

Sustainable development

Proof of progress



ONE KINGDOM STREET

About Skanska

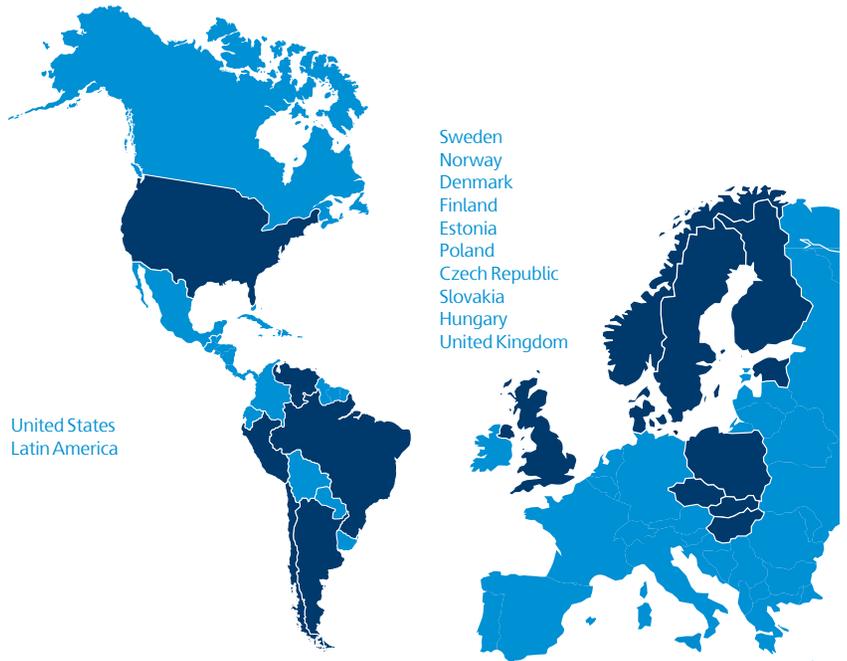
Skanska is one of the world's largest construction companies, with a leading position in a number of home markets in Europe, the United States and Latin America.

Skanska also carries out project development in selected geographic markets in the residential and commercial property fields, as well as in infrastructure by means of public-private partnerships.

By combining international expertise with a local presence, Skanska acts as a local company with global strength.

The Skanska Group has 58,000 employees, and in 2008 its revenue totaled SEK 144 billion.

Home markets

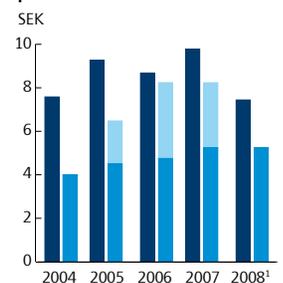


Key ratios

	SEK M	EUR M	USD M
Revenue	143,674	14,923 ³	21,802 ³
Operating income	4,086	424 ³	620 ³
Income after financial items	4,410	458 ³	669 ³
Earnings for the period per share, SEK/EUR/USD ¹	7.44	0.77 ³	1.13 ³
Return on equity, %	15.9	15.9	15.9
Return on capital employed, %	18.3	18.3	18.3
Order bookings ²	126,524	13,142 ³	19,199 ³
Order backlog ²	142,402	13,012 ⁴	18,440 ⁴

1 Earnings for the period attributable to equity holders divided by the average number of shares outstanding after repurchases.
2 Refers to Construction operations.
3 Average 2008 exchange rates: EUR 1 = SEK 9.63, USD 1 = SEK 6.59.
4 Exchange rates on 2008 balance sheet date: EUR 1 = SEK 10.94, USD 1 = SEK 7.72

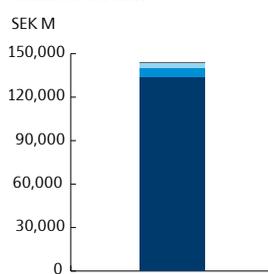
Earnings and dividend per share



■ Earnings per share
■ Dividend per share
■ Extra dividend per share

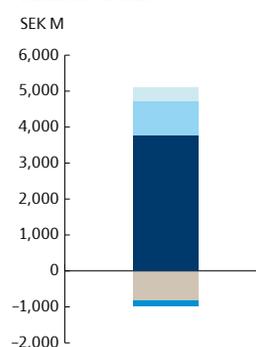
1 Proposed by the Board of Directors.

Revenue by business stream



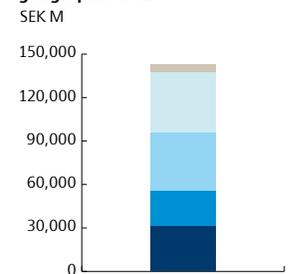
■ Construction, 93%
■ Residential Development, 4%
■ Commercial Development, 3%
■ Infrastructure Development, 0%

Operating income by business stream



■ Construction, 73%
■ Residential Development, negative
■ Commercial Development, 19%
■ Infrastructure Development, 8%
■ Centralt & elimineringsar, negative

Revenue by geographic area



■ Sweden, 22%
■ Other Nordic countries, 17%
■ Other European countries, 28%
■ United States, 29%
■ Other markets, 4%

The Skanska Group

Senior Executive Team

Skanska Financial Services

Group Staff Units

Construction	Residential Development	Commercial Development	Infrastructure Development
Skanska Sweden	Skanska Residential Development Nordic	Skanska Commercial Development Nordic	Skanska Infrastructure Development
Skanska Norway			
Skanska Finland			
Skanska Poland		Skanska Commercial Development Europe	
Skanska Czech Republic			
Skanska UK			
Skanska USA Building			
Skanska USA Civil			
Skanska Latin America			

Construction refers to building construction (both non-residential and residential) and civil construction. It is Skanska's largest business stream.

