

SKANSKA



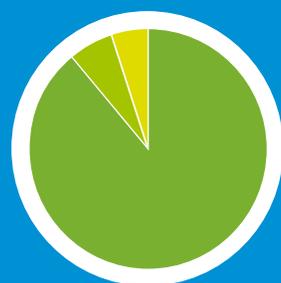
"Skanska office Väla Gård, Sweden.
More information on page 76."

Skanska is one of the world's leading project development and construction groups, concentrated on selected home markets in the Nordic region, Other European countries and in the Americas.

Making the most of global trends in urbanization, demographics and energy, with a focus on green construction, ethics, occupational health and safety, Skanska offers competitive solutions even for the most complex assignments.

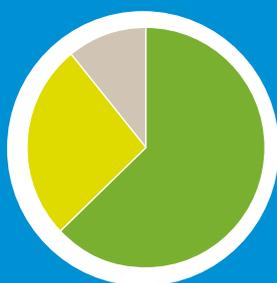
Skanska's business model generates value for Skanska's shareholders through the interaction of its construction and project development operations.

2012 Revenue



- Construction, 89%
- Residential Development, 6%
- Commercial Property Development, 5%
- Infrastructure Development, 0%

Operating income



- Construction, 63%
- Residential Development, 0%
- Commercial Property Development, 26%
- Infrastructure Development, 11%

Key ratios

	SEK M	EUR M	USD M
Revenue	131,931	15,156 ³	19,483 ³
Operating income	4,605	529 ³	680 ³
Income after financial items	4,371	502 ³	645 ³
Earnings per share, SEK/EUR/USD ¹	8.00	0.92	1.18
Return on equity, %	17.5	17.5	17.5
Order bookings ²	120,081	13,795 ³	17,733 ³
Order backlog ²	146,681	17,081 ⁴	22,514 ⁴
Employees, number	56,618	56,618	56,618

¹ Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

² Refers to Construction operations.

³ Average exchange rates: EUR = SEK 8.70, USD = SEK 6.77.

⁴ Exchange rates on balance sheet day: EUR 1 = SEK 8.59, USD 1 = SEK 6.52.

Comments by the President and CEO

The year 2012 was characterized by continued turbulence in the global economy. Despite these conditions, we are able to report strong results for most of our units and increasing revenues for construction and for Skanska as a whole. We have also advanced our positions within project development – we increased our presence in commercial property markets in several cities in Poland and the U.S., and took a vital step in the U.S. market for PPP projects.



Our business model has proven to be efficient despite the fairly weak conditions of the general economic situation. We have continued to invest in project development, a total of SEK 15 billion in 2012, which is a historically high level. We have divested own developed residential units, offices, roads and hospitals amounting to SEK 16 billion, at a total profit of just over SEK 2 billion.

The past year has formed a gloomy backdrop to our operations. The uncertainties that followed the European economic crisis have spread to even more markets and growth in most sectors was generally low or subdued.

Against this background, it is satisfying to be able to report increased earnings in several construction units and in commercial property development. At the same time, we have had unacceptably low profitability in residential development and in construction in Latin America. We are now working intensively to, as soon as possible, restore profitability to acceptable levels in these operations.

Our business model has proven to be efficient despite the fairly weak conditions of the general economic situation. We have continued to invest in project development, a total of SEK 15 billion in 2012, which is a historically high level. The interest from investors and our successful divestments shows that we have the right products. We have divested residential units, offices, roads and hospitals developed by Skanska amounting to SEK 16 billion, at a total profit of SEK 2 billion.

If we look at our construction operations, Skanska secured a number of major new construction contracts in the U.S. and some larger contracts in the Nordic region. These markets performed strongly, while the markets in the Czech Republic and U.K. remained weak. Nevertheless, we secured a couple of considerably large contracts in the UK.

By acquiring well-managed construction companies in 2011 that were integrated in 2012, we strengthened our competitiveness in Finland, Poland and, particularly, the U.S., where we have acquired substantial expertise in the energy and industrial project sector through our new unit, Industrial Contractors Skanska.

The increasing competition means greater pressure on margins, which is especially noticeable in Central Europe. We have turned the curves upward and improved earnings in Norway and Finland. Performance is strong in both the U.S. and Sweden. However, we have made writedowns in our Latin American operations, which impacted the margin for construction as a whole. The writedowns primarily pertained to ongoing projects, as well as to receivables in two completed projects.

The pace of residential development has slowed down. General economic uncertainties and increasing unemployment have generally reduced the demand in the residential markets. The exception to this is the strong

Norwegian economy, which has continued to create strong demand. In both Oslo and Stavanger, buyers have been queuing overnight in anticipation of our sales launches. The demand for BoKlok homes continues to be strong in Sweden and there is also a strong interest in Finland, following our launch of BoKlok there.

In residential development a strong focus is on enhancing efficiency to pave the way for sustained profitability by linking the construction and residential units closer together and thus reducing overheads. We are also adapting our landbank to the prevailing market situation.

We have also gained a foothold for residential development in Poland and the UK. The homes, which are customized to selected customer segments in these markets, are now beginning to take shape. We are noticing that buyers are attracted to both our green profile and our strong brand.

We had excellent leverage from our investments in commercial property development. We have started 13 new projects and are now on location in 20 growth cities, and we have sold 8 projects at a healthy profit.

In Poland, we have strengthened our market presence for commercial property development. In addition to Warsaw, we now have projects in four regional cities: Wrocław, Łódź, Poznań and Kraków. We have also established ourselves in the Romanian capital of Bucharest, where there is an increasing demand for modern offices for international companies.

In the space of two years, we have established our property development operations in four cities in the U.S.; Washington, D.C., Boston, Seattle and Houston. Our first U.S. project, 10th and G Street in Washington, D.C., was sold at an excellent profit. This is a textbook example of capitalizing on the economic trend. We utilized our strengths and entered the market at the start of the recession, and we are now able to begin reaping the profits.

New ground has also been captured within our infrastructure development, meaning our Public-Private Partnership (PPP) projects. I am mainly referring to the major road and tunnel project, Elizabeth River Tunnels, (formerly known as the Midtown Tunnel) in Virginia, which represents the first vital step in PPP for the U.S. market. This project has taken several years to develop, but when it is finalized, the payoff for our efforts will take the form of an investment from which we can expect a healthy return, as well as a major construction project for SEK 4.4 billion.



Johan Karlström, Skanska's President and CEO, in dialog with participants at the annual Future Days (Framtidsdagarna) in Stockholm, Gothenburg and Malmö. The event is a Skanska initiative where Skanska experts meet students and politicians to discuss the needs of society and the improvements that Skanska can contribute in this respect.

The PPP market is developing relatively slowly and achieving success in this area requires perseverance and broad expertise. We have what is needed and I am convinced that PPPs will be an important form of future contracts and offer an excellent solution to a range of community needs in several of our domestic markets.

The divestment of four PPP hospitals in the UK is clear evidence that our business model is functioning in all respects – we are succeeding all the way from tender to production and divestment. In Sweden, we are demonstrating our capabilities through the New Karolinska Solna (NKS), where construction is proceeding according to plan and a first building – a multilevel car park for hospital visitors and employees was placed in operation in December.

Stockholm is one of Europe's fastest growing cities and in particular, the traffic situation requires prompt measures for dealing with rising demands. Consequently, we have drafted a solution for an eastern connection, also known as the Eastern Link, between central Stockholm and Nacka, south-east of the city center. Our proposal is a coordinated tunnel project for both road and subway. We can implement the project considerably faster by using a PPP solution, without needing to impact taxpayers directly with the cost for the new link.

Everyone who has followed Skanska in recent years already knows that we take environmental issues very seriously and work continuously to reduce the negative environmental impact of our operations.

Wind power and energy-efficient properties are among our contributions to the deceleration of global warming. In 2012, our Sjisjka wind farm began producing green electricity and we are on the cutting edge in terms of future-proofing our properties to meet the increasing demands of reduced climate impact. For example, our new property project, Stone34 in Seattle, has been fast-tracked in the permit process due to its high environmental standards.

One of our greatest challenges is work-site safety. We are yet to achieve our zero work-site accidents vision despite many years of systematic and targeted efforts. While we have certainly made progress in this area, we cannot rest until everyone involved in our projects comes home from work unharmed.

