients increasingly demand partners with a broad market presence, it is highly important for Skanska to behave in a consistent and uniform way in all markets.

Skanska's brand identity shall stand for values that serves as guiding principles of the Group's business development, communications and behavior:

- Commitment
- Competence
- Reliability

Vision and strategies

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



Holistic view

Structures benefit society and help improve the living conditions of many people by providing housing, workplaces and infrastructure. At the same time, they generate an environmental impact and account for a sizable proportion of global resource utilization during their life cycle. A holistic view is therefore necessary.

Skanska's operations focus on the entire life cycle, including everything from pre-construction engineering and construction to service and maintenance. One consequence is that we are developing greater expertise and experience in environmental adaptation, from the concept and pre-construction engineering stage to construction, operation and maintenance to final demolition and recycling of a structure. We also actively try to influence our clients, suppliers and subcontractors to take into account the long-term environmental aspects of construction projects. Above all, it is the design solutions and materials selected that determine the total environmental impact of a structure during its life cycle.

The most obvious example is energy consumption. Various calculations for residential buildings indicate that 80-90 percent of their total energy consumption is related to the service life phase.

Significant environmental aspects

One important element in the task of developing environmental management systems is to systematically survey the significant environmental aspects of operations as the basis for devising objectives as well as managing and following up operations. This was carried out in virtually all units at Skanska during the years 1998–99. The matrix below summarizes

what areas these surveys have identified as the most important – and which will be prioritized in our continued work. The matrix illustrates what environmental aspects are important during different phases of the construction process, from land use planning via the long service life phase to demolition and recycling.

It should be emphasized that the operations of Skanska units often deal with other environmental aspects in addition to these. It is in each individual project that significant environmental aspects are identified. The matrix is only meant to provide an overview to illustrate the most important areas of Skanska's environmental work today.

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

Skanska has decided to introduce environmental management systems throughout its operations. By the end of 2000, all units must also be environmentally certified according to the ISO 14001 international standard. Skanska will therefore become the first international construction company with carefully designed systems and procedures in place for working with environmental issues in all projects and operations worldwide.



Environmental management systems, December 31, 1999

Units representing 81 percent of employees now have environmental management systems in operation. These units account for 86 percent of Skanska Group net sales.

Units representing 51 percent of employees now have certified environmental management systems. These units account for 62 percent of Skanska group net sales.

Business development

Environmental expertise and broad-based experience of environmental adaptation work are increasingly important to Skanska. Our ability to assess project proposals from an environmental standpoint, initiate greater environmental adaptation and live up to the environmental demands of our clients are an essential element of Skanska's business development.

Our analysis of major projects during 1999 reveals that environmental ambitions often exceed legal and regulatory requirements. This trend will become more pronounced in the next few years. Meanwhile national legal and regulatory requirements in the environmental field will become stricter.

During 1999, we worked with more than 165 major projects in which the client specified environmental standards that went beyond

legal and regulatory requirements. The same is true for the 361 major projects in which Skanska initiated greater environmental adaptation. See the table below. These environmental ambitions apply, for example, to material selection and chemical substances, energy solutions and waste management.

Environmental management systems

An environmental management system presupposes a continuous process in which environmental activities are planned, implemented and followed up, with demands for continuous improvements. Important elements of an environmental management system are:

- training programs and information for employees
- initial environmental reviews and identification

- formulation of objectives and action programs
- implementation of actions
- internal follow-up (measurements, internal environmental audits, management reviews)
- external verification by accredited certification bodies during ISO 14001 certification and registration

The environmental management systems at Skanska's various units vary in appearance, depending on the type of operations, size, management structure etc. Their general ambition is to coordinate environmental management systems with other management systems.

A system that is certified according to the ISO 14001 international standard has thus been verified by an external organization that

Number of projects - larger than USD 1 million - that incorporate environmental standards beyond legal and regulatory requirements.

	Skanska Sweden	Skanska Europe	Skanska USA	Skanska Project Development and Real Estate
Client's initiative	125	24	10	6
Skanska's initiative	238	81	26	16



Environmental management systems, December 31, 1999 (percentage of employees and net sales, respectively)

	Skanska Sweden	Skanska Europe	Skanska USA	Skanska Project Development and Real Estate
Systems in operation	97/96	30/30	100/100	95/95
Certified systems	40/41	0/0	100/100	95/95

is accredited for this task. The certification audit includes an evaluation of a unit's environmental activities compared to legal requirements, the company's environmental policy and other voluntary undertakings, for example. Among the latter is the business charter for sustainable development of the International Chamber of Commerce (ICC), of which Skanska is a signatory.

