

SKANSKA

Sustainability Review 2013



Bridges over the Anacostia River,
Washington D.C., U.S.

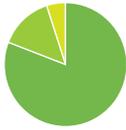
Skanska's home markets



Nordic countries

43% of revenue

Employees: Around 17,000
 Revenue: SEK 61.9 bn
 Revenue:
 Earnings:
 Order backlog:



Revenue

- Construction, 81%
- Residential Development, 14%
- Commercial Property Development, 5%
- Infrastructure Development, 0%

Home markets	Construction	Residential Development	Commercial Property Development	Infrastructure Development
Sweden	●	●	●	●
Norway	●	●	●	●
Finland	●	●	●	●
Denmark			●	

Other European countries

19% of revenue

Employees: Around 16,000
 Revenue: SEK 27.3 bn
 Revenue:
 Earnings:
 Order backlog:



Revenue

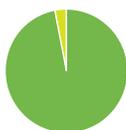
- Construction, 93%
- Residential Development, 3%
- Commercial Property Development, 4%
- Infrastructure Development, 0%

Home markets	Construction	Residential Development	Commercial Property Development	Infrastructure Development
Poland	●	●	●	●
Czech Republic	●	●	●	●
Slovakia	●			●
Hungary			●	
Romania			●	
United Kingdom	●			●

The Americas

38% of revenue

Employees: Around 24,000
 Revenue: SEK 53.8 bn
 Revenue:
 Earnings:
 Order backlog:



Revenue

- Construction, 97%
- Residential Development, 0%
- Commercial Property Development, 3%
- Infrastructure Development, 0%

Home markets	Construction	Residential Development	Commercial Property Development	Infrastructure Development
United States	●		●	●
Latin America	●			

Skanska's strengths



Positions

- Leader in home markets
- Diverse operations covering various geographical markets and sectors
- In-depth knowledge of the local market
- A strong brand



Employees

- Shared values
- Retaining and developing employees
- Standardized processes and work methods
- Project development and execution skills
- Risk management focus



Financials

- Financial synergies
- Attractive business model
- Solid balance sheet
- Solid cash flow



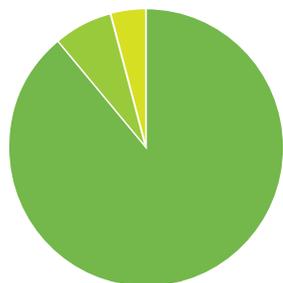
Entré Lindhagen is the jewel of Lindhagensgatan in Stockholm. Skanska's new head office and Nordea's offices are Activity Based Workplaces, designed for efficient and flexible working. Sweden's most energy-efficient office – energy use is 50 percent lower than the national standard – is aiming for the environmental certification, LEED Platinum. With 55,000 sqm and neighboring 170 homes, the investment of SEK 2.5 billion is one of Skanska's largest project investments ever.

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, and with a focus on green construction, ethics, occupational health and safety, Skanska offers competitive solutions – not least for the most complex assignments.

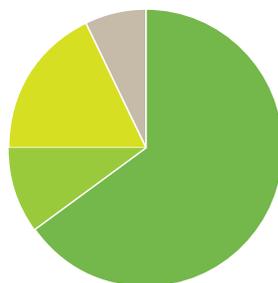
The interaction of its construction and project development operations in the various markets generates added value for Skanska's shareholders.