Uncertainty continues to dominate the outlook for 2013. After years of the European economic crisis, the double-dip and triple-dip recessions and the fiscal cliff, few analysts are venturing to predict an impending improvement in the world economy. However, there are some indications that a cautious recovery may come about later in the year. While we readily subscribe to this belief, our industry is subject to a lag in the business cycle and consequently, there may be a delay in its impact on our operations.

In the course of our first 125 years, we have not only experienced many crises, but emerged stronger. The key to our success lies with our employees. Now, as before, we owe our success to their efforts in both good and bad times.

And there certainly are growth opportunities for us in our selected home markets. We have not yet maximized our capacity in these markets. The strong urbanization trend creates a demand for infrastructure and energy. One specific opportunity is the booming shale gas and oil sector in the U.S. which also will drive industrial construction. Growing in our home markets means significantly lower financial and ethical risks for us compared to entering some of the emerging markets.

With our expertise, we can contribute to the betterment of our communities. We have the people and the business models required. We generate value for our owners and customers, as well as the community in general, while simultaneously offering our employees opportunities for development.

Solna, February 2013

Johan Karlström
President and CEO

Strategy

- To focus on its core business in construction and project development in selected home markets.
- To focus on recruiting, developing and retaining competent employees and to take steps to achieve increased diversity.
- To be a leader in identifying and systematically managing risks.
- To be an industry leader in sustainable development, particularly in occupational health and safety, the environment and ethics.
- To take advantage of financial synergies in the Group by investing the cash flow from construction operations in project development.
- To utilize potential efficiency gains found in greater industrialization of the construction process and coordination of procurement.

Heron Tower and Swiss Re Building, London, U.K.

Business model

Projects are the core of Skanska's operations. Value is generated in the thousands of projects the Group executes each year. The goal is for every project to be profitable while being executed in line with Skanska's goal of being an industry leader in occupational health and safety, risk management, employee development, green construction and ethics.

In the Skanska Group multiple synergies generate increased value for shareholders. The main synergies are operational and financial.

Operational synergies

Skanska generates operational synergies mainly by taking advantage of the local specialized expertise found globally in various business segments. Shared purchasing activities in procurement and production development also boost efficiency and promote greater synergies in the organization.

Financial synergies

Skanska's construction business stream operates with free working capital and generates a positive cash flow. This cash flow is invested in the Group's project development operations, which generate an excellent return on invested capital. These investments also enable Construction to obtain new assignments that generate a profit for the operations. Refer to the illustration below.

Construction

This business stream includes residential and non-residential construction as well as civil construction, and is Skanska's largest business stream, in terms of revenue and the number of employees.

Residential Development

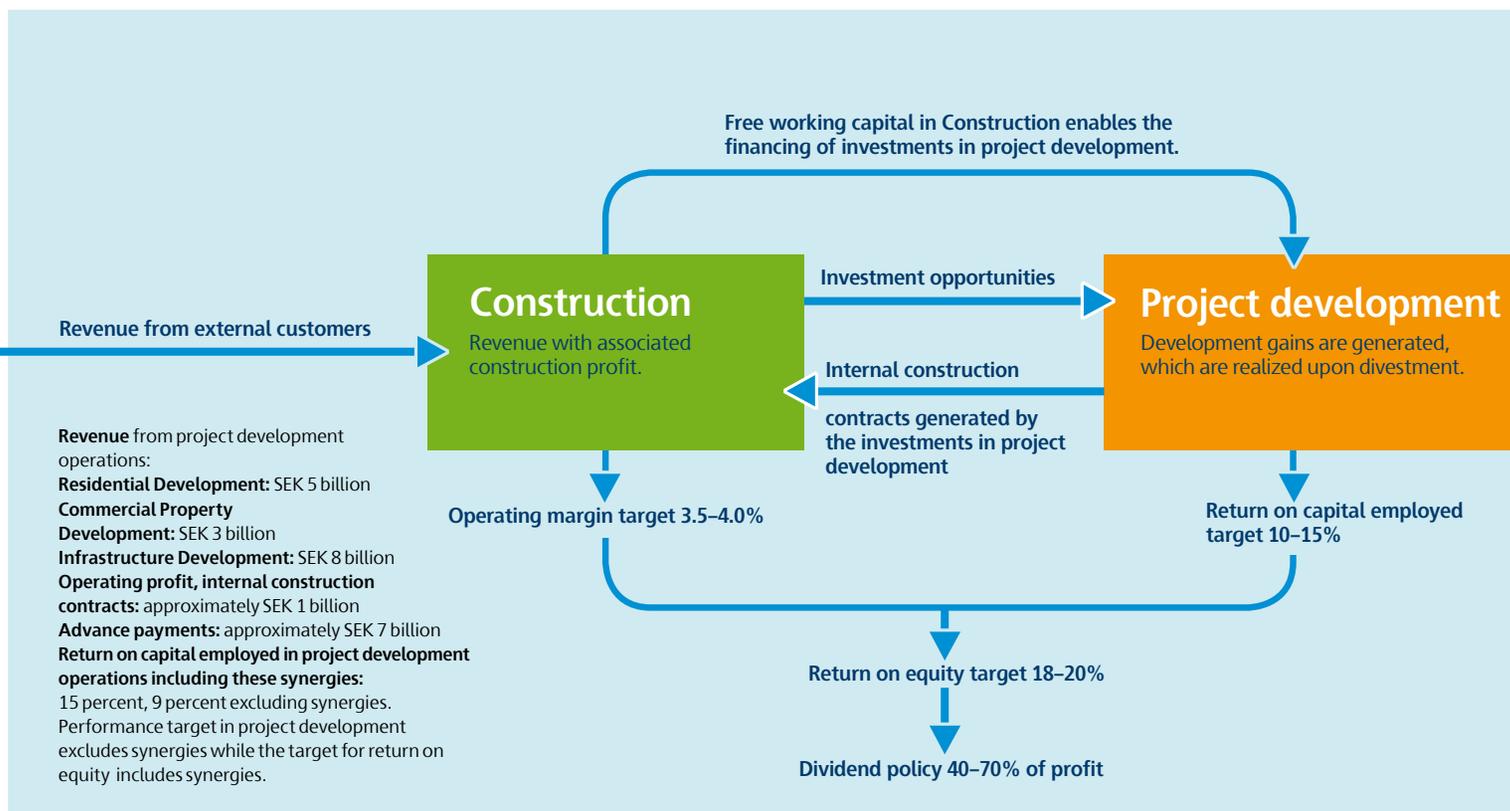
Skanska initiates, develops and invests in residential projects for divestment, primarily to individual consumers.

Commercial Property Development

Skanska initiates, develops, invests in, leases and divests commercial property projects, primarily office space, shopping malls and logistics properties.

Infrastructure Development

Skanska develops, invests in, manages and divests privately financed infrastructure projects, such as high-ways, hospitals, schools and power plants.



Skanska offers its customers global know-how and an international construction and project development business with strong local roots.

Collaboration creates leverage

The Skanska Group’s business units specialize in project development or construction and often collaborate in specific projects. This reinforces their customer focus and creates the prerequisites for sharing best practices while ensuring efficient utilization of the Group’s collective competence and financial resources.

Collaboration in clusters boosts strength

Clustered collaboration between various units is another method of strengthening the synergies in the Group. Operations in various countries or regions establish geographic clusters to share resources and expertise.