The Construction business stream operates through nine business units in selected home markets – Sweden, Norway, Finland and Estonia, Poland, the Czech Republic and Slovakia, the United Kingdom, the United States and Latin America.

The Residential Development business stream initiates and develops residential projects for sale. Housing units are adapted to selected customer categories. Skanska, one of the leading residential developers in the Nordic countries, also has a sizeable presence in the Czech Republic and Slovakia.

It operates through its own Nordic business unit and as part of Construction in the Czech Republic.

Commercial Development initiates, develops, leases and divests commercial property projects, with a focus on office buildings, shopping malls and logistics properties.

The business stream works through two business units: Skanska Commercial Development Nordic and Skanska Commercial Development Europe.

Infrastructure Development develops, manages and divests privately financed infrastructure projects such as roads, hospitals, schools and power generating plants.

The business stream focuses on creating new potential for projects in markets where Skanska has construction business units. It works through the Skanska Infrastructure Development business unit.

Revenue SEK 139,498 M
USD 21,168 M
EUR 14,490 M

Share of Group 93%



Operating income SEK 3,761 M
USD 571 M
EUR 391 M

Share of Group 73%



Revenue SEK 6,450 M
USD 979 M
EUR 670 M

Share of Group 4%



Operating income SEK -177 M
USD -27 M
EUR -18 M

Share of Group, negative



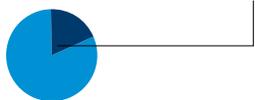
Revenue SEK 3,961 M
USD 601 M
EUR 411 M

Share of Group 3%



Operating income SEK 953 M
USD 145 M
EUR 99 M

Share of Group 19%



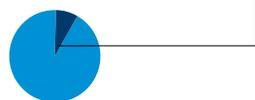
Revenue SEK 55 M
USD 8 M
EUR 6 M

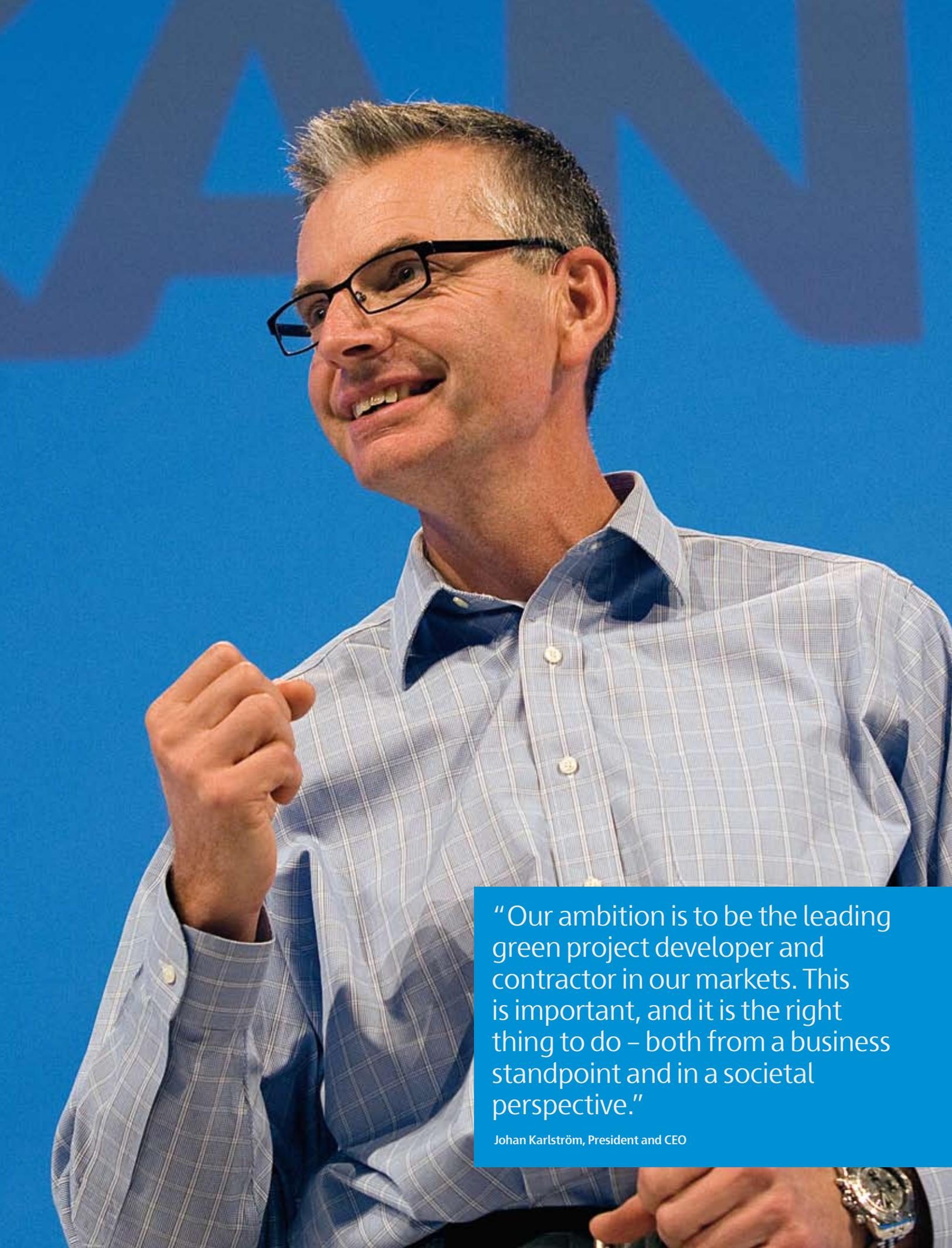
Share of Group 0%



Operating income SEK 396 M
USD 60 M
EUR 41 M

Share of Group 8%





“Our ambition is to be the leading green project developer and contractor in our markets. This is important, and it is the right thing to do – both from a business standpoint and in a societal perspective.”