In its Environmental Policy, Skanska establishes the goal that all operations shall be ISO 14001-certified no later than the end of 2000. Virtually all units had introduced environmental management systems by the end of 1999. These efforts included providing information/training to employees and developing systems suited for the needs of each particular unit. Among the exceptions are a few units of the strategic specialist companies and some of the Group's recently acquired companies. In the latter case, Skanska is requiring the introduction of a certified environmental management system within two years after acquisition.

Environmental training

The ISO 14001 standard requires that all employees shall be informed of the organization's environmental policy and the environmental impact that operations may lead to.

Skanska has also implemented a program

that has provided basic environmental training to a large number of people. By the end of 1999, more than 50 percent of employees had received such basic training.

The second table shows the number of employees who had undergone specialist training programs beyond basic training by the end of 1999. These included a broad spectrum of programs, for example on environmental legislation and environmental impact assessments of projects, as well as university courses in environmental management.

Environmental audits

Follow-up of environmental work by means of internal environmental audits has already begun in many parts of the Skanska Group. The number of environmental audits of construction projects will increase rapidly in the next few years. To enable Skanska to implement these audits, many employees with experience in quality control or working environment issues have been given further training as internal environmental auditors. During 1999, Skanska carried out a total of 525 environmental audits.

Environmental dialogue

Skanska's environmental dialogue with others includes not only dialogue with clients and suppliers, but also regular contacts with pu-

blic agencies, environmental organizations, nearby residents etc. Much of this work occurs locally in conjunction with projects. Examples of activities implemented during 1999 are information to nearby residents in connection with start-ups of projects and other operations, as well as discussions with media and environmental organizations on particular projects. Other examples are informational meetings on indoor environment and allergies in partnership with the Swedish Asthma and Allergy Association and the National Institute of Public Health in Sweden, and participation in environmental training courses and research programs.

At Group level, Skanska has had discussions with the World Wildlife Fund and the Swedish Society for Nature Conservation on two occasions. Skanska has also invited analysts from Swedish environmental and ethical equity funds to visit Skanska and briefed them on our operations. At Skanska's invitation, Sweden's Minister for the Environment, Kjell Larsson, visited Skanska in September 1999 to orient himself on the environmental work of the Group.

At the international level, Skanska is a member of the World Business Council for Sustainable Development (WBCSD) a global business organization working on issues connected with sustainable development.

Specialist training, 1999 – in addition to basic environmental training

	Skanska Sweden	Skanska Europe	Skanska USA	Skanska Project Development and Real Estate
Specialist training (number of participants)	920	276	537	56
Environmental audit training (number of participants)	202	67	118	2

The Öresund Bridge connects Denmark and Sweden

The Öresund Bridge is the world's longest cable-stayed bridge for both highway and railroad traffic, as well as information technology and telecommunications links. It consists of three main parts: an elevated bridge and two approach bridges. Its total length is 7,845 m and the free span between its pylons is 490 m. The superstructure of the bridge is designed in two levels and built from steel and concrete. Steel frames carry a concrete deck upper highway deck and a lower railroad deck.

The client is ØresundsbroKonsortiet, a consortium owned by the Danish and Swedish governments. The contractor is Sundlink Contractors, an international consortium led by Skanska and also including the two Danish companies Højgaard & Schultz and Monberg & Thorsen as well as the German-based Hochtief.

The project began in November 1995 and the bridge will be inaugurated for traffic on July 1, 2000. The total construction cost is about SEK 7 billion.



Environmental work during the project

The environmental impact of the project has been the subject of numerous evaluations. In 1994 the client presented the environmental impact assessment (EIA) that provided the basis for implementing the project. Before civil construction began, during the period 1992–95 a number of environmental studies of the Öresund waterway between Sweden and Denmark were also carried out.

In conjunction with procurement of materials and services, the client has paid especially close attention to the environmental management systems of each contractor. Sundlink's environmental management system is part of its quality management system, along with working environment.

The practical environmental work of the project has taken a number of factors into account. This applies, for example, to transport services, noise, air pollution, water pollution, spillage from dredging operations, soil pollution as well as fuels and chemical substances.

In order for this environmental work to genuinely function, it has been important to create environmental awareness throughout the organization. To achieve this, all employees of Sundlink underwent environmental training. In addition, the consortium carried out environmental competitions and campaigns.

