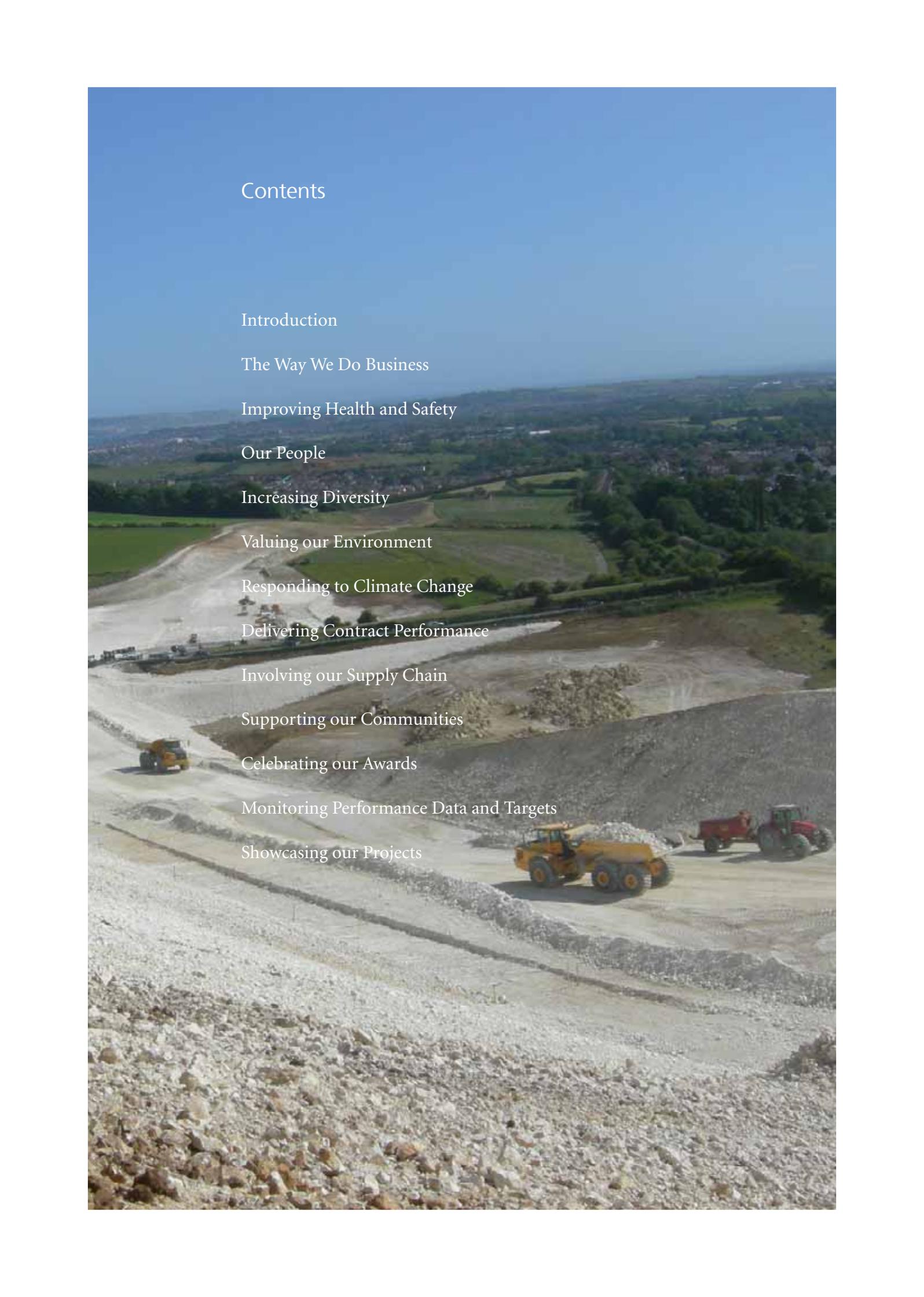




SKANSKA

Working together for
a stronger future

Skanska Civil Engineering
Corporate Responsibility Report 2010

An aerial photograph of a quarry or construction site. In the foreground, there are large piles of light-colored aggregate material. A yellow wheel loader is positioned on a dirt road, and a red tractor is visible further back. The site is surrounded by green fields and a town in the distance under a clear blue sky.