2013 Revenue



- Construction, **89%**
- Residential Development, **7%**
- Commercial Property Development, **4%**
- Infrastructure Development, **0%**

Operating income



- Construction, **65%**
- Residential Development, **10%**
- Commercial Property Development, **18%**
- Infrastructure Development, **7%**

Key ratios

	SEK M	EUR M	USD M
Revenue	136,345	15,759 ³	20,928 ³
Operating income	5,139	594 ³	789 ³
Income after financial items	4,904	567 ³	753 ³
Earnings per share, SEK/EUR/USD ¹	8.43	0.97 ³	1.29 ³
Return on equity, %	17.4	17.4	17.4
Order bookings ²	119,968	13,866 ³	18,414 ³
Order backlog ²	139,602	15,691 ⁴	21,595 ⁴
Employees, number	57,105	57,105	57,105

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

² Refers to Construction operations

³ Average 2013 exchange rates: EUR = 8.65, USD = 6.52

⁴ Exchange rates on 2013 balance sheet day: EUR 1 = SEK 8.90, USD 1 = SEK 6.47

Comments by the President and CEO

Profitability and margins improved in 2013 for both the Group as a whole and in our construction operations. Our commercial property development continued to create value and further improved our results. In residential development, we had stronger results and paved the way for increased profitability.



Profitability and margins improved in 2013 for both the Group as a whole and our construction operations. Our commercial property development continued to create value achieving an all-time high with leasing totaling 330,000 square meters.

The global economy remained weak in 2013, which left an imprint on most of our home markets. Despite this, we strengthened our position in a number of our home markets, with favorable order bookings for construction operations in Sweden, Norway, Poland and the UK, and in building construction in the U.S. We also took advantage of our strong financial position to grow our project development operations further.

Many people had been looking forward to an upturn in the economy in 2013, with business picking up. That did not quite happen, but nonetheless, we can see the early signs of a turnaround which will offer us great opportunities going forward.

The energy boom in the U.S., with its lower energy prices, also provides hope of increased growth. Some manufacturing industries are already moving back from low-cost countries and energy-intensive industries are increasing their investments.

At the same time, the global trends of urbanization and population growth are creating demand for energy, water, housing, workplaces, healthcare and educational premises and improvements in infrastructure.

In construction, we have restructured our Norwegian and Finnish operations with a positive result. The markets in the Czech Republic and Slovakia have weakened noticeably, resulting in writedowns of our assets there. The residential operations in the Nordic countries are steadily improving as a result of our efficiency measures.

After this brief review of 2013, let us look back at the recession we have gone through in recent years – the deepest since the 1930s. The fact that Skanska has not only made it through the downturn, but also come out stronger, is proof that our business model works well even when the market conditions are far from ideal. This makes us a reliable partner for our clients and suppliers, and not least, a good employer for our workforce. In addition, we have delivered results and dividends at a consistently high level throughout this period for our shareholders.

During these years we have also been able to expand our project development businesses. We took a major step into the U.S. Public Private Partnerships (PPP) market with the contract to extend and operate the Elizabeth River Tunnels. This leaves us well positioned to benefit from the great opportunities the strong long-term trend towards PPP in the U.S. will offer us.

At the same time, we have established ourselves in the market for commercial property development in the U.S. and in a number of regional markets in Poland.

We are already seeing the results: in the U.S., we signed new contracts to lease 129,000 square meters in 2013, the jewel in the crown being the lease in Boston taken by global consultancy company PwC. Sales of U.S. commercial projects during the year amounted to about SEK 1.5 billion.

In Poland, we also strengthened our presence in the market for commercial property. We have begun three new projects – including one in Kraków, where we are now established as a recognized property developer. We signed new leasing contracts for 94,000 square meters in the Nordic countries and 107,000 square meters in the rest of Europe. As a result, we achieved an all-time high with leasing totaling 330,000 square meters.

Our business model involves utilizing the positive cash flow from construction operations for investments in project development, and this in turn generates construction contracts. Capital employed in our own projects now amounts to SEK 26 billion, which in 2013 alone generated construction contracts to a value of SEK 14.8 billion.

Since the year 2001, we have actively supported the UN Global Compact, a UN body that is the world's largest sustainability initiative and where Skanska is one of several thousand companies and non-profit organizations (NGOs) who are meeting the strict requirements. Further evidence of the UN's confidence in us is our close cooperation in renovating the UN headquarters in New York. The value of the project now totals SEK 9.7 billion.