Size provides competitive advantages

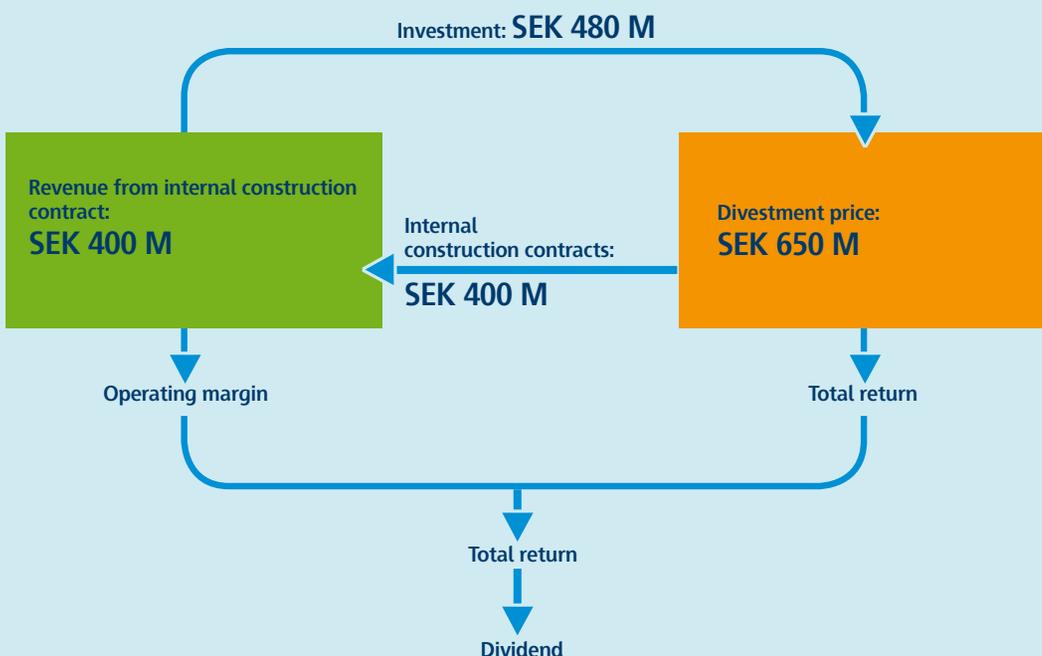
By being a market leader, Skanska is well positioned in relation to the most demanding customers. Skanska’s size gives it an advantage in the most complex assignments, where it uses its collective experience and know-how to

meet the demands of customers. Only a few companies can compete for the type of projects where price, comprehensive solutions and life-cycle costs are of critical importance. The Group’s size and international profile are also attractive qualities in the recruitment of new employees.

Both a local and a global player

The Group’s operations are based on local business units, which have good knowledge of their respective markets, customers and suppliers. These local units are backed by Skanska’s brand and financial strength as well as Group-wide expertise and values. Consequently, Skanska is both a local company with global strength and an international construction and project development business with strong local roots. The Group’s extensive network enables Skanska to offer its global know-how to customers at the local level.

Skanska’s business model functions in practice: Bassängkajen, Malmö, Sweden



- **Leasable space:** 16,000 square meters
- **Construction period:** 2009–2012
- **Environmental standard:** LEED Platinum
- **Tenants:** Malmö University, Visma and Awapatient
- **Buyer:** Vasakronan



Skanska's role in the community

Skanska develops and builds homes, workplaces, schools, hospitals, highways – environments for people, built by people. This obligates to think long-term and responsibly, for sustainability, while remaining open to the views of everyone impacted by the operations.

Skanska endeavors to act responsibly in the communities where it has operations and to consequently strengthen relationships in home markets and create a sense of pride among both internal and external stakeholders. Being a responsible and appreciated member of the community encompasses both the manner in which to execute projects and the manner in which to contribute to the community in general. In the home markets, Skanska contributes with the expertise by increasing knowledge about safety, the environment and technology. Skanska also supports other local community initiatives that are in line with the local operations and the Code of Conduct.

Policy for Skanska's role in the community

Skanska's Corporate Community Involvement (CCI) policy is part of the Company's social action plan within Skanska's Sustainability Agenda. The policy will create the framework for uniform and consistent actions throughout the entire company, with a focus on our home markets.

Skanska's community initiatives are primarily directed toward education in three areas by sharing know-how and experience, that can promote positive social development.

Safety – contribute knowledge in the area of safety, and support safe workplace initiatives.

Green know-how – support local green education initiatives connected with the built environment.

Technical know-how – actively spread technical knowledge to enable smart solutions for the community.

Skanska can also participate in other types of community activities requested by local community groups, provided that education have first been offered but declined.

Skanska's community involvement should not be confused with sponsorship, which is a marketing activity connected to business operations and regulated by a separate sponsorship policy.

CCI entails active involvement, by the Company and its employees. Participation must be based on Skanska's core competence and be in line with the Code of Conduct. Particular emphasis is placed on potential partners also maintaining high ethical standards.

The community activities are coordinated by local business units in the home markets and supported by a Group-wide network for exchanging experience.

Operations impact social development



Customers and users

Skanska's earnings are achieved through well-executed projects that are profitable for the Company, as well as for customers and users. Skanska continuously builds up knowledge of its customers by maintaining a presence in selected markets.



Shareholders

A financially strong and sound company is the foundation for capital market confidence in Skanska. Through financial synergies, good control systems and risk management procedures, Skanska creates the prerequisites for a positive return to its owners.



Employees

Skanska's success is highly dependent on its employees. Offering a secure, healthy and stimulating job environment based on mutual respect is vital for attracting, developing and retaining the best employees.



Suppliers and subcontractors

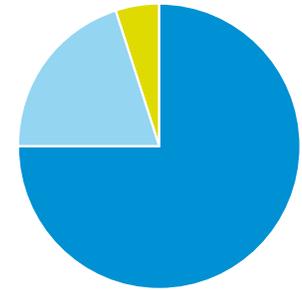
Skanska's supplier relationships reflect a high level of integrity and business ethics. Skanska also expects its business partners to live up to the principles of the Group's Code of Conduct.

More than SEK **100** billion
is returned to the community.

After the public sector, the construction industry is one of the largest employers in most countries. The public sector's investment in buildings and infrastructure contributes to the establishment and development of communities and also creates jobs and monetary streams at a local level. In its operations, Skanska engages a considerable number of people – both employees and suppliers. For the past five years, an average of more than SEK 100 billion of Skanska's revenues has been returned to the community every year. The column on the right indicates the distribution of these revenues. An efficient way to achieve social improvements – such as employee rights, increased diversity and zero tolerance for corruption and child labor – is through suppliers.



In the London area schools of Bexleyheath and Welling, 3,600 students were provided a stimulating scholastic environment with light, airy and healthy classrooms equipped for networking. Construction included a library, sports center and cafeteria.



Percentage of revenue

■ 75% Suppliers

A major part of Skanska's revenues flow back out to the supplier chain. In the supplier chain, this leads to job opportunities, taxation and financial benefits such as pensions and healthcare insurance that create a steady flow of cash back into the community.

■ 20% Employees

The salaries of the approximately 57,000 people employed by Skanska also form a major percentage of the revenues. The salaries lead to taxation and benefits and thus the return of funds to the community.

■ 5% Other

Profit, dividend, etc. Profit and dividend are both subject to taxation, and thus the return of funds to the community.

The Group's tax rate in 2012 was 24 percent.



National, regional and local government agencies

Skanska complies with applicable laws and regulations in all the countries where it has operations. Skanska also endeavors to maintain an open dialog with those who are directly affected by our operations.



Media and general public

Skanska's communication with the media and the general public is characterized by openness. Questions are answered and information is communicated in a transparent manner and within a reasonable time frame.



Local communities

Skanska strives for smooth collaboration with the communities in which it operates and promotes their development, for example, through donations and volunteer work.



Nonprofit organizations

Skanska maintains a continuous dialog with various interest organizations, for example, those in connection with construction projects. This may concern issues related to the environment, as well as social issues.