Johan Karlström, President and CEO

Comments by the President and CEO

From the peak of an economic boom to a financial crisis and a cyclical downturn – in no time flat. Despite turbulent surroundings, as a whole 2008 was still a good year for many of our units, and Skanska remains stable as we face the future.

We have an eventful year behind us. Economic developments were dramatic during my first year as President and CEO. When I took over last April, economic worries were like ripples on a calm surface compared to what would happen later.

In April most of our markets were still moving ahead at full steam. There was intensive activity both in construction markets and among property investors. Of course, we had noted the first signs of an approaching slowdown. This was especially clear in the Nordic residential market. But no one could have imagined the collapse that would hit the financial systems.

We pick up market signals early through our local presence and continuous contact with customers. A focus on cash flow and risk management is always a top priority at Skanska, and protecting the Company is extra important in troubled times. We watch our receivables and monitor the performance of our customers, suppliers and business partners. We continuously review our investments.

The Company's balance sheet remains one of the strongest in the industry. Solid finances, a strong brand and dedicated employees are the foundation that will enable us to take advantage of new opportunities and emerge stronger from the recession.

A strong year – in spite of everything

Yet most of 2008 was really strong for us, though this has been overshadowed by all the crisis reports. The first three quarters, indeed even the whole year, were good in several of our geographic markets and business streams.

The decline in our order bookings does not mean that we are doing a bad job. The market is weakening – not Skanska. Our performance was outstanding in many respects throughout 2008. In the United States, Sweden, Poland and Latin America as well as in Commercial Development, we achieved very good earnings – the best ever in some cases.

Activity was high and forward-looking. We developed and built thousands of projects while working intensively to gen-

erate new business, develop new projects, enhance the impact of our green know-how, improve the safety of our job sites and recruit and professionally develop the leaders and employees of tomorrow.

Frozen financial market

But the abrupt freeze in financial markets radically changed the market picture – especially in the Nordic residential sector. Home buyers became uncertain and had difficulty borrowing, as did investors in property and infrastructure projects.

Even our corporate customers became more restrained when the demand for their products and services weakened. And declining tax revenue affected public sector investments in some markets.

Unfortunately the market situation also made it necessary for a number of employees to leave our Company, but fewer assignments lead unflinchingly to fewer jobs and thus lower personnel needs. One small consolation is knowing that the employees who must leave the Company are highly qualified and will be attractive in the labor market.

The financial crisis dominated the media – but there is also another picture. Despite its shaky surroundings, Skanska remains stable. The stability of the Group is not based only on financial strength. We also remain stable thanks to our diverse operations, which give us a broad base.

We are not dependent on any single sector or geographic market. We have a broad product mix – we construct buildings and infrastructure for both commercial and public sector customers, as well as energy and environmental facilities. We develop our own residential, commercial and infrastructure projects. And we are geographically dispersed in a way that is unique in our industry, with a strong presence in the United States and the Nordic countries as well as in the United Kingdom and Central Europe.

We operate in a global economy, but there are still local variations. When the market weakens in the Nordic countries, the downturn is not as noticeable in Central Europe. When the office sector stagnates in the U.S., that country still needs schools and hospitals. While some



customer segments are shaky, energy companies in Latin America are implementing large portions of their extensive investment plans – albeit at a slower pace. Even though the residential market is down, there may be good potential to continue achieve good earnings in commercial development.

Strong balance sheet

We also have one of the strongest balance sheets in our industry – even in an international perspective. And at least equally important are our working methods for oversight, financial control and risk management, which we have built up in recent years and are now further improving. Our aim is to create even better preconditions for boosting profitability and controlling risks.

Tools for new business

Our strong balance sheet is reassuring, but its primary purpose is not to get us through bad times. Instead it is primarily a tool that we will use to develop the Company further.

First and foremost, this will be a matter of investing in our project development operations. Our strength enables us to use a long-term approach and take advantage of the opportunities that exist even during economic downturns. I am convinced that we can grow in our three project development business streams.

We also have the potential to expand geographically. Within our existing home markets, there are still many large cities and growing regional growth markets where we have little or no presence. We do not intend to rush into large, adventurous investments. But we are open and ready when the right opportunities appear.

Enterprising employees

Another very important success factor is that our employees are committed, loyal, knowledgeable and ambitious within their specialties. I am proud of the entrepreneurial spirit demonstrated by our employees.

While adjusting the organization to a shrinking market, we must plan for our supply of future leaders. For some years, we have been working intensively with the professional development of hundreds of key individuals, who are now continuing their growth by taking on increasingly challenging positions in our operations.

Another important field is occupational health and safety. We are working intensively at all levels to improve safety at our many job sites. It is unacceptable that our industry suffers so many accidents. Safety work is an important element of project planning.

Green progress

The issue of climate change dominated many media until it was overshadowed by the economic downturn. But it is not forgotten. On the contrary, the environment and improving the living conditions on our planet are an obvious priority for us. We notice clearly how important our green expertise is to our most demanding customers. In some U.S. cities and states, builders are already required to meet strict environmental standards.