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Introduction

With over 750 employees, Skanska Civil Engineering undertakes civil engineering projects right across the UK.

We are part of Skanska, one of the world's leading project development and construction groups with expertise in construction, development of commercial and residential projects and public-private partnerships. Based on its global green experience, Skanska aims to be the clients' first choice for green solutions. The Group currently has 53,000 employees in selected home markets in Europe, in the US and Latin America.

Headquartered in Stockholm, Sweden and listed on the Stockholm Stock Exchange, Skanska's sales in 2009 totalled some £11.4 billion.

At Skanska we take Corporate Responsibility very seriously and have identified some key areas where we feel we can make a real difference; developing our people, supporting the communities we work in, involving our supply chain and valuing the environment. The vision we have has been fully embraced by our board who strive to ensure our policies and commitments are implemented and results are measured and reported annually.

In this report we reflect our parent company ethos and summarise our actions and many of our achievements in 2009.

Vision

To be the leading partner for our Clients in developing and delivering projects.

Mission

Grow the business by continuous out-performance, sharing with pride and empowering and developing our people.

Values and Behaviours

- Our Clients are at the heart of everything we do – Complete customer focus
- Our People are the very best – Our people succeed and grow
- Our Processes are best practice – We share with pride
- Our Culture is the Skanska culture – One Skanska, three deadly sins, five zeros



A message from our Managing Director

The success of Skanska Civil Engineering is entirely due to the quality of the people that work here and the way in which we choose to go about our work. Our people centric approach is proven by achieving the Silver Award from Investors in People in late 2009. This document captures our success and describes many of the choices we have made and how we apply them in our daily business.

Our highest priority continues to be the health and safety of everyone that works on our sites and in our offices. We set high standards and continually strive to achieve those standards in a consistent and reliable way. We have a parallel approach with how we manage our impact upon the environment and the communities adjoining our sites.

Skanska Civil Engineering has the continuing good fortune to work with excellent clients with whom we have strong and long term relationships based upon mutual respect. We are also fortunate to be supported by an excellent supply chain. Our approach to these relationships must be to continually seek accurate and regular feedback so that we can enhance our ways of working and apply an approach based upon continual improvement.

Gregor Craig
January 2010

The Way We Do Business

1.3.5

Building a stronger business



1.3.5 Initiative

The Skanska UK business improvement programme '1.3.5 – Building a Stronger Business' will improve our effectiveness by driving efficiency and consistency across the business and prepare us to take full advantage of post recession opportunities in the UK.

The programme is based on our cultural aims; Think One Skanska, Avoid The Three Deadly Sins and Live by The Five Zeros.

This programme is not a quick fix. Instead it is a sustained drive over time to break down the inherent silos and achieve real excellence across the UK whole. Five transformation themes have been identified, each with several individual initiatives. The key themes are:

- Brand and Communication
- People and Organisation
- Project Management
- Business Focus
- Technology and Innovations

The programme will be led and championed from the top and will engage a wide range of Skanska staff.

Business Ethics Committee

As part of Skanska's global drive to ensure the highest standards of business practice, in May 2009 Skanska UK established an Ethics Committee to provide guidance on ethical issues. Ethical training was delivered to all employees and a dedicated intranet site is updated regularly with responses to queries raised by individuals.

Shortened Strategy

In August the Management Team completed their revision of the Strategic Plan for 2009 to 2012. An executive summary was produced along with the shortened strategy C²P² which highlights our business focus on Clients, Culture, People and Processes.

The general strategy is still one of stable growth from a mix of existing and new sectors.

The Skanska market approach and branding with respect to Green Contracting, Business Ethics, financial prudence and integrated offers is becoming more of a differentiator. Civils is positioning itself to capitalise on those macro business advantages.



Journey to Deep Green

Our Journey to Deep Green was outlined at Skanska's Management Meeting in October. Green is no longer an issue for the few devoted environmentalists, but for all of Skanska. We all need to take on the responsibility to contribute to a Greener world. Projects that were in the absolute fore front when it comes to Green credentials two years ago are already surpassed by newer projects. We need to develop projects that are "future proof" i.e. that will live up to the future legal standards. We are now on the Journey to Deep Green; where Deep Green means "future proof", for example Net Zero Energy or Zero Waste (to landfill).