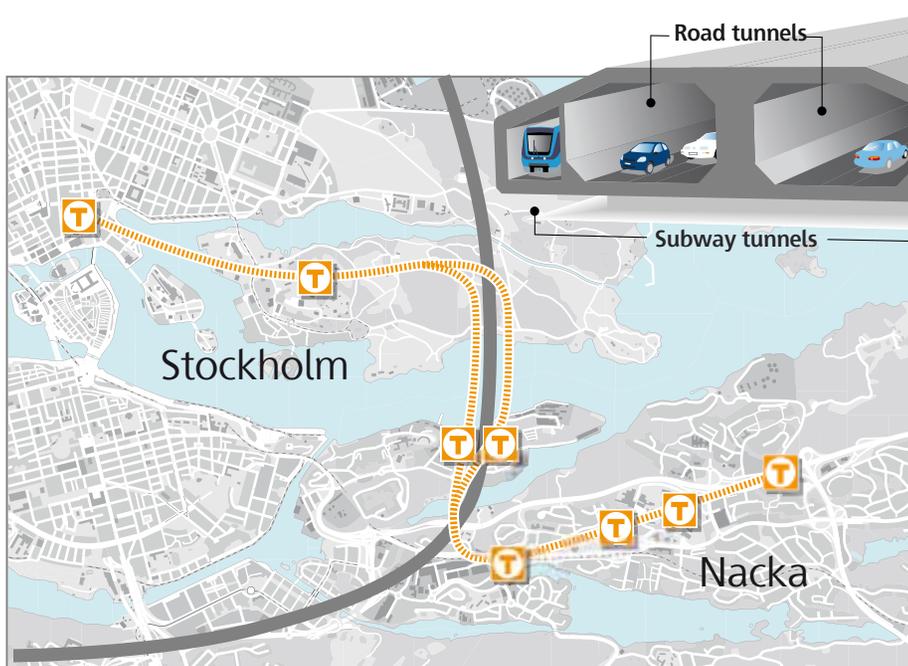


For the eighth consecutive year, a Skanska Safety Week was organized in the autumn. It is the world's largest investment in occupational health and safety implemented by a single company. Hundreds of thousands of people are involved at work sites in 18 countries. This year's theme highlighted everyone's responsibility in achieving Skanska's target – zero work site accidents. The activities with a focus on improved safety were not only directed at Skanska employees, but at suppliers, customers and other business partners.

Skanska Norway dealt with risks and safety measures in connection with operating a crane at a meeting of 120 persons, among whom were representatives of occupational health and safety authorities. An online forum for discussing safety issues was also launched on Skanska's intranet.

Skanska UK's many activities included a family day to enable the children and spouses of employees to gain an insight into their work. In the London office's inner courtyard, a "mission room" was also set up. The walls of the four-by-four-meter room functioned as screens on which movies and images could be displayed in a 360-degree format, thus transporting viewers right into the center of a project and enabling them to practice, discover and take measures against risks in their work.

Östra länken (Eastern link) – Skanska's road and subway proposal



A proposal drafted by Skanska and Sweco may provide Stockholm and Nacka with the missing link that will complete a ring road around Stockholm. Östra länken is a combined road and subway tunnel system that will solve two problems with a single action. The extension of the subway line from central Stockholm to the center of Nacka is significantly less expensive to build than proposed alternatives. If the project were also executed as a public-private partnership (PPP), Skanska would be able to finance and implement construction over a significantly shorter time frame than through traditional contracts and without using taxpayer funds. The proposed design and construction of a road and subway link is also in line with current government policies.

A rewarding meeting at the New Karolinska Solna



It was a special summer's day for several children and parents from play therapy at the Astrid Lindgren Children's Hospital at the Karolinska University Hospital in Solna, when they were invited to visit the work site at the New Karolinska Solna (NKS). It is impossible for anybody to miss the forest of cranes at Europe's largest and most environmentally responsible hospital construction site and the children were given the opportunity to watch construction activities up close. They were also able to get a feel for power tools, try out a tractor and to ride in a construction elevator.

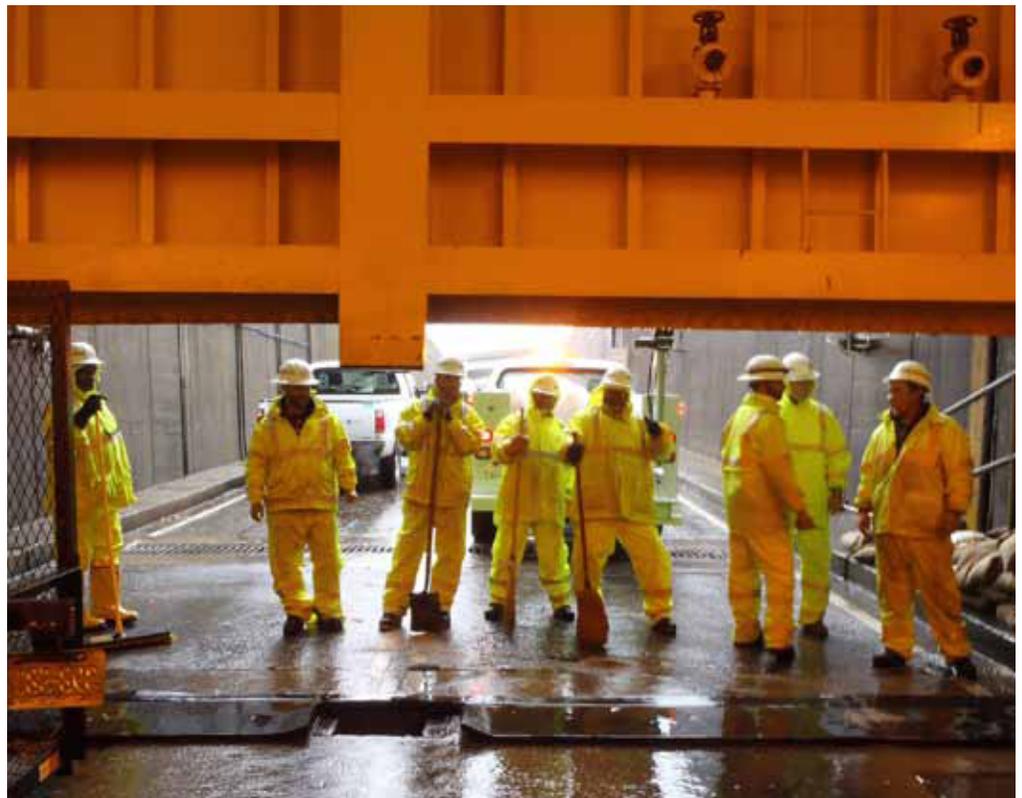
"It was a tremendously positive experience and heartwarming to meet the children," said Janne Sedvall, who was one of the Skanska employees who showed the children around the work site. "It meant a lot for these children to come here and it was exciting, even for the parents," said Lena Ulander, who is a play therapist.

"I will never forget this day," said one of the children. Play therapy is a place for children who need to defuse the trauma of hospital visits. It is not very usual for the children to go on an excursion. In collaboration with the Karolinska University hospital, all proceeds generated from guided tours of the NKS showroom go to its play therapy unit.

700 buildings repaired in one week.