When the market rebounds, the demand for energy-efficient solutions will be further accentuated. We will continue to build up our environmental know-how and will be prepared for the upturn.

Our ambition is to be the leading green project developer and contractor in our markets. This is important, and it is the right thing to do – both from a business standpoint and in a societal perspective.

Thanks to our international experience, which we have gathered into a green toolbox, we can make a difference to the environment at a global level. Our green construction projects span numerous geographic markets. Environmental problems recognize no boundaries, and our local efforts have a global impact.

Skanska's strong environmental profile gives us an advantage and a unique position among our customers. It also makes our current employees proud and increases our attractiveness to future employees.

Bright spots despite lower volume

During 2009, construction volume will decline in most markets. The boom years are past, this time around. The market is shrinking, competition for projects is getting tougher and funding opportunities are becoming harder to find. At the same time, competitors with weak finances will be vulnerable to the increased pressure.

Yet among all the warning signals, we still see some bright spots. The prices of materials and land, which climbed rapidly for years, have begun to fall. And the stimulus packages that the governments of many countries have introduced will have an impact late in 2009 and in the following years. This will hopefully both help boost investments in public sector amenities and stabilize the credit market, so that it will be possible for our customers to finance their projects.

But it is still too early to declare an end to the emergency. We learned from 2008 that both rapid and surprising changes do happen. This is why we need to continue to protect the Company and safeguard our margins, staying focused on cash flow and responding quickly to every change in the market.

We will have a tough year in 2009. But we are staking our future on our dedicated employees, financial strength and strong brand. Together, all this gives us a strong position that will bear fruit.

Solna, March 2009



Johan Karlström,
President and CEO

For more information see Skanska's Annual Report, the "Group overview" section



Efficiency and profitability

Construction and project development are complex businesses. Most projects are unique and local, as are the players who are involved.



Green construction is booming

Greener products and services as well as sharply reduced greenhouse gas emissions are cornerstones of Skanska's initiative to become the globally leading green company in project development and construction.



Human resource development a high priority

Good managers are a crucial factor behind both earnings and performance as well as for professional development of employees.



52 Safety training and awareness



53 Proof of commitment – SOS Children's Village



56 Proof of performance – Empire State Building

Skanska is committed to providing sustainable living and working environments for future generations. During 2008 the Company made significant progress across all aspects of its sustainability agenda.

What a ratings agency says:

"In the recent oekom Corporate Rating for the construction industry, Skanska is one of only three companies to have reached oekom Prime Status, showing that it is among the leaders in the industry and that it meets industry-specific minimum criteria.

Skanska showed a strong performance in environmental aspects related to its products and services such as energy efficiency, water and resource efficiency as well as hazardous substances. It also performed well in the overall staff and supplier section.

The company still needs to tackle some issues, especially with regard to business ethics and the prevention of business malpractice. Skanska's reporting is comprehensive, and focuses strongly on case studies. From the point of view of a SRI rating agency, a more consolidated approach to reporting would be welcome."

oekom Research is one of the world's leading ratings agencies, specialising in sustainable investment.

The world economy is undergoing rapid change; with many countries experiencing recession for the first time in a generation. The economic downturn has been both swift and deep, having a profound effect on industry. Construction is one of the sectors that has been hardest hit by recent events in the financial markets. At the same time, it is the very sector that can contribute significantly to a more sustainable society. For example, it potentially has the most to offer in terms of reducing and managing the effects that climate change will have on the planet. A large proportion of the world's man-made greenhouse gas emissions originate in the built environment.

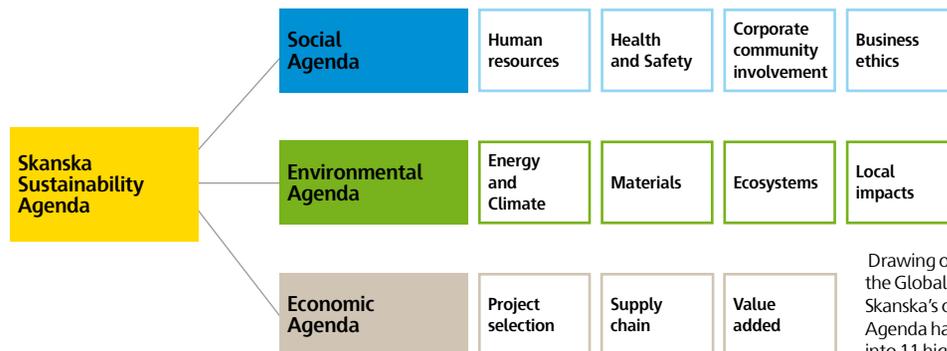
Through careful planning, the use of green construction techniques and thoughtful building management, the cradle-to-grave footprint of all structures can be reduced significantly. There is a big challenge that will be faced by Skanska and its customers during the next few years. That challenge is: does one continue to innovate and lead in terms of sustainable construction and green building techniques, during a time when many businesses will be focusing purely on riding the economic roller-coaster? The answer is a resounding "yes". There is a growing body of evidence, both from within Skanska and externally among environmental and social thought leaders, that companies that take sustainability seriously are actually in better shape during the difficult dips in economic cycles. This is a view shared by many socially responsible investors, as well as customers in the private and public sectors.

During 2008, Skanska's Sustainability Agenda was refined and improved. The challenges and opportunities for the business, in terms of sustainability, are now well defined; and have been addressed by a series of enhanced policies and strategies, all of which are now in place.