Improving Health and Safety

“We Will Work Safely or Not At All”

New safety training matrix launched

In January 2009 a new safety training matrix was introduced to provide clear guidance on the mandatory health & safety training requirements for all specified personnel.



Subcontractor Safety League Table makes impact at DLR6

In 2009 DLR6 launched the Subcontractor Safety League Table which has proved to be an outright success. Independent Auditor, Steve Thompson said “It is clearly evident that the introduction of the Subcontractor Safety League Table has had a significant impact on the safety performance of this project, well done for introducing a simple yet effective process.” The success of this tool was reviewed by the Zero Accident Forum and adopted as one of the 2010 health and safety targets for implementation across all sites.



Quick Hitches banned

Earlier in 2009 we led the market in announcing that we would be banning all existing semi-automatic and automatic excavator quick hitches, which do not lock onto both pins of the bucket. From 1st November for excavators 5 tonnes or over only Fully Automatic Double Locking quick hitches were permitted to operate on our sites. To support this move, a Quick hitch checklist and Quick hitch prompt card are being used across all sites together with Quick hitch awareness videos which were produced in-house.

A2 completed with Zero Accidents

A major safety milestone was achieved on the A2 Pepperhill project where the team completed the £120m scheme without a single lost time reportable accident between contract award in August 2003 and completion in April 2009. This fantastic record has been achieved with over 1.64 million manhours worked. Project Director, Trevor Sharpe paid tribute to the project team: “Everyone associated with the A2 project can be very proud of their contribution in achieving such a tremendous record.”

Health and Safety Week round up

Congratulations to everybody for the huge efforts that went into Safety Week initiatives. The volume of different initiatives was quite astounding and included: MEWP casualty rescue demonstration, office hazard spotting, fall from height clinic, spot checks on lifting appliances, scaffolding briefing and presentation training for supervisors. Gregor Craig, Managing Director said he was incredibly pleased that the effort made was not just in a few “pockets” but spread across every single site.

Our People

Training & Development

In 2009 we introduced a new graduate and trainee development programme:

- Quarterly Commercial Trainee Development Forums established
- Practical Skills Week at Bircham Newton for all new graduates/trainees was introduced
- Graduate/trainees participated in a seminar in December and met Mike Putnam and Gregor Craig



We also launched the Trainee of the Year Award. 114 new recruits attended the company induction at Maple Cross House. 44 NVQs were awarded in 2009 with a further 55 in progress. Currently over 50 employees are working towards a professional qualification.

Employee engagement

For the third year running we have carried out our employee satisfaction survey SAY, which is completed confidentially by staff on a voluntary basis. The Civil Engineering operating unit scored highly in 7 out of the 13 questions, notably 'Progress reviews' and 'Knowing what is expected of me' were the highest scoring questions.

Innovate 2009 winners

Congratulations to Geoff Hayes, John Wilkinson and the @one alliance team consisting of Kevin Hooks, Mike Blackett, Michael Dexter and Justin Akester for submitting their innovative ideas. Geoff won first prize for his idea of introducing Lessons Learned cards, a simple way to capture and share lessons learned.



Awards for Outstanding Performance

Thomas Faulkner won the Project Manager of the Year award after being recognised by the Olympic Delivery Authority (ODA) for driving key messages through to supervisors and the workforce. Also working on the ODA project, Gemma Quickenden was presented with an award for being 'Most Promising Trainee Civil Engineer' at the CECA (Southern) Annual Awards dinner in London on 4th November. Gemma also won the Skanska Civil Engineering 'Trainee of the Year Award 2009'.

Investors in People assessment

During November and December we were re-assessed to maintain our Investors in People accreditation. We comfortably achieved the standard in 2003 and 2006, and this year we significantly 'raised the bar' by achieving Silver award status, only 1% of IiP recognised companies achieve this level. According to our Assessors "Achieving Investors in People Silver shows a forward thinking and expansive approach to cascading best practice through every level of the organisation. It demonstrates a progressive approach to business improvement through people." A total of 92 people were interviewed with quotes including: 'I am really proud to be a part of Skanska' and 'It's a good company to work for. I've not been pushed, I've been developed'.