The breakthrough in the Hallandsås Tunnel shows that we deliver on our promises, whatever difficulties we may face. Both rail tunnels are now complete, which will substantially increase train capacity on Sweden's West Coast Line beginning in 2015.

Early in 2014, we moved into our new head office, Entré Lindhagen in Stockholm. This is one of our largest property investments ever and also a showcase for the state-of-the-art technology we use in our continuous efforts to make our office spaces greener. As a result, energy use in our new headquarters is 50 percent lower than that required by Swedish building regulations.



Johan Karlström, President and CEO of Skanska, speaking with Skanska colleagues at the university hospital project Nya Karolinska Solna.

We are seeing great interest from potential clients in both our green solutions and our Activity-Based Workplace approach, in which we achieve a reduction in office area by utilizing the premises more efficiently. I am also convinced that this inspiring office environment is promoting greater cooperation and creativity.

Step by step, we are moving closer to our vision of zero worksite accidents. For the seventh consecutive year, we have reduced the number of worksite injuries, but we cannot afford to rest on our laurels. I encourage all of our employees to take responsibility for their own safety and that of their coworkers and to make sure that we always meet our strict safety requirements.

We have also set ambitious goals in the area of diversity and inclusion. By 2020, we want to be recognized as a leader in our home markets in terms of diversity – in other words, we want to reflect the diversity of the community and have an open and inclusive culture enabling everyone to thrive and contribute to their full potential.

Committed and knowledgeable employees are the key to our success in a business where more or less every project is unique. To point out that everyone has a part to play, we have a saying: “It starts with me.” We all have a personal responsibility to develop the business and to develop ourselves.

But we cannot do it alone. Or to put it more accurately, we can do so much more for the community if everyone pulls together.

Social responsibility is becoming an increasingly important factor in winning new business. Our many years of work on worksite safety, business ethics and environmental sustainability are attracting more and more attention. In recent years, there has been increasing evidence that our clients are choosing us not simply on the basis of price or technical expertise.

In Sweden, for example, we offer unemployed people training, education and work experience to enable them to gain employment and a career in connection with the regeneration of a residential area developed during the 1960’s and 1970’s. Areas like this are often characterized by unemployment and segregation.

The regeneration of these residential areas is a significant market estimated at about SEK 650 billion. And since this is often taxpayers’ money, I think everyone would agree with me when I say that the community needs to get the greatest possible benefit from these investments.

Contributing to society is something that we at Skanska want to do. Being profitable is just not enough. Companies within our industry and of our size need to take responsibility. Our clients, subcontractors and employees expect it of us.

This is why I think our clients should demand much more of us than is usual in construction contracts. The cities of Örebro and Östersund are now doing so and Gothenburg and Malmö both require social responsibility to be a part of their procurement of services.

We have similar examples from other countries. In the UK, we train offenders coming towards the end of their sentences for work and employment on a number of energy projects in London. The Offender program is highly successful, with the relapse frequency falling from 70 percent to 7 percent among those who have been given this opportunity. And in the U.S., we involve various minority groups in our projects, which is also a requirement of most public contracting authorities.

I am very proud that we are able to contribute in this way through initiatives that go beyond regular construction contracts, and I know that our employees feel the same. I hope that these good examples will also inspire other clients and decision-makers to take similar initiatives.

Put great demands on us and we will show you that we are capable of adding value to our communities on many levels.

Stockholm, February 2014

Johan Karlström
President and CEO

Mission, goals and strategy

Mission

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

Vision

Skanska's vision is to be a leader in its home markets and to be the customer's first choice in construction and project development.

Overall goals

Skanska will generate customer and shareholder value.

Skanska will be a leader, in terms of size and profitability, within its segments in the home markets of its construction business units.

Skanska will be a leading project developer in local markets and in selected product areas.

Global market trends

The world is currently experiencing the highest growth in urbanization in history; now more than half of all the people in the world live in cities. At the same time, people are living longer lives and demanding a higher standard of living, leading to growing energy needs in the society. These global trends are increasing the need for new and more sustainable solutions for the future.