These high level aspirations cover every aspect of the operation, from health and safety to human rights, energy efficiency to diversity. From an operational perspective, systems, procedures and processes are now being defined and implemented that will help to deliver Skanska's vision of contributing to a more sustainable world. The year represented a period of tremendous progress, particularly in terms of being able to deliver evidence of this commitment.

For example, the environmental policy and strategy published in 2008 set out new Key Performance Indicators (KPIs) that are now being measured. Skanska believes that these KPIs provide more relevant, robust and reliable reporting information, as well as more meaningful year-on-year comparisons. Since this is the first year of the company's long-term strategy, the KPI results will form the basis of future Sustainability Reviews. Old statistics that were previously reported have therefore not been included for comparison in this review, unless they continue to carry meaning and relevance. Meanwhile, the delivery of information internally and externally, particularly via the web, is generating interest and acknowledgement from expert bodies. In a recent Global Reporting Initiative publication on reporting practices, Skanska was one of only four European companies selected for review. Among the selection criteria were quality and the availability of a sustainability report.

Skanska is proud of its position in the construction sector. Sustainability is at the very heart of the organization, with transparency and leadership evident in many aspects of the projects that were delivered during 2008. Good examples of this commitment are illustrated throughout this review.



Drawing on the framework of the Global Reporting Initiative, Skanska's own Sustainability Agenda has been developed into 11 high priority areas.

One Kingdom Street in PaddingtonCentral, London, U.K. incorporates many examples of Skanska's green construction techniques for minimizing energy and water consumption.

Social Agenda Safety

An estimated 40 percent of all workplace fatalities take place in the construction sector. Accident reduction is a key priority for Skanska. The company takes its responsibilities very seriously and continues to make strenuous efforts to achieve zero accidents. Progress in safety continued in 2008, with an overall reduction in employee Lost Time Accidents of 24 percent compared to 2005, when statistics began to be collected in their current format. Skanska continues to focus efforts on improved training and safety awareness for its workforce, whether employees or subcontractors. Recently completed projects have been recognized by independent bodies for the contributions made in this respect. One example is the Kings Mill Hospital in Nottinghamshire, U.K., which was honored with a Gold Award from the Royal Society for the Prevention of Accidents.

All accidents are avoidable. Whenever one occurs, lessons should be learned in order that similar incidents can be avoided in the future. Work undertaken during 2008 has identified the importance of site visits by senior managers in order to encourage safe practices and leadership at all levels in the organization. Planning Prevents Accidents was the theme for this year's Safety Week at Skanska, which saw more than 500 Executive Safety Site Visits (ESSV). All business units had prepared their own safety briefings and local intranet sites, designed to inform and educate staff. The ESSV will be used as a global indicator of safety activity in future years.

In spite of the significant progress made in reducing accidents, Skanska regretfully has to report that twelve workplace fatalities occurred on projects during 2008, of whom seven were subcontractors and one was a member of the public. The dominant cause was falling from height, which accounted for eight of these fatalities. This figure is completely unacceptable. Skanska is determined to achieve its Zero Accidents objective and has decided to take extreme measures – never before seen in the construction sector – to ensure that this happens. From 2009, the entire organization will observe a “stand down” each time a fatality occurs. As well as marking respect for a colleague, this will involve a number of actions, designed to bring safety to the forefront of every employee, supplier and subcontractor. Within 15 days of a fatal accident occurring, information on the cause of the incident and lessons learned will be made available to every business



Employee involvement plays a big part in safety training and awareness. Employees at Skanska USA Civil's Cortez, Colorado office, which has not had a lost-time accident since 2002, were recognized for their efforts. Hands-on safety training on the Hazardous Waste Landfill project at Rocky Mountain Arsenal was acknowledged with an award from the program management contractor.

unit. During the global stand down, local managers will brief all personnel on the incident, emphasizing the question: “Could it happen to you and what actions can you take to avoid it?” It is expected that by applying Skanska's transparency and leadership to such a serious issue as workplace fatalities, the company will ultimately be able to achieve its goal of Zero Accidents.

Intensive training and awareness-raising initiatives do make a difference to safety. At the recently completed Badedammen residential development in Stavanger, Norway, a total of four minor accidents resulted in a Lost Time Accident Rate of six per million hours. The project ran over four phases. A zero accident initiative was implemented in the fourth and final construction stage, which involved developing greater safety awareness among the workforce, and appointing safety ambassadors to monitor and assess working practices. No accidents were reported following the introduction of the zero accident initiative.

SKANSKA

Looking Out For Safety

General tips

The Global Safety Tour program is designed to enable the leaders of the business to demonstrate their commitment to the improvement of safety within their Skanska Business Units. By discussing safety issues with the site management team and operatives we can gain a better understanding of the site safety culture. There is also the opportunity to share best practice and transfer learning between projects.

► Before entering the site

Have you received a safety induction or orientation regarding the following:

- What the major safety hazards are?
- What safety rules you need to follow? (E.g. no smoking or use of mobile phones.)
- What personal protective equipment you need to wear?
- Are there any restricted areas?
- What to do if you see something you consider unsafe?
- How to report an accident?



- The safety tour's success depends upon you discussing safety issues and being constructive.
- Remember: if it looks wrong then it probably is.
- Further discussion with the site team will allow you to ask questions to understand the underlying reasons for any unsafe behavior and unsafe conditions that you may have seen.

One to One safety conversation



- Observe the work in action before approaching.
- Ask them about the job they are doing.
- Praise what you see is being done safely.
- Ask about injuries that could occur on the project.
- Ask them for their ideas on how the job could be done safer.