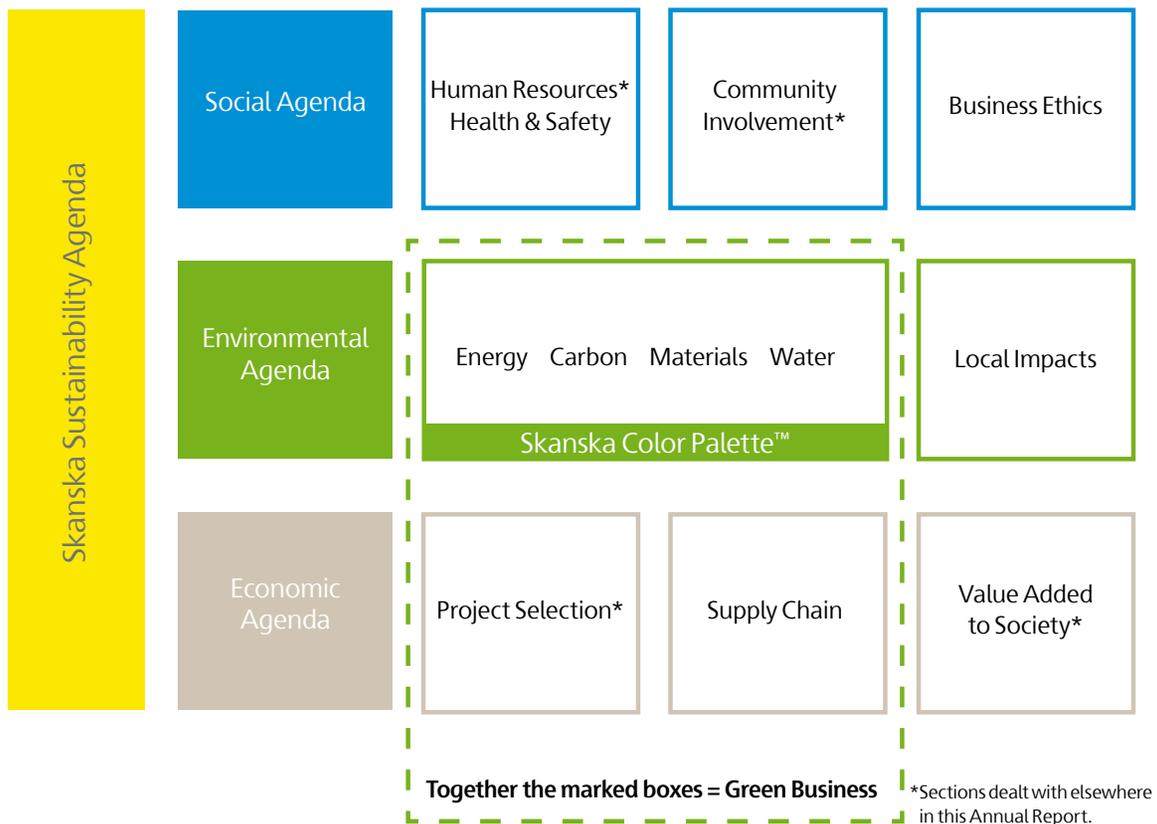
Aid to hurricane victims

Skanska established an independent fund managed by a third-party administrator to provide aid to the victims of Hurricane Sandy. Skanska launched the fund by donating USD 100,000 and encouraging employees to contribute on a voluntary basis. The collected funds were distributed to people who had lost their homes to the ravaging storm. Hurricane Sandy hit the eastern U.S. in the autumn, causing thousands of people to become homeless and hundreds of thousands to be without electricity or water for shorter or longer periods of time. Any funds that were not used by year-end were donated to the Red Cross. More than 220 Skanska employees were also involved in the city of New York's emergency relief task force, the NYC Rapid Repairs. In the course of a week, inspections and the most vital repairs were performed on approximately 700 buildings in the Brooklyn area, including a building with 74 apartments. Priority was given to restoring electricity, heating and the water supply.



Sustainable development

Sustainable development can be described as that which meets the needs of the present without compromising the ability of future generations to meet their own needs. In order to endure over time, companies must find ways to contribute to economic development while being socially and environmentally responsible. This is often referred to as the three pillars of sustainability. In short, sustainability is about maximizing positive impacts on humans, the planet and the economy, and minimizing negative ones. Sustainability thinking should permeate all of Skanska's activities, from its operations to its customer offering.



Skanska Sustainability Agenda

In any given year about 57,000 colleagues and 200,000 sub-contractors are carrying out some 10,000 projects for customers in Skanska's home markets. Skanska has a significant impact on the world around it. A sustainability agenda is required, because with Skanska's size and impact comes an important responsibility. The construction industry is facing some serious challenges. The construction sector, the built environment, and the supply chain that feeds them, together, rely heavily on natural resources. Collectively, they cause pollution to air, soil and water, and have a serious impact on business ethics, labor and safety issues. This presents Skanska with some major challenges, but at the same time, the opportunity to address them and to drive change in a positive direction.

Skanska aims to be an industry leader in sustainable business practices. Consequently, the ambitions of the 2015 Business Plan focus on the potential gains from being a leader in People Development, Safety, Risk Management, Green Construction and Ethics. There are major opportunities for Skanska to be a responsible member of the communities around its operations. There remains a long way to go in terms of making Skanska's business truly sustainable, but considerable progress has been made in this regard. Skanska continues to work hard to maximize its positive impact and to reduce the negative.

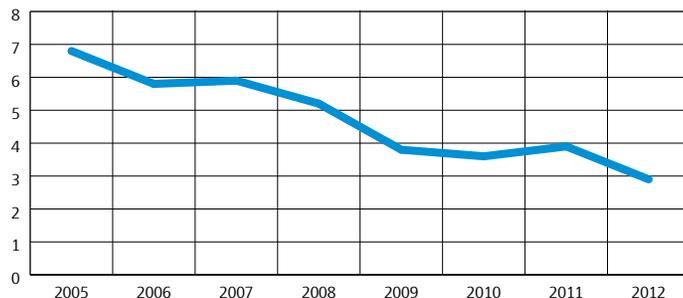
We care about our people

Programs for a safe and healthy work site

- Skanska Safety Road Map
- Global Safety Stand Down
- Executive Site Safety Visits
- Global Safety Leadership Team

Lost Time Accident Rate (LTAR) 2005–2012

Number of lost time accidents times 1,000,000 hours divided by total labor hours.



Our Social Agenda

Health and Safety

Skanska is committed to becoming a global leader in safety and to providing a healthy and safe working environment, not only for its own employees, but also for the more than 200,000 people who work at Skanska jobsites daily, including subcontractors and others. Skanska endeavors to create a working environment in which everyone at every Skanska location has the responsibility and opportunity to influence the safety of their workplace. Skanska works with supply chain partners, designers, competitors, clients and regulators to improve the safety of all construction activities in its home markets.

The target is to achieve zero accidents in all home markets by 2015. To help realize this, the key focus areas in 2012 have been leadership, learning culture and improving skills. The Company has also developed a series of 12 Global Safety Standards that apply to all work sites in order to deliver consistent safety performance.

It is Skanska's policy that leadership in safety is necessary to deliver zero accidents and, during 2012, senior managers including the Senior Executive Team, Business Unit Presidents and senior business unit executives attended workshops on safety leadership. In addition, Skanska Safety Week 2012 focused on the safety leadership roles at the project with workshop modules being held throughout the Company. At Skanska Czech Republic, more than 4,000 employees and subcontractors attended the "Hour for Life" workshops, helping to instill the safety culture required to achieve zero accidents.



Safety Week is the world's largest workplace safety event organized by a company and takes place on all Skanska work sites across 18 countries. An opportunity to force ourselves to think differently – we cannot just do more of the same. The picture shows Skanska Executive Vice President, Roman Wiczorek, at Safety Week in Poland. The mirror is a reminder – safety starts with yourself.

Despite these efforts, accidents still occur and Skanska continues to take steps to eliminate these. Following a serious accident, a rigorous investigation is undertaken and the findings and key lessons are communicated across the Company. After a work-related fatal accident, a Global Safety Stand Down is initiated to pay respect to our colleague as well as to ensure that the lessons are communicated to all Skanska jobsites worldwide. Any knowledge gained is openly shared and communicated with clients, joint venture partners and subcontractors.

Skanska also recognizes the value of transferring knowledge and learning in helping to eliminate these occurrences. During 2012 this was facilitated through stronger links between business units, temporary transfer of individuals and the use of senior mentors to accelerate change. This personal contact has brought about quicker and more sustainable change. Peer reviews of business units' safety operations have also enabled a two-way transfer of knowledge between the unit and the visiting team.

Following the launch of the Skanska Safety Road Map in 2011, all business units have been implementing their improvement plans. The key focus areas have been the advancement of the skills and knowledge of both line and safety specialists and the development of leadership skills throughout the organization. Skanska continues to make good progress with the reduction in lost time accidents with its lowest ever recorded LTA (Lost Time Accident) frequency.

Despite the improvements made across Skanska, during 2012 there were two work-related fatalities involving a subcontractor and a supplier. These are tragic events, and Skanska is making every effort to ensure this cannot happen in the future.

We play fair



Skanska Czech Republic was honored with the AmCham Wings Award for efforts to improve business ethics. The AmCham Wings Award is presented by the American Chamber of Commerce. Lucie Nováková, Head of Communications, and Dan Ťok, President of Skanska in the Czech and Slovak Republics received the award.

Businesses are under increasing pressure to conduct their operations in an ethical manner. This shift is driven in part by new legislation, society's changing expectations and increasing transparency.

Business ethics

Unethical business conduct has serious consequences – among many things, it hinders fair market structures and distorts competition. This can adversely impact not only on Skanska, but the communities in which it has operations. For a company such as Skanska, this could result in wasted tender expenses, increased project costs and reputational risk. To remain a trusted and successful company, Skanska is determined to become a leader in Ethics by 2015. Regular training is an effective way to embed this commitment in Skanska's operations. All employees receive Code of Conduct training every two years, with new employees being trained within three months of recruitment.