- Infrastructure
 - Roads
 - Power and energy
 - Water and waste management
- Healthcare
- Housing
- Education





The bar is constantly being raised for new and more sustainable solutions in the growing cities of the world.

Profitable growth 2011–2015

All four business streams will grow in terms of **profit**.

Activities in project development operations will increase.

Operating margins in Construction will average 3.5–4.0 percent over a business cycle and thus be among the best in the industry.

The combined return on **capital employed** in Skanska's three project development operations will total 10–15 percent annually.

Return on equity will total 18–20 percent annually.

Net operating financial assets/liabilities will be positive.

The company will be an industry leader in terms of occupational health and safety, risk management, employee development, green construction and ethics.

Strategy

To focus on the core business in construction and project development in selected home markets.

To focus on recruiting, developing and retaining talented 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.

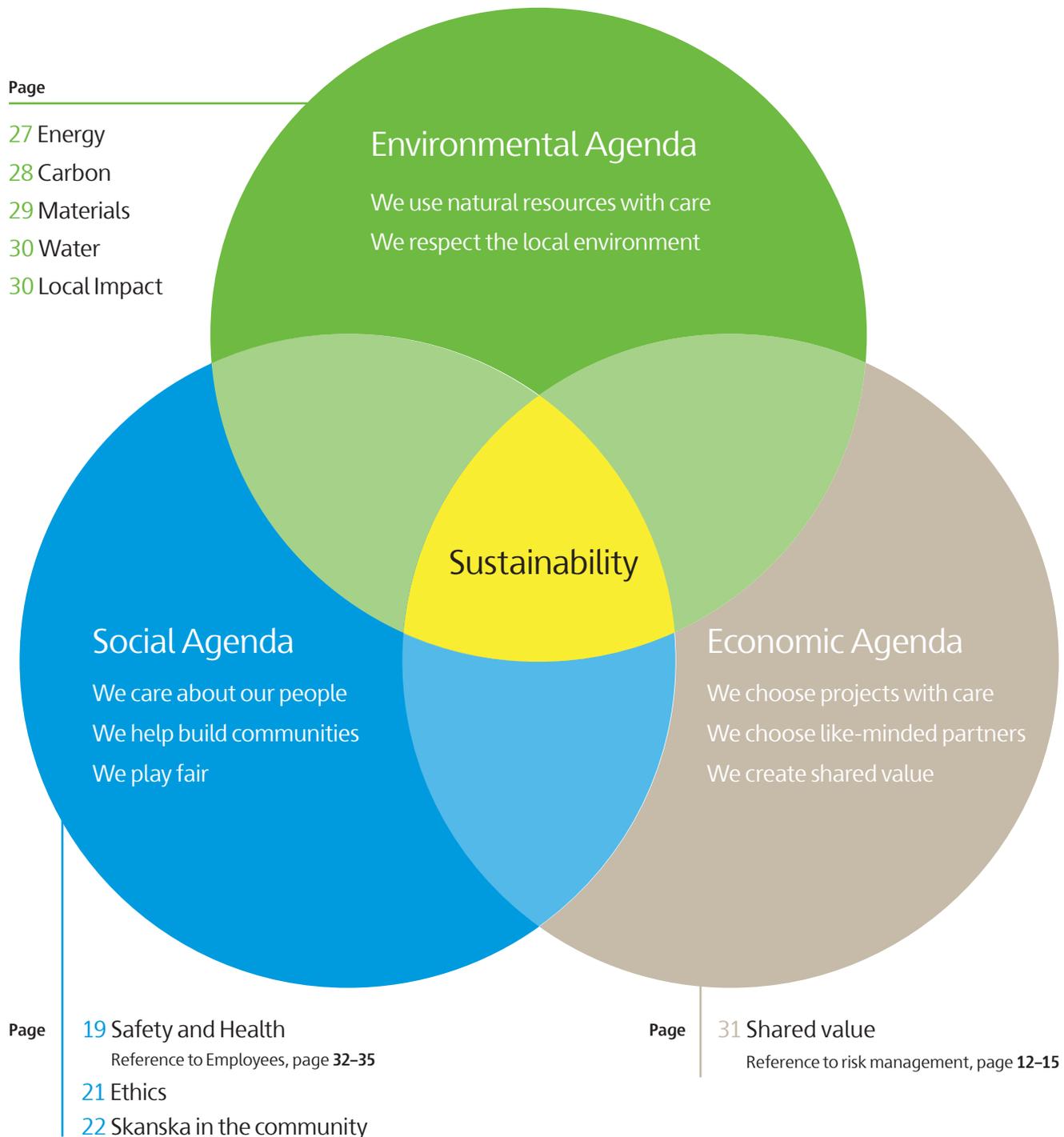
To take advantage of financial synergies within the Group by investing the cash flow from construction operations in project development.