Employees Achieve Chartered Status

Congratulations to Sue Page who attained Member of the Chartered Institute of Purchasing and Supply (MCIPS) status, Gemma Quickenden and Euan Allison both of whom have passed their Chartered Professional Review of the Institution of Civil Engineers and Carl Papavarnava who attained chartered status with the Royal Institution of Chartered Surveyors (RICS).

Increasing Diversity

Diversity to most people is perhaps a monitoring system of workforce statistics covering stereotypical groups including ethnic origin, race, gender, age and disability. Increasing Diversity within Skanska means not only monitoring these factors but also embracing new ways of working to enrich the make-up of the workforce and, in turn, the organisation.

Being inclusive means strengthening our teams with employees who have more diverse educational and industry backgrounds, challenging overly prescriptive selection criteria, transferring skill sets across traditional functions, and embracing flexibility and working style preferences. Our customers are increasingly more diverse themselves and people do business with people like themselves.

Equality, Inclusivity and Diversity Plan

As part of our contractual requirements on DLR Package 6 (DLR6), we are obligated to report how we monitor our Equality and Inclusion. A specific Equality, Inclusivity and Diversity Plan is being used to create an environment where all issues of equality and diversity are considered and to help us identify

areas in current and proposed practices, policies, provision and modules on our project for consideration. This plan covers: recruitment, diversity training, supplier diversity and community relations. Training is given to all new starters about the legal obligations of managing diversity and equality.



New Technician Apprentices

In January 2009 Skanska recruited seven new Civil Engineering Technicians and a further six started in October. We currently have a total of 18 Civil Engineering Technicians who are at different stages on the 3-year programme; during which time they will achieve their NVQ Level 3 in Site Technical Support. A further three General Construction Apprentices also joined the business in October 2009. They will achieve a Level 2 NVQ during their two year programme.

The Apprentices combine residential study at the National Construction College at Bircham Newton with work placements so that they develop their skills through practical application to become part of our highly skilled workforce.

DLR6 Team Keeps it Local

We are working with Newham community groups in their groundbreaking employment programme called 'Workplace'. The project's aim is to help the recently unemployed back into work quickly. 'Workplace' was developed to make sure local people benefit from local regeneration and helps employers find the right local people to work for them. Skanska's team at DLR6 have benefited from our association with 'Workplace'.



Our Future Talent

18 Apprentices
5 Placement students
39 Graduates
30 Sponsored students and placements
26 Employees studying degrees and higher qualifications via day release

Social Diversity

Gender – Male: 78%
Female: 22%
Age – 19 and below: 2%
20-29: 28%
30-39: 24%
40-49: 20%
50-59: 17%
60 and above: 9%

Valuing our Environment

Environment Week 2009 took place between June 29th and July 3rd involving environmental site tours, learning on energy and waste management. Staff made environmental pledges and our supply chain delivered presentations on greening of products.

New Green Car policy

We believe that a truly sustainable business has a car policy that offers both good choice of vehicles and fulfils the needs of the business, whilst limiting CO₂ emissions. From 1st February 2009 the Skanska car list largely comprises vehicles from our chosen supply partners which have CO₂ emissions below 130gm per kilometre, but all below 150g/kmCO₂.

First Green Team workshop

In response to the increasing prominence of green issues within Skanska and amongst our clients, policymakers and legislators, we ran the first of a series of Green Team Workshops in November 2009. Designers, engineers and directors participated in the workshop to capture knowledge and expertise and to explore Skanska's proposed 'Journey to Deep Green', which led to the discussion of some excellent project examples.

CEEQUAL

Many of our projects are CEEQUAL registered. This standard for environmental performance on civil engineering projects reinforces our approach.



Sustainability winning photo

Andrew Wilkes won 1st prize in the sustainability theme of the photography competition. His photo shows Skanska employees creating and planting a new border in the Leabank Square communal garden adjacent to the Olympic Park. Other winners in 2009 were Dave Ode and Liam Coughlan.



Weymouth Relief Road – the big dig!