Working at height



- Do all working platforms have edge protection?
- Are all working platforms fully boarded out or are there gaps?
- If working platforms do not have edge protection are operatives wearing harnesses and tied off?
- Are all ladders tied?
- Do all ladders extend at least one meter above the platform level?

Looking Out for Safety

The booklet Looking Out for Safety, produced to support over 500 visits by senior Skanska managers during 2008 Safety Week.



Posters promoting training and awareness, such as this example from Poland, were used extensively during SafetyWeek.



As part of its environmental program Skanska helped local Brazilian agencies publish a children's waste awareness book.



Waste awareness and biodiversity protection are linked in Brazil on this free Skanska cotton bag.

management program encourages the workforce to recycle waste. Money generated from the sale of waste paper and metal is used to purchase cotton shopping bags, which in turn are exchanged for free when local employees hand in their waste plastic bags. Not only are the cotton bags reusable, they also carry awareness-raising slogans, alerting the local community to the dangers of plastic to sea turtles. The animals often eat discarded plastic, mistaking it as food, and frequently die as a result.

Business ethics

During 2008, the revised Skanska Code of Conduct was published and is now being implemented across all business units. Skanska has always provided an exemplary standard for the construction industry. As previously reported, the Company was instrumental in the development of the United Nations Principles for Countering Bribery in the Engineering and Construction Industry. The new Code, which provides enhancements to the original version published in 2002, is better aligned with relevant international frameworks, including the UN Global Compact and the World Economic Forum's Partnering Against Corruption Initiative (PACI). Among the updates is the explicit recognition of the rights of indigenous people and a more comprehensive approach to the reporting of breaches or suspected breaches of the Code, including upgrading of independent communication channels.

Corporate community involvement

Wherever Skanska is located, employees are encouraged to make a positive contribution to the communities in which they work and live – through charitable donations, sponsorship, employee volunteering and other initiatives focused on three main areas: education, safety and disaster relief. At the Petrobras propylene plant, situated near the city of Curitiba in southern Brazil, an environmental



Proof of commitment

Immediately after the tsunami disaster in December 2004, Skanska committed USD 500,000 towards the construction of the SOS Children's Village in Phuket, Thailand. Opening in January 2009, the development includes twelve family houses accommodating a total of 120 children. The SOS Kindergarten with three classrooms for up to 75 children, serving the local community as well as Children's Village residents, forms an important part of the project.

Personal protective equipment

- Is everyone on the site wearing safety helmets?
- Is everyone wearing hi-visibility clothing correctly?
- Is everyone wearing safety footwear?
- Are eye protection and gloves being worn?



Materials

- Do materials look as if there are stacked properly?
- Are materials easy to get to?



Site offices

- Are the offices clear of site materials?
- Are they clean and well organized so that the site team can work effectively?
- If we provide canteen / changing / washing / toilet / facilities for the operatives, are they clean and in good order?
- Is there easy access to the site offices?
- Is there site safety performance information visible in the canteens / changing rooms?



Public interface

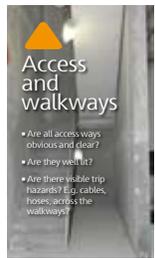
- If there is a fence or hoarding around the site, does it look in good condition, stable and safe?
- Is the public road outside the site clear of mud?
- Is there clear traffic management in place?



Excavations

- Are excavations protected by covers or fenced off?
- Is there safe access into excavations, e.g. ladders?
- Are materials stored away from the edge of the excavation?

For more tips, ask your local safety expert or contact us at safety@skanska.com



Access and walkways

- Are all access ways obvious and clear?
- Are they well lit?
- Are there visible trip hazards? E.g. cables, hoses, or the walkways?

Environmental Agenda

Strong management systems

Internationally recognized environmental management systems are used throughout Skanska to ensure consistency of reporting and transparency of results. The Company's environmental management system operates to the ISO14001 standard. All non-conformity incidents are reported and recorded. Accurate statistics, particularly relating to local impact, enable Skanska to regularly review and improve performance throughout its business units. Reporting major non-conformities is one of the KPIs within Skanska's annual reporting strategy, the results of which are provided here.

Although homes, offices and infrastructure projects are all designed and built to improve the lifestyle of communities, local disruption often occurs during construction. Skanska aims to reduce local impacts to a minimum, during the execution of a project as well as after completion. Working to ISO14001 helps to minimize any temporary adverse impact, as well as enabling Skanska to monitor and measure performance against a known benchmark.

Customer focus

Skanska is recognized as a leading player in all aspects of sustainable construction. Undertaking its activities within recognized standards, such as ISO14001, forms part of the Company's license to operate. However, there is much more that can be achieved in the delivery of true sustainability. During 2008, a major new initiative gathered momentum throughout Skanska. Green Construction is focused on offering our customers economically attractive products and services that provide a range of environmental benefits. One result is the Green Toolbox. It includes a wide range of innovative and imaginative environmental technologies and techniques being applied in projects across Skanska.

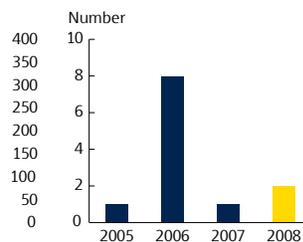
The green influence on the Company's business cannot be underestimated. From 2009, all new commercial development projects undertaken in the Nordic countries will be certified to the U.S. Leadership in Energy and Environment Design (LEED) standard. In Finland, the first building in the country to be both LEED precertified and EU GreenBuilding classified has now been completed in Helsinki while in Central Europe EU GreenBuilding status was awarded to the commercial projects Nordica Ostrava in the Czech Republic and the Nepliget Center in Budapest, Hungary. In order to cope with growing demand, more than 400 Skanska employees have been trained in eco-design techniques aligned to recognized international certification processes such as LEED and the U.K. BREEAM system.