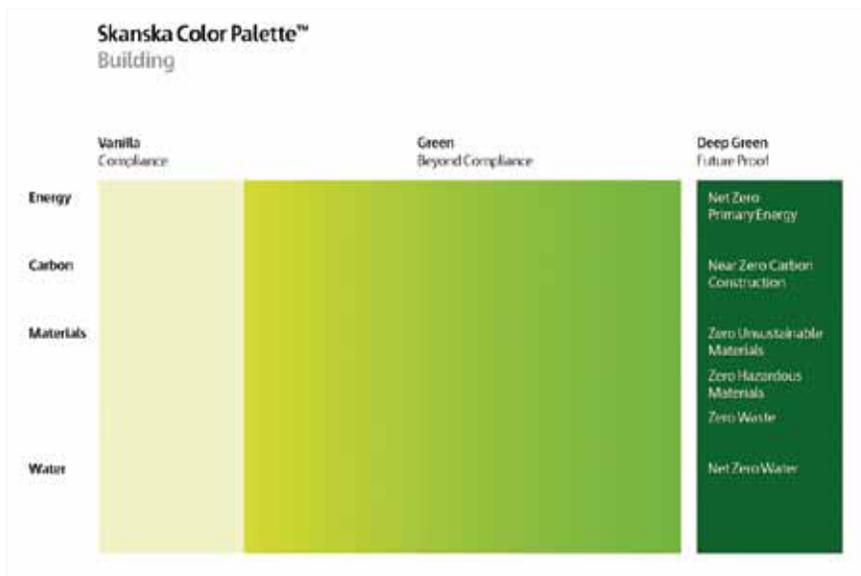
In 2012 Skanska launched a new Skanska Leadership Profile, which includes clear requirements on the company's Living Our Values philosophy. Leaders are evaluated, selected and developed based upon their adherence to the company's values and beliefs, with an emphasis on the role of leadership in proactively preventing breaches of the company's ethical standards.

Each home market has its own Ethics Committee with the purpose of identifying and propagating best practices and reviewing issues. Open dialogue is

encouraged throughout Skanska – issues can often be resolved in this manner. There is also an independent Code of Conduct Hotline available, to ensure that any ethical dilemma can be flagged anonymously.

To realize its goals, Skanska also collaborates with and supports like-minded organizations to share best practices and influence the construction and infrastructure sector. In Poland Skanska took part in the Responsible Business Forum's Good Practices Report launch event, where examples of the company's best practices in ethics, safety and environmental issues were presented. Skanska leads the Transparency Group within the Nordic Chamber of Commerce in the Czech Republic. As part of this role, Skanska is currently preparing a manual for fellow members, focused on issues of transparency, compliance and ethics. Skanska is also the only construction company to be a member of the Czech Republic's Platform for Transparent Public Procurement.

We use natural resources with care



Skanska Color Palette™

Introduced in 2010 as part of the framework for Skanska's Journey to Deep Green™, the Skanska Color Palette™ provides a measure of progress on the journey. Since its inception, it has become an important tool for visualizing, measuring and reporting project performance.

Vanilla – The construction process and product performance is in compliance with law, regulations, codes and standards.

Green – The construction process or product performance is beyond compliance but not yet at a point where what is constructed and how it's constructed can be considered to have near-zero impact. Green can be characterized by voluntary classification systems such as EU GreenBuilding, LEED, BREEAM and CEEQUAL.

Deep Green – The construction process and product performance has a near-zero impact on the environment and thereby future-proofs projects.

Deep Green is the ultimate destination for the projects that Skanska carries out on behalf of forward-looking, visionary customers, taking projects beyond voluntary certification systems.

Deep Green targets for Skanska projects

Deep Green is defined by six zeros that relate to the priority opportunities for reduction of the environmental impact of Skanska projects. They are:

- Net Zero primary energy for Buildings and net positive primary energy for Civil/Infrastructure
- Near Zero carbon in construction
- Zero waste
- Zero unsustainable materials
- Zero hazardous materials
- Net Zero water for buildings and Zero potable water for construction

Our Environmental Agenda

Skanska strives to contribute to building a green society – a place where projects and construction have a near-zero environmental impact. Skanska's proactive approach to environmental responsibility applies both to environmental management (how Skanska builds) and to our customer offering, Green Business (what Skanska builds). Skanska's environmental agenda covers both.

Skanska uses natural resources with care

Skanska is determined to lower the environmental impact of its operations, as well as the impact of the projects implemented on behalf of our clients. Being the leading green project developer and contractor is a focus area in Skanska's business plan, Profitable Growth 2015.

The biggest opportunity to lower the environmental impact of Skanska and of its Green Business lies in the efficient and careful use of natural resources. This entails being smarter about the materials and water that is used, lowering carbon emissions and using less and cleaner energy.

Successful reduction of environmental impact is not solely dependent on Skanska – collaboration is required with dedicated clients, suppliers and other partners.

Skanska Color Palette™

The Skanska Color Palette™ is the strategic framework to measure and communicate Skanska's performance along the way. The Palette ranges from Vanilla – the construction and product is in compliance with current laws and regulations – to Deep Green – a construction process where product performance is future-proofed and has a near-zero environmental impact. Deep Green is the ultimate destination for the projects undertaken on behalf of Skanska's forward-thinking customers.

Väla Gård, Helsingborg, Sweden

Väla Gård is Skanska's greenest office project to date and the first to achieve Deep Green on the Skanska Color Palette™. Through the use of roof-mounted solar Photo Voltaic energy arrays and investment in off-site wind power, the building's energy consumption is net zero. Surplus electricity generated during the summer will be sold, and any winter shortfall made up by the wind generator, with projections suggesting that Väla Gård could achieve Sweden's lowest energy consumption for any office built to date.



Energy

Fossil fuels will continue to dominate energy generation until at least 2050. The relationship between fossil fuels and CO₂ is well understood, as their impact on climate. Therefore, Skanska aims to reduce the amount of energy consumed by its projects and wherever possible to source that energy from low-carbon sources.

The ultimate goal of Skanska's Color Palette™ – zero net use of primary energy – will be achieved at a different pace, depending upon market economies and geographic factors.

Renewable energy provides Skanska with an opportunity to reduce the carbon footprint of its own offices, through collaboration with renewable energy suppliers and also by installing its own renewable energy generation systems, such as the 7989 sq. m (86,000 sq. ft.) solar array at Skanska Koch (Carteret, New Jersey, United States). Elsewhere in the U.S., Skanska USA Civils' solar farm in Cortez, Colorado, generates more than 500,000 kWh of electricity. Surplus power is fed back to the grid. In Sweden Skanska has invested in a 78MW wind farm in Sjisjka to supply 43,000 households with electricity each year, and an 80MW wind park in Mullberg to supply approximately 45,000 homes.

The construction of a new wind farm, El Arrayan in Chile, by Skanska Latin America, is underway. It will be one of the country's largest wind power plants and is the first Skanska Latin America project to have its carbon footprint calculated.

In Norway, the Powerhouse Alliance, of which Skanska is a member, has been working on the development of energy-positive buildings. Powerhouse One, Norway's first energy-positive office block at Brattørkaia in Trondheim and scheduled for completion in 2014, will ultimately produce more energy than it consumes. The Alliance is also planning its first refurbishment project at Kjørbo, Oslo, which will fully refurbish two 1980s office blocks to transform them into energy-positive buildings.

Skanska's own offices represent some of the greenest buildings in each of the company's operating regions, as confirmed by independent green building ratings.