Archaeological excavations on the route of the new Weymouth Relief Road in Dorset have produced startling results. Many skeletons, thought to be up to 6,000 years old as well as pits, cist burials and a round barrow were found at the site on the Ridgeway, near Weymouth. A film showing the investigation was produced by Dorset County Council and is available to view on www.dorsetforyou.com

Responding to Climate Change

In common with world governments, scientists and industry, we recognise the link between carbon emissions and climate change. We believe we can play a significant part in developing ways to reduce CO₂ emissions to drive sustainable development.

Skanska supports the WWF's Earth Hour

Skanska UK reinforced its commitment to sustainability, the environment and climate change by officially signing up to Earth Hour 2009. Across the UK, arrangements were made for lights to be switched off for an hour at our sites and offices on Saturday 28th March 2009 at 8:30pm.

Skanska Green Thinking

Our comprehensive "Green Thinking" publication was launched in late 2009. This sets out Skanska's response to green and sustainability issues, and includes detailed examples of our green engineering and building projects.

Adapting to Climate Change

We recognise that climate change poses challenges to infrastructure location, design and construction. We are working with the Department for Environment, Food and Rural Affairs on their Adaptation to Climate Change Programme, as well as with clients as they develop adaptation strategies.

Carbon Footprinting

Skanska have worked with several clients to develop and implement carbon footprinting tools. We currently produce, as standard, carbon footprints for all road projects, using the Highways Agency tool. Additionally, we are working with our supply chain to understand and reduce the carbon footprint of the materials we use. Carbon reduction strategies are being implemented on new projects.

1 in Five Challenge

We have accepted the World Wide Fund for Nature's challenge to reduce business flights by 20% in the next 5 years – to help reduce carbon emissions.



Skanska come 4th!

Skanska achieved 4th place in The Sunday Times Best Green Companies Awards 2009, improving on last years 5th position.



We signed up to the Copenhagen Communiqué

2009 was an exciting year for Skanska. We helped to develop the Copenhagen Communiqué, a call by industry for governments to implement a robust approach during the COP15 round of talks in December. We were the only construction company in the UK to sign the Copenhagen Communiqué.

UK Low Carbon Transition Plan

We support the Government's commitments to a low carbon economy and aim to reduce our CO₂ emissions in line with the targets in the UK Low Carbon Transition Plan. We report our carbon emissions via the Carbon Disclosure Project and are actively working with our supply chain on helping them to reduce their CO₂ emissions.



Delivering Contract Performance

Civil maintains commitment to EFQM Excellence Model

EFQM Member
Shares what works.

In 2009 we chose to carry out our annual European Foundation for Quality Management (EFQM) assessment using an internal team to build our capability and increase awareness of the model. Thirteen staff were selected from across the business to assess the current performance of Skanska Civils under the nine EFQM Model criteria. The results and recommendations will be taken into account in our Business Improvement Plan for 2010.

On 1st August Skanska Civil Engineering became corporate members of the EFQM. This provides us with access to EFQM training facilities and assessment resources, but most significantly it opens the door to sharing best practice with member organisations from other sectors.

Activity Sheets on intranet

A new area of the intranet was created for the publication and storage of activity sheets. At the end of 2009 we had 51 activity sheets published, these activity sheets are a good way of sharing knowledge and lessons learned throughout the business, as well as demonstrating our capability to clients.

Achieving a New Standard



Lloyds Register Quality Assurance carried out a surveillance visit of our management system in February. The assessment against the requirements of the recently revised Standard ISO 9001:2008, went well and as a result our Certificate of Approval was upgraded to the new standard.

Civils celebrates World Quality Day



To support World Quality Day on 9th November, events were held at projects and offices including lunch and learns, quizzes, crosswords and Director's site tours.

New IMS launched

On 2nd March a new intranet version of the Integrated Management System was launched. The new IMS is more user friendly and easier to navigate. It also incorporates new features such as a home page for each function, a search facility, printable process maps, job descriptions and RACI analysis. Training on the new features was delivered at all sites and offices during March and April.



Lean Construction

During 2009 we launched our first major Lean Construction initiative with the creation of Performance Improvement Teams on our M25 Widening project. These cross-functional teams of change agents were trained up to begin applying Lean methods in their daily roles. Led by the Construction Manager, they meet weekly to review opportunities, prioritise actions and measure the outcome of the changes within the project.