To utilize potential efficiency gains found in greater industrialization of the construction process and coordination of procurement.



The Skanska Sustainability Agenda

Sustainable development is that which meets the needs of the present without compromising the ability of future generations to meet their own needs. It requires companies to find ways to reward their shareholders but not at the expense of other stakeholders. In short, it is about maximizing positive impacts on humans, the planet and the economy, and minimizing negative ones.





The social role for companies is increasingly important. At Skanska, our management and our employees are proud of being a positive force in society. We know we can make a difference.

Noel Morrin, SVP Sustainability & Green Support

Sustainability is integral to everything Skanska does, and as a business it is striving to reach a point where considerations of economic, environmental and social impacts underpin all its operations and customer offerings. To this end, Skanska's business plan, Profitable Growth 2011–2015, formalizes its ambitions to be an industry leader in sustainability, particularly in green building, safety, ethics, people development and risk management.

This section is organized around Skanska's Sustainability Agenda, highlighting progress in 2013 across its social, environmental and economic pillars. Each pillar poses particular external challenges and opportunities, and this text describes how Skanska is responding to these, providing evidence of progress, leadership and best practice.

Every year, Skanska delivers around 10,000 contracts for customers in its home markets around the world. Consequently, global statements and consolidated statistics do not tend to reflect the wide variety of work and activities that Skanska undertakes and the many positive impacts it creates. This makes communicating Skanska's overall sustainability performance a challenging process.

Given the increasing expectations placed on corporate reporting by stakeholders – and recognizing the continuing development of international and voluntary reporting frameworks – Skanska this year decided to adopt an external reporting platform that will provide it with access to global best practice in this field. This will, from 2014, allow it to improve the gathering and management of sustainability data from all its global operations, and will provide stakeholders with a more robust picture of its sustainability performance than ever before in the materially-significant topics of safety, energy, carbon and community.



This is our Communication on Progress in implementing the principles of the United Nations Global Compact. We welcome feedback on its contents.

Global leadership

Skanska has been a supporter of the UN Global Compact (UNGC) for over a decade, and its Communication on Progress is uploaded annually to the UNGC website as a public statement of its commitment. In 2013, Skanska embarked on a project with UNGC and the Royal Institute of Chartered Surveyors (RICS) to explore how the global construction, development and real estate sectors can best implement the Ten Principles.

Social Agenda



Skanska's health strategy focuses on areas including diet, exercise and stress. The picture shows Stretch & Flex warm-up exercises in Malmö, Sweden.

Environmental Agenda



The Bertschi School Science extension in Seattle, USA, is the world's fourth fully-certified Living Building.

Economic Agenda



Up to 1,500 people are working on the construction of New Karolinska Solna in Stockholm, Sweden.