Energy and climate

An estimated 40 percent of global man-made carbon dioxide emissions can be attributed to the construction sector, its supply chain and the built environment that the industry ultimately creates. No wonder then, that it is in the area of energy and climate that Skanska is focusing much of its attention. Using the globally accepted Greenhouse Gas (GHG) Protocol as a starting point, a comprehensive, and robust, carbon footprint methodology has been developed with the encouragement of the Carbon Disclosure Project (CDP). Skanska views this work as so important that competitor companies are

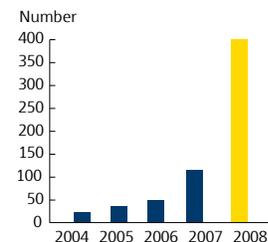
ISO14001 Major Non Conformance Citations

The frequency of MNCs in 2005–2008



Of the thirteen Business Units in Skanska, eight have received no MNC citations since January 2005 and two have had none since 1999 and 1995 respectively. Seven of the eight MNCs in 2006 relate to two BUs that were undergoing business restructuring at the time.

Eco design professionals



Since 2007 number of trained or accredited professionals has almost tripled.

being asked to become involved, with a view to producing a tool that can be used to accurately quantify the carbon content of all construction projects worldwide.

2008 Carbon footprint

This year, for the first time, the company can report that in 2008 its Scope 1 Absolute Carbon Dioxide emissions were 356,000 metric tons and Scope 2 Absolute Carbon Dioxide emissions were 88,000. To put this into perspective, Skanska's global total direct carbon dioxide emissions for 2008 are equivalent to that of just one medium-sized cement plant. In addition, Skanska can report that its Intensity Factor was 3.3 metric tons of carbon dioxide per SEK 1 M of revenue.

It is widely acknowledged that the construction industry can make a big contribution to reducing energy consumption, particularly through the design and building of low or zero carbon homes, offices and public buildings. However, there is a general lack of consistency in the measurement and reporting of carbon consumption. Currently, less than half the companies reporting within the CDP use the GHG Protocol (originally developed by the World Resources Institute and the World Business Council for Sustainable Development (WBCSD)). There is significant opportunity for unintentional misrepresentation of emissions, particularly in Scope 3 reporting from the supply chain. Skanska aims to ensure that its carbon footprint methodology will be the most accurate and transparent in the construction sector.

Policy work

Skanska expects to lead in terms of both debate and action on carbon. The company continues to work closely with the EU Corporate Leaders Group on Climate Change to promote a proactive agenda in Europe, having contributed to important policy documents such as its Poznan Communiqué. The company is the only construction business and sole Scandinavian representative in this influential and important group. Continuing support is also provided for international studies, such as the UN Environment Program's Sustainable Building & Construction Initiative and the Energy Efficiency in Buildings Initiative of the WBCSD.

What a supplier says:

"As part of its Sustainability Agenda, Skanska shares its ideas and ambitions with certain companies in its supply chain. This open approach helps companies like Paroc to understand where one of its most important customers is going in terms of Sustainability and allows us time to find ways to align our R&D strategies for mutual long-term success."

Jan Gustafsson, Executive Vice President, Building Insulation Division, Paroc OyAB, the largest producer of rock wool insulation in the Nordic countries and a major supplier to Skanska.

What a hazardous substances expert says:

"Skanska has taken a leadership role by publicly advocating for increased transparency and disclosure of the chemicals contained in construction materials. Skanska is, in its collaboration with ChemSec and the ChemSec Business Group, actively pushing the chemicals policy agenda. Skanska continues to highlight the challenges faced by downstream users of chemicals and their need to get adequate safety information about the products they use. ChemSec is pleased that Skanska is continuously updating its own voluntary chemical restrictions lists. This is an important precautionary measure towards limiting hazardous substance use in its projects."

Nardono Nimpuno, Senior Policy Advisor, International Chemical Secretariat (ChemSec), a non-profit organization working towards a toxic-free environment.

What a carbon reporting expert says:

"CDP welcomes Skanska's desire for greater standardization in GHG accounting in its sector and the development of robust Key Performance Indicators. We support Skanska's efforts in driving this forward. This initiative is an important step along the road of continuously improving the information available to investors and purchasers who wish to factor climate change into their decision making. We look forward to collaborating with Skanska on this issue."

Paul Dickenson, Chief Executive Officer, Carbon Disclosure Project, an independent non-profit organization which holds the largest database of corporate climate change information in the world.

Green solutions

The economic viability of passive housing – dwellings that consume significantly less energy for heating than conventional buildings – has been proven in several projects undertaken by Skanska, particularly in Sweden where new and renovated homes have benefited from this expertise. In the U.K., the imaginative development of One Kingdom Street, London, saw a pioneering study, conducted in collaboration with a carbon consultancy, to calculate the embodied carbon footprint of the building to the point of handover to the customer. Construction materials accounted for 85 percent of the total. The project also saw the inclusion of a pioneering geothermal heating system, built into the structural concrete piles of the building. Energy Piles™ are one example of the Green Solutions being applied as part of the company's Green Construction program. Another is the use of heat exchangers, including Europe's largest lake-based device, installed close to the Kings Mill Private Finance hospital, used to heat and cool areas including operating rooms. This focus on renewable energy will be central to Skanska's ability to provide buildings to society that mitigate and adapt to climate change.