Building on this experience we have a four point plan for Skanska Civils in 2010:

- Finalise our 3-year Lean vision and implementation strategy
- Implement Lean on further projects
- Build general Lean awareness of all staff
- Develop non-site improvement programme

Part of our strategy is to 'steal with pride' from Skanska Finland and learn from their experience of using 'Last Planner' and other Lean techniques.

Involving our Supply Chain



Skanska implements sustainable procurement strategy

Our approach to sustainable procurement began with providing guidance for our specifiers, purchasers and supply chain. We have provided specific guidance in six key areas of sustainable procurement: supply chain health and safety; ethical sourcing; supply chain equality, diversity and inclusion; environmental and green sourcing; best value procurement and supply chain quality management. All procurement staff are being trained in Sustainable Procurement to fulfil the aims of 'Deep Green'.

Training delivered by Supply Chain

Training and demonstrations were given by our supply chain to Skanska employees during safety week; including vehicle marshal training, MEWPS training, briefings on the use of Hand Vibration meters etc.

New plant hire Framework Agreements

We have now implemented two new framework agreements for the provision of non-operated plant with GAP and A-Plant which consolidates our supplier base. These will lead to a significant reduction in outgoing cost and incorporate process improvements (on-line ordering, reporting and management information). The implementation included road shows to our projects throughout UK, to publicise the advantages of the agreement.



New supplier accreditation process to drive improvement in the supply chain

As part of our Business Improvement Programme we have committed to the BuildingConfidence supplier and subcontractor accreditation system. We selected this accreditation process as an effective way to drive improvement in our supply chain in critical areas such as safety, environmental, quality, CSR and finance. It will also create efficiencies as it will reduce the cost, administrative burden and duplication of effort through this single process.

January Safety Campaign

To improve safety performance in January, we ran a special safety campaign before the Christmas shutdown. The Project Directors explained to the supply chain our preference and reasoning for a consistent workforce from December to January. A letter was issued to all key subcontractors from our Managing Director, Gregor Craig explaining the January campaign which included a two hour stand down on return from Christmas break to focus on personal risk assessments, the re-induction of all site personnel and Director's and Project Manager's safety tours.



Supplier Diversity

Our procurement processes are open to all that wish to work with us. Following on from our successful commitment to use CompeteFor on our Olympic Delivery Authority project in 2008 we have continued to use this process and will do so on future contracts, including our Crossrail projects. CompeteFor aids our responsible, fair and community focussed procurement. It provides a portal for the local supply base to respond to opportunities we have on our projects.

Purchasing Card Programme

As part of our E-Trading initiative we have now signed an agreement with American Express to implement our purchasing card solution across the UK. This is a major step in our E-Commerce initiative and is designed to automate the invoice and payment process for low value and high volume transactions.



Supporting our Communities

DLR6 Breakfast Club

In February 2009 the DLR 6 project team chose to visit Star Lane Primary School which is near the Star Lane site compound and help out with their breakfast club. Three volunteers from the project attend the breakfast club every week to help the children with their reading, all under the watchful eye of the teacher. This proved so popular with the project team that a rota was produced to cope with the demand.



Weymouth Blog launched

On Monday 8th June, our Weymouth project entered the cyber-age as Dorset County Council launched a blog specifically so people can keep up to date and make contributions. <http://weymouthreliefroad.wordpress.com/>

Rapid Response Challenge

Two teams of Skanska employees, together with Construction Skills, ran a Rapid Response Challenge for the pupils at Rickmansworth School in July. Nine willing volunteers ran the day and demonstrated the problems faced when a disaster occurs. The students had to plan how and where to

rebuild the infrastructure and to design and build a simple structure, capable of providing shelter from the elements in a disaster situation.

Aker Solutions Volunteers Support Anglian Water at Rutland Regatta

12 willing volunteers raced kayaks, rafts and even bath tubs to raise money for Anglian Water's sponsored charity WaterAid at Rutland Water on 18th June 2009. £1000 was donated to WaterAid from Skanska Aker Solutions for entering the regatta.