Sundlink's environmental work can be summarized in five key points:

- A client with clear environmental demands
- An extensive environmental impact assessment, which provides the basis for its environmental work
- A commitment to environmental work by everyone: client, contractor and general public
- A skilled and responsible contractor
- Good follow-up and evaluation programs



Environmental operations

Practical environmental work occurs in each of the thousands of projects undertaken by Skanska. This requires dedicated and knowledgeable environmental consideration when it comes to such activities as purchasing, handling of chemicals, transport services, energy and waste management. By means of numerous programs, Skanska is helping to shape changes.

This section of the Environmental Report describes a number of environmental activities that were implemented during 1999. Under the heading "Projects in focus," the application of environmental management systems and dialogue with the client in a major construction project is described. Then we summarize Skanska's internal follow-up of its environmental activities in certain high-priority fields.

More detailed information on Skanska's environmental work is available on the web site, and this information is regularly updated. In addition, the financial aspects of this environmental work are summarized in the 1999 Skanska Annual Report, which is also available on our web site (www.skanska.com)

Projects in focus

Practical environmental work occurs in all of the approximately 15,000 construction projects that Skanska is engaged in at any one time. Many of these projects are small and of short duration, while infrastructure projects may be on a very large scale and last for 7–8 years. This means, of course, that the environmental issues involved vary greatly. For example, a soil decontamination project, which focuses on removing toxic chemicals, has very little in common with a residential project where the important issues may be selection of materials and energy.

Skanska is developing a database with information about projects that involve special environmental demands or interesting

environmental solutions. Summaries of these projects are available on Skanska's web site (www.skanska.com). Their purpose is to more quickly disseminate the lessons of projects with an environmental dimension to our clients and other stakeholders.

The planning and construction of the new headquarters of the Electrolux appliance group in Stockholm during 1999 illustrates in a practical way how environmental issues can influence the planning and construction phases. After signing the project contract, the two parties drafted a joint environmental plan for planning and construction that regulated the entire construction process.

During the planning phase, guidelines were approved for the selection of energy-conserving systems and materials with reference to their overall environmental impact. During the construction phase, the guidelines focused on material handling, energy consumption, transport services, at-source waste separation and safeguarding the surrounding natural habitats.

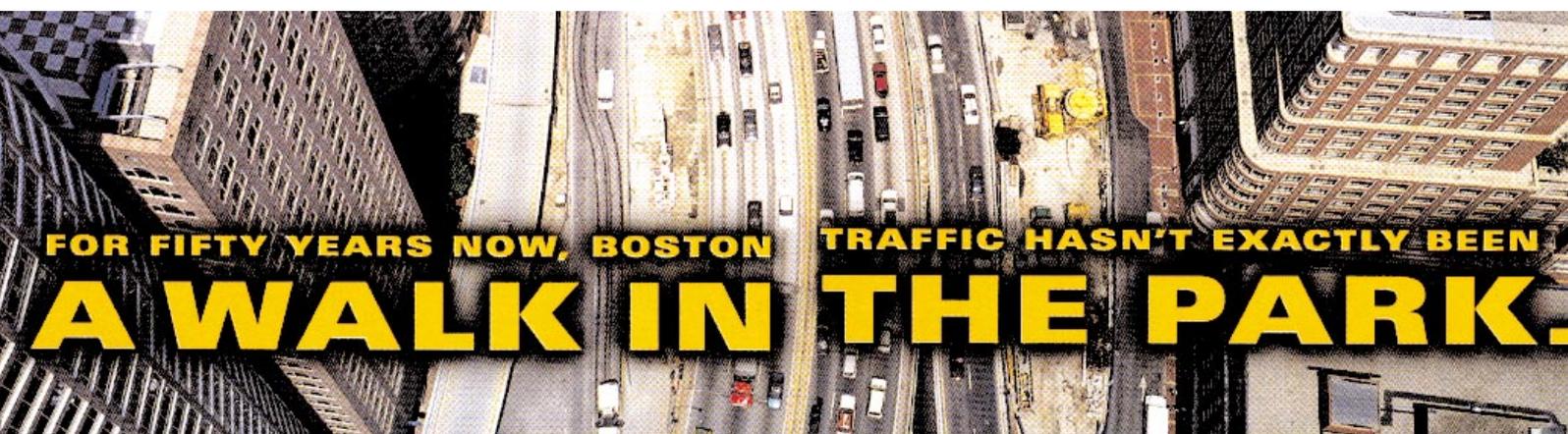
Successful collaboration achieved significant environmental advantages. One example is the goal of minimizing energy consumption for both heating and air conditioning. The external energy utility and Skanska made a major effort to adapt the building. The result was that projected emissions of the greenhouse gas carbon dioxide in operating the building can be kept at a very low level – 50 percent lower than with a traditional solution.