Nordic countries		
Finland	Skanska Talo, Helsinki	LEED Platinum*
Sweden	Entré Lindhagen, Stockholm	LEED Platinum*
Sweden	Gårda, Gothenburg	LEED Platinum
Sweden	Väla Gård, Helsingborg	Skanska Deep Green*
Sweden	Uppsala	LEED CI Gold
Sweden	Österport, Malmö	LEED EB:OM Platinum
Other European countries		
Czech Republic	City Green Court, Prague	LEED Platinum
Czech Republic	Three pre-fabrication facilities	ISO 50 001
Hungary	CDE offices	LEED CI Gold
Poland	Atrium, Warsaw	LEED Platinum*
United Kingdom	Hollywood House, Woking	LEED CI Platinum
The Americas		
United States	Empire State Building, New York	LEED CI Platinum
United States	Atlanta	LEED CI Gold
United States	Seattle	LEED CI Gold
United States	New Haven	LEED CI Silver
United States	Orlando	LEED CI Gold
United States	Bulova Buildings, New York	LEED Platinum*
United States	New Jersey	Solar power generation system

*designed to achieve

Skanska's Nordic Commercial Development Unit is working in its Nordic home markets to meet its ambition to ensure that 50 percent of projects started in 2015 are Deep Green. In Sweden, by incorporating solutions such as Deep Green Cooling™ into a new station for the Police in Skåne, Skanska scored the highest points in the tender evaluation and won the project, even though it was not the lowest cost bid. The technology has also been implemented at Skanska's new headquarters at Entré Lindhagen, Stockholm, designed to achieve LEED Platinum, reducing energy consumption by 50 percent compared to a typical new Swedish office building. Skanska UK was also able to deliver savings at Coldharbour Lane, London, an energy-efficient affordable housing development consuming almost 50 percent less energy than current U.K. building regulations stipulate.

In order to deliver savings for clients both now and in future, Skanska has undertaken several projects with energy performance guarantees. Earlier in 2012, the Clarion Hotel in Trondheim was completed to energy classification A, which could save the owner up to 350,000 kWh of electricity per year, compared to building regulation requirements.

As a signatory to the World Business Council for Sustainable Development's Energy Efficiency in Buildings manifesto, Skanska is mapping the energy used by its own head offices and regional offices. From this baseline, energy and CO₂ reductions will be established and publicly reported. One of the offices, Skanska UK's recently refurbished Hollywood House, is now benefiting from significant improvements in energy efficiency. The building is currently the highest scoring Leadership in Energy and Environmental Design (LEED) Platinum for Commercial Interiors (CI) for a U.K. fit out and now uses 56 percent less energy than before.

Carbon footprinting is applied more widely than ever:

The number of Skanska Project Carbon Footprints 2008–2012



Throughout 2012, special tools have been introduced and their use has increased. Project carbon footprinting is now used more widely than ever across the organization and life cycle cost optioneering is now being applied to more projects, to help everyone involved understand more about performance optimization, particularly at the early design phase of buildings and infrastructure projects. Projects are also benefitting more from the use of Building Information Modeling (BIM) and Energy modeling.

Carbon

The occupation and use of buildings account for approximately 40 percent of global energy use and more than one-third of global greenhouse gas emissions. Carbon reduction efforts have traditionally focused on operational carbon, which typically accounts for about 80 percent of a building's carbon footprint. However, as building occupancy and operation becomes more energy efficient, there is a change emerging in these ratios, leading to a growing interest in the measurement and reduction of embodied carbon. To realize carbon savings throughout the lifecycle of a project, Skanska has developed and is implementing tools, including carbon footprinting. This helps customers and supply chain partners understand potential environmental impacts and opportunities and also mitigate the impacts.

The measurement and management of carbon, for example through the use of innovative design tools, adoption of better building practice and supply chain education, are important to Skanska. Each year, the Company reports to the CDP (Carbon Disclosure Project) and, for the third consecutive year, Skanska was the highest scoring construction company in the Nordic 260 Climate Change Report 2012. Independent benchmarking of participating companies' responses also showed that Skanska's disclosure score, quality and completeness of response and performance band surpass the CDP's supply chain average. Scope 1 emissions for 2012 were 371,158 tonnes, a reduction of 15 percent on previous year. Scope 2 emissions were 59,563 tonnes, a reduction of 22 percent on previous year. Reductions were due to a mix of proactive changes to reduce carbon intensity in some of Skanska's processes, increased reporting accuracy and changes in project mix.

Skanska was co-author of the ENCORD (European Network of Construction Companies for Research and Development) Construction CO₂e Measurement Pro-

col. Launched in 2012, and endorsed by the GHG Protocol owner the World Resources Institute, the protocol aims to establish good practice and guide the construction sector on how it can measure and report its Scope 1 and 2 greenhouse gas emissions more effectively.

During 2012, Skanska Commercial Property Development USA measured the carbon footprint of its 733 10th and G project in Washington D.C. This was the first carbon footprint of its kind in the U.S., providing Skanska with a U.S. benchmark to guide, analyze and improve the carbon performance of future projects. Footprinting also helps to identify low-carbon project options. Working as part of National Grid's South East Electricity Substation Alliance (SEESA) to upgrade its electricity transmission network, Skanska UK conducted carbon footprinting that helped to realize savings of about SEK 300,000 on individual projects. In Scandinavia, the Norwegian government's carbon calculation tool was used by Skanska in the construction of the Telemark Rehabilitation Center, measuring its lifecycle carbon footprint as more than 46 percent less than the reference design model for the building. The use of low-carbon construction materials was an initiative that helped to reduce the embodied carbon of this project.

By working closely with clients and suppliers to better understand carbon impacts, Skanska has begun to deliver significant carbon savings on certain projects. During the Glasbruket 1 construction of roads and drains in Malmö, Sweden, the project team substituted polyethylene pipes for conventional concrete drainage pipes, thereby reducing lifecycle carbon emissions by around 40 percent.

As part of the Anglian Water Alliance, Skanska UK's performance is measured in terms of successful reduction of embodied and operational carbon. This novel business model sees Alliance members rewarded for delivering carbon savings on projects.

Waste

Skanska's targets for waste from materials brought onto work sites:

< 10% of waste at projects going to landfill by end 2011

< 8% of waste at end 2012

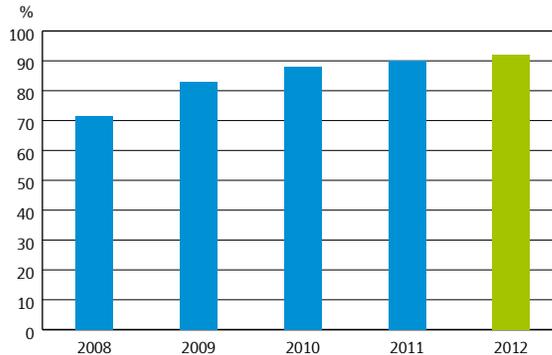
< 6% of waste at end of 2013

< 4% of waste at end of 2014

< 2% of waste at end of 2015

Total average amount of waste diverted from landfill 2008–2012

Percentage of waste diverted from landfill 2008–2012.
Target for 2012 was to reach 92%.



Materials

The Skanska Color Palette™ challenges projects to generate zero waste through planning and design, to increase material efficiency, reuse and recycle materials and products. This key priority is complemented with two other targets: zero unsustainable materials and zero hazardous materials, targeting the three priorities of material use that pose challenges and opportunities within the construction sector.

Applying the Skanska Color Palette™ commitments to the Adjutantti residential development project in Finland, all materials used exceeded the voluntary Finnish M1 standards for low emissions. More than 95 percent of the waste construction materials avoided landfill. Materials were thoroughly sorted, and combustible waste was sent to a local cogeneration power plant.

Skanska also worked to ensure the use of sustainable materials for the Norra Länken highway in Stockholm, Sweden's largest road construction project to date. To achieve a maintenance-free result, the main junction is to be built using stainless steel reinforcement bars. These were specified at the project's initial design stages by the Swedish Transport Administration (STA), to help avoid expensive repairs due to corrosion caused by de-icing salts and the resulting disruption to traffic. In Argentina, Skanska Latin America undertakes waste treatment and materials recycling with its hydrocarbon recovery process. Slop oil accumulated in the storage vessels and equipment used in oil production fields are treated so that waste water and oil are separated. Oil recovery helps to make the process more efficient and minimizes the amount of contaminated water produced.

Water

Wherever possible, Skanska works to replace potable water with alternative quality grades and to reduce, reuse and recycle water. The commercial property development

project Stone 34, a mixed use retail and office building in Seattle, Washington, is designed to capture almost all water used on site. Its fully integrated green systems include rainwater and grey water storage and treatment facilities where filtered water from sinks and showers is reused for irrigation on site. Skanska designed the building to perform beyond the LEED Platinum rating, and is currently participating in the Seattle Deep Green Program, which assists projects attempting to meet Living Building Challenge (LBC) design guidelines and requirements.