Senior Management Team help local Nature Reserve

Five Directors and our Managing Director, Gregor Craig, donned their safety gear and spent a day at Maple Cross Lodge, a wildlife habitat, and built a tool shelter and seating for reserve visitors. The reserve relies on voluntary funding, and provides an important sanctuary for birds and other wildlife.

SEESA Team help spruce up Youth House

Our SEESA team helped renovate an important community facility which is celebrating its 10th birthday with a new garden and interior. Kemsley Youth House has a new look, thanks to staff from National Grid and the South East Electricity Substation Alliance (SEESA) partners based at nearby Kemsley substation.



Award for Support to Local Schools' Construction Diploma Programme

The DLR6 project received an award from the Newham Education Business Partnership in recognition for the outstanding support given to the young people of Newham. As part of our commitment to the programme, we provide students with 'boss day' and work experience.

Celebrating our Awards



Skanska voted one of the UK's most popular Graduate recruiters

Skanska has been voted the 7th most popular graduate recruiter in Construction and Civil Engineering in the UK. Skanska was a finalist for the Target jobs National Graduate Recruitment Award 2009.



FTN wins ROSPA Gold

The Fixed Telecom Networks (FTN) project won the ROSPA Gold Award for demonstrating well developed occupational health & safety management systems and culture. The FTN team also won the Network Rail 365 Day Challenge for the fourth time.



Civil Engineering SAT Safety Awards 2009

Congratulations to the teams who contributed to their success in our 2009 Safety Awards.

Small Project – Brigg STW

Medium Project – FTN

Large Project – ODA Lot 1 Roads and Bridges

Supreme Winner – FTN

Highly Commended – A2 Pepperhill to Cobham Widening

ICE Award success for A2

The A2 Pepperhill team picked up two prestigious awards at the 2009 Institution of Civil Engineers (ICE) Thomas Brassey Awards, the highest honour for civil engineering excellence in the Kent and East Sussex region. At the awards ceremony Skanska picked up the award for best transportation project, and was also crowned as Overall Winner for 2009 of the Brassey Award for regional project of the year.

New IMS is runner up in the Triaster Award 2009

Civils narrowly missed out on the first prize but was recognised for Innovation not only in delivering the system objectives but also in achieving its people objectives.

Civils' success at the Considerate Constructors Awards

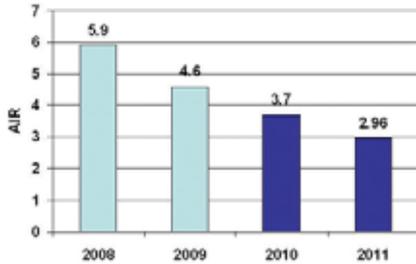
Civil Engineering made a significant contribution to Skanska's haul of 17 Considerate Constructors Scheme Awards for 2009. Congratulations go to the M1 J6a-10 team for a silver award, the Scarborough team for a bronze award and the A2 Pepperhill to Cobham and DLR8 teams who both received awards for 'Performance beyond Compliance'.