Purchases of materials and services

As previously stated, it is important to maintain a continuous dialogue with suppliers and subcontractors on environmental issues. As the various units of the Group introduce environmental management systems, this introduces a structured system of communication with suppliers and subcontractors, in which they are informed of Skanska's environmental policy and the thrust of its environmental activities. During 1999, more than 7,000 suppliers in all have been contacted in this way by various units at Skanska.

Skanska Sweden has also evaluated the environmental activities of 100 of its 120 most important suppliers. This evaluation resulted in classification of suppliers into four categories: not approved, approved, approved with distinction and approved with high distinction. Suppliers have also been informed of Skanska's expectations concerning future development of their environmental work toward a higher category. To be placed in the highest category, for example, a company must have a certified environmental management system, which 22 percent of the suppliers that were evaluated already have in place. Examples of other areas considered are the application of the guidelines from the Forest Stewardship Council (FSC) or equivalent requirements concerning wood and forest operations.

About 20 percent of Skanska Sweden's equipment fleet has either fulfilled stage 1 of the European Union (EU) emission directives



FOR FIFTY YEARS NOW, BOSTON TRAFFIC HASN'T EXACTLY BEEN
A WALK IN THE PARK.



for diesel engines, which became mandatory for new vehicles during 1999, or is equipped with retrofitted catalytic converters and particulate filters. Furthermore, Skanska Jensen in Denmark and Skanska Oy in Finland, which are units of Skanska Europe, require the use of environmentally adapted hydraulic oil in about 20 percent of their equipment fleet.

Chemicals

During 1999, Skanska approved Groupwide guidelines on chemicals, stating that certain substances may not be introduced in the operations of Group companies. Otherwise, each business area is responsible for deciding, within the limits of its environmental management systems, what chemicals may be used.

Skanska Sweden has built up a chemical database that is now available on the Skanska intranet and provides data on more than 1,400 chemical products. Of these, the future use of seven products has been prohibited. The business area has also begun phasing out 380 products.

Transport services

Transport services generate emissions into the air and consume fossil fuels. Reducing their environmental impact requires both efficient logistics and the use of low-emission vehicles. Skanska Sweden has introduced environmental requirements for transport companies in existing standardized purchasing contracts. Such clauses concern the choice of fuel, engine emission standards and an assessment of each

haulage company's environmental policy and environmental management activities. The quantity of cargo transported by companies that met Skanska Sweden's environmental requirements, as provided in their standardized purchasing contracts, increased by 15 percent between 1998 and 1999.

Energy

Energy issues are a prioritized area, especially in Skanska's own real estate operations. Programs in this area encompass both existing property holdings and newly developed projects. The table below shows total energy consumption of properties (space heating, air conditioning, electricity for operations other than tenants' electricity use) managed by Skanska Real Estate Stockholm.

Type of property	Energy consumption kWh/m ² , per year
Average, existing properties	145
Properties renovated in 1999	128
Properties constructed in 1999	115

Environmental facts on residential and commercial properties

The task of carrying out environmental inventories of Skanska's real estate holdings is continuing. These assessments include factors related both to indoor and outdoor environment. By the end of 1999, 56 percent of Skanska Project Development and Real Estate's property holdings had been inspected. So far, the inventories have shown that these

holdings maintain a high standard.

The Residential Construction Division of Skanska Sweden has developed an environmental logbook intended to remain in a building throughout its life cycle. It contains descriptions of the building's environmental characteristics, including environmental product declarations for its constituent building materials. Starting in 1999, such environmental logbooks have been presented to the clients in all projects developed in-house by the Residential Construction Division.

Waste

Wastes and leftover materials from the construction process have an obvious and visible environmental impact. Skanska's ambition is to reduce the quantity of such materials and sort those wastes that arise so they can be reused or recycled. Through a combination of systematic work and local regulatory requirements, more than 70 percent of all construction wastes in Sweden undergo at-source separation into at least three material types. Elsewhere in Europe, the percentage of separation is high, usually between 80 and 100 percent. A number of Skanska USA companies also report a high level of separation in localities where at-source separation is possible. In New York City and certain other localities, Skanska USA companies are required to use outside sorting facilities.

The Big Dig

In Boston, Massachusetts, USA, Slattery Skanska is working in a major project to re-route freeway traffic into tunnels under the central city, allowing the reclamation of 60 hectares (150) acres for parks and other open spaces.

BUT IT WILL BE.