In northern Chile, water scarcity is a major issue. To tackle this problem during the construction of the Antofagasta Highway, Skanska used a new technology to reduce water use by 50 percent. It also capitalized on the project's close proximity to the Pacific, by utilizing sea water, wherever possible, in appropriate processes.

As part of Skanska's commitment to increasing the water efficiency of its projects, this year it has delivered Poland's first LEED certified school building. The new Arts and Sports building constructed for the American School of Warsaw is designed to use 50 percent less water than the LEED baseline, by harvesting rainwater for toilet flushing and effectively managing storm water on site. Another Polish project, Atrium I in Warsaw, features grey and storm water management systems, reducing water consumption 70 percent compared to similar buildings.

Another example of efficiency measures to reuse and recycle water is Skanska House, Finland, designed to achieve LEED Core & Shell Platinum and EU GreenBuilding certification. The office building uses 50 percent less water than the LEED baseline for the building. And in Prague, Czech Republic, the Milíčov development is one of the city's first neighborhoods to have a dual storm water management system for street and building run-off.

We choose likeminded partners



TELUS

TELUS, a major Canadian telecoms company, set out to renew its data center to make it more reliable and robust, incorporating greener and more efficient features. Skanska was selected to help TELUS, delivering new technology to reduce the energy and water required to cool the centers by 80 percent. The company has a long-term “improvement guarantee” with TELUS, requiring the center to deliver guaranteed savings and to become progressively more efficient. The data center saves TELUS USD 1 M per year due to its efficiency and has received a LEED Gold rating. “Skanska has provided TELUS with required flexibility in a constantly changing IT world – we can optimize capital deployment and minimize total cost of ownership while ensuring required reliability, security and scalability all in an incredibly efficient design,” says Lloyd Switzer, SVP Network Transformation, TELUS.



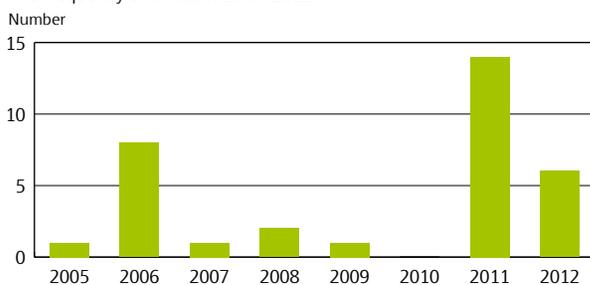
Skanska respects the local environment

Construction is fundamentally a local activity. Done well, it adds value and leaves a positive legacy. Done badly, it can become a nuisance or worse, leading to harm and destruction.

Skanska has chosen to address local impact in order to minimize its footprint. All Skanska’s operations have been certified globally to the ISO14001 Environmental Management System (EMS) since 2000, representing approximately 95 percent of the Company’s revenue. This internationally recognized EMS provides a consistent framework for continuous monitoring and improvement across all business units and markets. All local impacts are managed in this way.

ISO14001 Major Non-Conformances (MNCs) identified

The frequency of MNCs in 2005–2012.



For more information, refer to page 93-94.

Our Economic Agenda

Skanska endeavors to balance the need for sustained shareholder return with wider stakeholder benefits. Skanska’s philosophy is to do right by customers, employees, suppli-

ers and other partners, local residents, government agencies and other key stakeholders, and thus create value to benefit both shareholders and society in general.

Supply Chain – Skanska chooses likeminded partners

Skanska recognizes that many successes and failures are intrinsically linked to its supply chain relationships, with around 75 percent of its revenue flowing through more than 100,000 suppliers and subcontractors globally. In order to encourage the development, sharing and uptake of innovative solutions and initiatives across its supply chain, Skanska UK ran its Supply Chain Green Solution Award for the third year running. The 2012 winner is a waterless on-site wheel cleaning system which is already in use at Skanska’s HMP Grampian prison project, Scotland, saving around SEK 700,000 per year. Also in the U.K. in 2012, Skanska collaborated with others in the construction industry to found the Supply Chain Sustainability School, a virtual learning environment aiming to help construction suppliers and subcontractors develop their sustainability knowledge and competence. The School represents a common approach to addressing sustainability within the supply chain, helping to further address the challenges faced by the industry.

Skanska Nordic Procurement Unit’s (NPU) preferred supplier program focuses initially on prequalification, as part of long-term contract framework agreements with suppliers and subcontractors. This is followed by a performance evaluation that considers aspects such as quality, cost, environment, safety and delivery to establish Skanska’s procurement standard with suppliers.

In order to support any suppliers that fail to fulfill these requirements, the NPU has also introduced a supplier development program, aimed at improving the supply chain’s performance baseline. Suppliers are educated on the Skanska Color Palette™ and encouraged to attend training events on green aspects of procurement.

Global leadership



Skanska has been a supporter of the UN Global Compact for over a decade. Skanska's Communication on Progress is uploaded annually to the UNGC website as a public statement of its commitment.

A United Nations Global Compact supporter

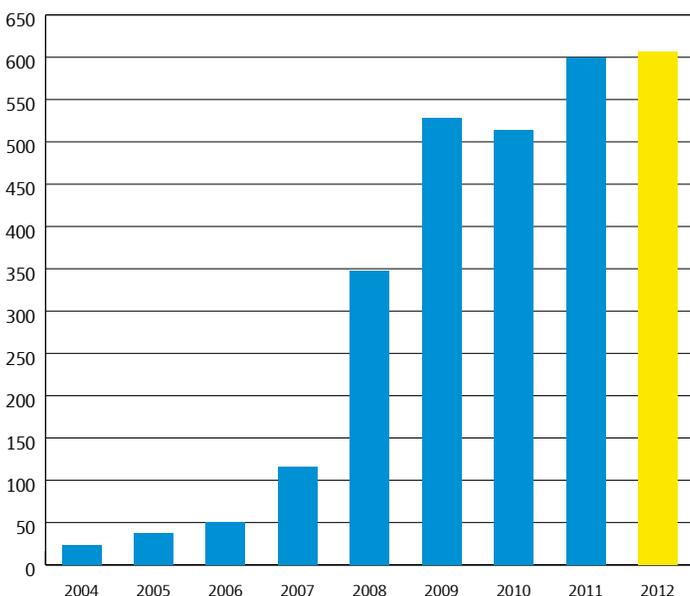
For more than a decade, Skanska has been a supporter of the United Nations Global Compact (UNGC). It is also a sponsor of the United Nations Environment Program's (UNEP) Sustainable Buildings and Climate Initiative. In 2012, Skanska extended its support to UNEP by providing a chairman for its taskforce on Greening the Building Sector Supply Chain.

A Green Building Councils member

Skanska is also an active member of many Green Building Councils (GBC) throughout the regions in which it operates and it was instrumental in establishing a number of these. The Company is also a sponsor of the forthcoming World Green Building Council review, Business Case for Green Buildings, and a Skanska USA Senior Vice President chaired the US-GBC in 2012.

Eco Design professionals

Number of LEED APs, BREEAM and CEEQUAL eco-design professionals.



Recognition

- Skanska UK's civil project at the Olympic Park awarded the highest ever CEEQUAL assessment score: 98.3 percent. The project was the only one to score 100 percent for carbon, thanks to cost effective and innovative biodiesel use in road vehicles.
- For the third year in a row, Skanska is the only construction company in the Forest Footprint Disclosure (FFD), a global review of the impact of large companies on forests based on their use of five commodities including timber and biofuels.
- Skanska Czech Republic was awarded the TOP Responsible Large Company 2012 for its comprehensive attitude to sustainability, which the company publicly reports and monitors.
- For the third consecutive year, Skanska was the highest scoring construction company in the Nordic 260 Climate Change Report of the Carbon Disclosure Project.
- Skanska Commercial Development Europe was recognized at the CEEQA Industry Awards for commitment to developing new projects according to the principles of sustainable development as well as promoting green development. It won the Green Leadership Award and the title Real Green Developer of the year.
- Skanska Sweden won four of the seven Swedish Transport Administration safety awards in 2012, thanks to systematic safety programs to create safe work sites.

SKANSKA

Skanska AB

www.skanska.com/group

Råsundavägen 2

SE-169 83 Solna

Tel: +46 10 448 00 00

Fax: +46 8 755 12 56