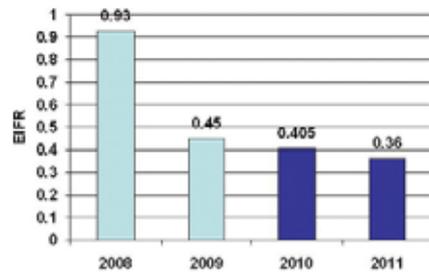
Monitoring Performance Data and Targets

A selection of the measures carried out within Skanska Civil Engineering

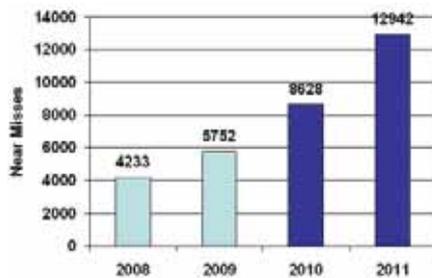
Accident Incident Rate



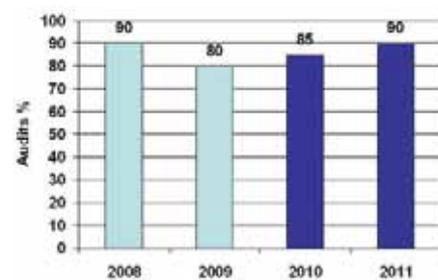
Environment Incident Frequency Rate



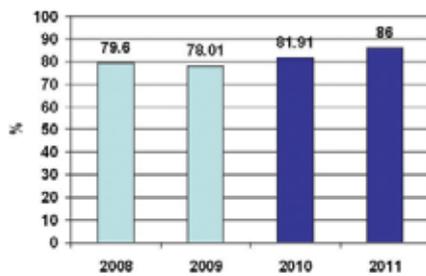
Near Miss Reporting



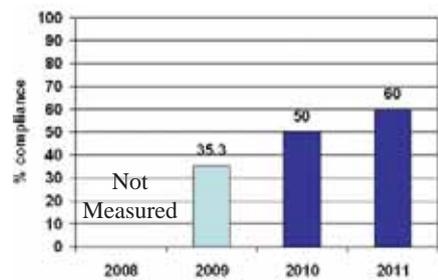
Environmental audits



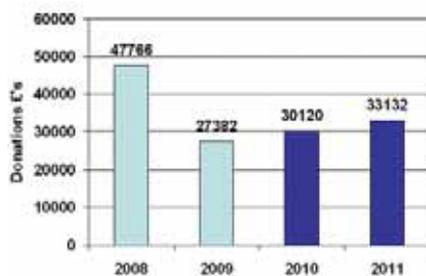
Customer Satisfaction



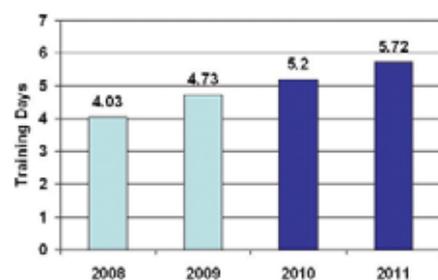
Green Car policy compliance



Charitable Donations



Training days per employee





South East Electricity Substation Alliance



Anglian Water Alliance



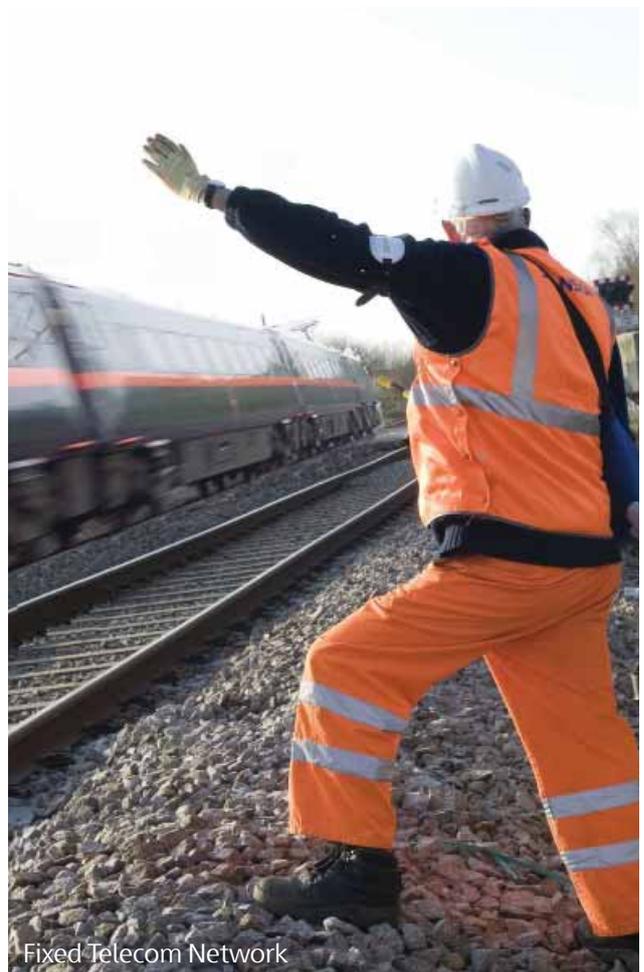
Tara Mines



M25 Widening



Scarborough Integrated Transport Scheme



Fixed Telecom Network

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