Outlook for 2000

Skanska's ambitious approach to the environmental field presupposes fresh thinking and a focus on continuous environmental improvements. Partnership and dialogue with many stakeholders will make this process easier.

Skanska's ambition is to be the industry leader in the environmental field. The challenge is, using environmental management systems as a foundation, to invest aggressively in continuous improvements in the Group's environmental performance. During 2000, this will include investments in the following fields:

Operational management

Skanska's operations are extensive and decentralized. The number of ongoing construction projects is about 15,000 in more than 50 countries. Sensibly designed environmental management systems are therefore a prerequisite for pursuing effective environmental work. The same basic structure and principles of planning, implementation and follow-up of environmental activities apply to all projects. In contrast, the environmental issues vary sharply between different projects, requiring a high standard of expertise and efficient transfer of experience within Skanska.

Results are not measured in the number of environmental management certificates only, but in practical daily environmental work. It is a living process, in which the integration of environmental issues into all operations is the key to success. For example, Skanska Sweden has come a long way in this work. Environmental issues are an essential element of the business area's "Our Way of Working," an integrated system for operational management that includes quality, environment and working environment.

Development work

Skanska's procedures for implementing risk assessments of planned projects will be further refined during 2000. In addition to technical, financial and legal risks, assessments also include environmental issues and

sociopolitical issues. In the environmental field, these assessments take into account such aspects as significant environmental impact, contaminated soil and relations with clients and suppliers. Among sociopolitical aspects are ethics, human rights and relations with nearby residents.

During 2000, Skanska will continue its efforts to develop tools for the environmentally adapted selection of building materials and chemical products. The chemical database used by Skanska Sweden and Skanska Project Development and Real Estate business areas will be translated and made available throughout the Group. Skanska will also conduct an inventory and evaluation of tools for environmentally adapted selection of materials. In the field of water supply and wastewater treatment, the strengthening of expertise and resources begun at Skanska Oy and elsewhere will continue. This will improve the Group's potential for participating in the construction of wastewater treatment plants in Eastern Europe and elsewhere.

Skanska is also prioritizing further refinement of methods and key indicators for monitoring environmental activities. This applies mainly to projects, but in certain fields also at business area level.

Skanska will be investing in the development of environmentally oriented conceptual solutions for buildings and land use in the next few years. Together with the Swedish construction company JM, Skanska plans to develop the Stockholm Environmental Science Park starting during 2000. This project, which encompasses both housing and commercial operations, will provide opportunities for innovative business development in such fields as environment and information technology.

Partnership and dialogue

Environmental adaptation of project-based construction operations is a long-term process. One prerequisite for achieving success is an open dialogue with many stakeholders. Skanska is highly dependent on partnerships with others in order to achieve good environmental performance in its projects. Early dialogue with the client is essential, and a local dialogue on the purpose and consequences of the project can create opportunities for improvement proposals.

The Swedish government has taken the initiative to study strategies for developing ecologically sustainable construction, in which Skanska is participating. Skanska is also involved in reforming the environmental requirements in public procurement procedures within the European Union.

Skanska also needs to make greater use of the know-how and opinions of environmental organizations. In return, Skanska can share our experiences of environmental work with them. One example is Skanska's expansion of its dialogue with environmental organizations to include, among other things, discussions about the proposed guidelines to be published by the World Commission on Dams during 2000.

It is Skanska's hope that an effective dialogue on environmental issues can serve as the point of departure for an extended discussion of the social and ethical role and responsibilities of companies. During 2000, Skanska will actively seek exchanges of experience with other leading companies on these issues.

Follow the environmental news and participate in the environmental discussion on Skanska's web site during 2000!

Welcome to:

www.skanska.com



Accreditation.

Official approval by a certification agency.

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 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.

FSC.

The Forest Stewardship Council is an independent international organization aimed at promoting environmentally responsible, socially beneficial and ecologically sustainable management of the world's forests (www.fscoax.org/index.html).

GRI.

The Global Reporting Initiative was established in 1997 to establish global guidelines for reports by companies on their sustainable development work. GRI includes a broad spectrum of stakeholders (www.globalreporting.org).

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.

ICC.

The International Chamber of Commerce is an international business organization, which among other things has devised a business charter for sustainable development (www.iccwbo.org).

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.

Swedish Society for Nature Conservation,

A nonprofit organization for nature conservation and environmental protection with about 160,000 members in Sweden (www.snf.se).

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.wbcd.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).

World Wildlife Fund (WWF).

A leading international nature conservation organization (www.wwf.org).