Accurate measurement of energy consumption and embedded carbon dioxide is difficult to achieve; but must be done if carbon reduction initiatives are to have any real meaning. Several of the KPIs introduced throughout the organization during 2008 provide the measures required for mitigation and adaptation to climate change. These KPIs will be reported, and compared, annually. The impact of construction projects on energy and climate is also being reduced by the development of several renewable energy projects. In Knezice, Czech Republic, Skanska recently completed the construction of a biogas power plant. Situated 70 km (44 mi.) east of Prague, the plant produces renewable energy from biodegradable waste and has solved municipal waste management problems, promoted local energy self-sufficiency, reduced greenhouse gas emissions and provided residents with cheaper energy. In Chile, 23 windmills will soon be producing power as part of a joint venture between Skanska and Norwegian company SN Power. The challenge in this instance is, somewhat surprisingly, the wind: the location is known for strong gusts.

Materials selection and use

In order for society to function sustainably, the correct selection and use of materials is important. Sometimes it is necessary to invest more at the outset, in order to benefit from cost savings during the occupancy of a building. A good example is the Eko-Viikki ecological suburb of Helsinki, Finland. Its construction pioneered the voluntary Finnish M1 standards for low emissions and all indoor materials and substances exceeded the standards, which demand a total Volatile Organic Compound value of less than 200 µg/m³/hr. The average building was approximately 5 percent more expensive to construct than a conventional residential building in Finland, due to efficiency features and the use of more sustainable materials. However, Skanska's Eko-Viikki buildings consume up to a third less energy and water than a typical new residential building in Finland, and residents consequently pay lower utility bills.

The concept behind eco-efficiency is simple: producing more, while using less raw materials and energy. Any improvements in the use of materials will undoubtedly have a significant impact on sustainability. It is estimated that the construction sector and its supply chain are responsible for up to 50 percent of all waste to landfill and half of the world's mineral resource extraction. A recent sector study in the U.K. found that materials worth up to 2 percent of revenue are misused in this way.

Ecosystems

Skanska's supply chain has an important role to play, across the entire sustainability agenda. The responsible selection and use of materials stems from an understanding that only those originating from sustainable sources should be used. Verification of origin and chain of custody have been important parts of the Company's procurement policy for several years. This philosophy is communicated to suppliers and subcontractors, through the social and environmental checks that are built in to Skanska's centralized purchasing system.

The protection of existing ecosystems, as well as enhancement of biodiversity, are always considered before and during any construction or infrastructure development project.



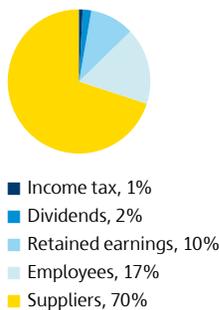
Skanska continues to lead on Climate by supporting the influential Poznan Communiqué.



Proof of performance

The Empire State Building in New York is an icon for early 20th century enterprise. In November 2008, Skanska took occupancy of the entire 32nd floor. As part of the refurbishment, best in class sustainable building practices were employed, resulting in the project being awarded the LEED-CI Platinum standard. To receive such an endorsement – considered an achievement even in new construction – for work completed on a building that is nearly 80 years old is proof of Skanska's commitment and ability.

Value-added to society



Economic Agenda

Project selection

Prior to submitting a quotation or tender, all projects are screened to assess their environmental, social and economic suitability as part of the Skanska Risk Management System. Proprietary assessment tools have been developed, including the Skanska Tender Approval Process (STAP) and Skanska's Operational Risk Assessment (ORA). Throughout the organization, standards are constantly being raised to ensure that sustainable building practices are promoted. One example is the Environment Policy's commitment to eliminate waste to landfill, with a target of less than 10 percent to landfill by the end of the current business plan in 2010 as the first milestone.

Supply chain

Skanska has about 58,000 employees and as many as 250,000 subcontractors. The Company manages 100,000 suppliers and delivers some 12,000 projects in a year. With numbers this large, maintaining and developing sustainability is challenging but can also provide big rewards. Suppliers play a key part in all aspects of delivering Skanska's Sustainability Agenda. Given the correct training, education and encouragement, they enable the business to deliver real improvements in materials selection and use, recycling and waste minimization. During 2008, Skanska continued to develop its coordinated purchasing and product selection. Currently, around 10 percent of the total expenditure on supplies is managed in this way, with the amount continuing to rise to as much as 50 percent by the end of 2010. Not only will this improve purchasing power, it will also provide much higher visibility and control of sustainability risks, such as unacceptable impacts on ecosystems, flora and fauna from illegal logging and inappropriate quarrying of stone. During 2008, purchasing staff members were trained and sustainability criteria were built into purchasing systems to assist in the correct selection of suppliers and materials. Products as varied as plastic pipes, elevators, bitumen and hand-held power tools have been assessed in this way.

Adding value to society

A large proportion of the Company's revenue finds its way into society via the supply chain, with suppliers representing 70 percent of annual expenditure for Skanska. The impact, positive or negative, of the Company's operations is therefore felt primarily through the supply chain. The most effective way to enable social improvements such as workers' rights, increased diversity and zero tolerance to bribery or child labor, is via suppliers.

As well as providing a platform for economic and social change, Skanska's operations result in the payment of direct and indirect taxes. In 2008, 87 percent of revenue was paid either to employees as salaries or to subcontractors and suppliers for the fulfillment of contracts. A significant proportion of this will have benefited society via further taxation at local and national level. Through careful application of policies and practices that have been developed to ensure sustainability, Skanska is able to share the benefits of its business success with a wider society – environmentally, socially and economically.

For more information:
www.skanska.com/en/About-Skanska/Sustainability/