Aiming for Deep Green

Construction and project development affect public finances as well as people and the environment, and Skanska is shouldering greater responsibility by developing more and more sustainable solutions. All of Skanska's commercial property development projects and most of its public private partnerships (PPPs) are green. In the construction business the demand for green is increasing in all home markets. In Sweden green projects account for more than one third of total revenues and within UK for around two thirds.



Staffan Haglind,
Green Business
Officer

The built environment is responsible for a large portion of greenhouse gas emissions and the UN Intergovernmental Panel on Climate Change (IPCC) clearly establishes the human impact.

"We already have the technology and expertise to develop long-term green solutions and to guide our clients to make wise choices," says Staffan Haglind, Skanska's Green Business Officer.

Skanska Color Palette™ is a tool to visualize a project's greenness. The aim is to move towards Deep Green or future-proof projects, in other words a zero or only marginal negative impact on the environment. The new head office of sporting goods company Brooks in Seattle called Stone34, which was built and developed by Skanska, is an example of a project with very green credentials.

"Greener offices provide excellent commercial opportunities. By following the requirements in the Seattle Deep Green Pilot Program, the building permit was expanded to include an additional floor."

"And we are seeing rapidly growing interest in being green. During the recession in the United States in 2007–2011 the total building construction market declined, while the corresponding market for green

buildings tripled in size. Globally, the green market doubles in size every three years."

Green construction is a precondition for growing or retaining market share.

What will Skanska's next step be?

"Research shows that people function better in green buildings. This is evident in the lower levels of sick leave and higher productivity in offices or faster learning in schools. Apart from the fact that most people think it's 'the right thing to do,' this type of social responsibility also generates substantial value for owners and users. That's why we'll be focusing even more on this in the future."



Global leadership

Skanska is an active member of Green Building Councils (GBC) in Europe and the U.S. 2013 saw the launch of the World Green Building Council's "The Business Case for Green Building" report, of which Skanska is a principle sponsor. It is a first significant attempt to collate all credible evidence about the business case for green buildings into one definitive resource that lays out a number of distinct sets of evidence – green buildings offer good financial benefits based on both positive human impacts and cost-efficient operation.

Stone34 illustrated by the Skanska Color Palette™



Skanska's Color Palette™ is a proprietary tool for measuring and communicating our Journey to Deep Green™. Deep Green projects have near-zero impact on the environment – far beyond compliance with existing codes, standards and voluntary certification schemes:

- Net Zero primary energy for Buildings or 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 or zero potable water for construction



Stone34 – developed by Skanska for Brooks Sports – is the first commercial property project and only the second building in all to participate in the City of Seattle's "Living Building Pilot Program."

Safety

Target –
Zero
accidents

The safety of those that work for Skanska is of paramount concern, as demonstrated through its safety values of caring for its people, increasing competence and developing a culture of learning and continuous improvement. It is these values that drive Skanska’s Safety strategy to deliver improving safety performance year on year.

Personal safety pledges

Activities within Safety

In Skanska Safety Week 2013 employees were invited to share a personal safety pledge with colleagues. This was followed up at a global management meeting where the Senior Executive Team shared their collective and personal safety pledges and all attendees made their safety pledge as part of their next personal safety step.

/// The Senior Executive Team members commit to not walk by any unsafe situation on site without intervening.

“Learn and Lead in Safety” workshops

During Skanska Safety Week 2013, over 5,000 employees and contractors took part in a series of safety workshops held in Poland, Czech Republic and Slovakia. The theme of “Learn and Lead in Safety – take the next step” focused on how individuals have a part to play in the safety of Skanska workplaces. Over 200 one-hour workshops were held, all led by local senior managers, with the participation of the business unit executive teams and Skanska’s Senior Executive Team members.

Safety Peer Reviews

Skanska began a program of Safety Peer Reviews in 2013, initially in Norway, Finland and Poland. Three review teams consisting of senior line managers and a safety specialist visited a number of jobsites in the host business unit as part of the two-way learning experience. They provided feedback to the host teams and took away good practice ideas to share with their own business unit.

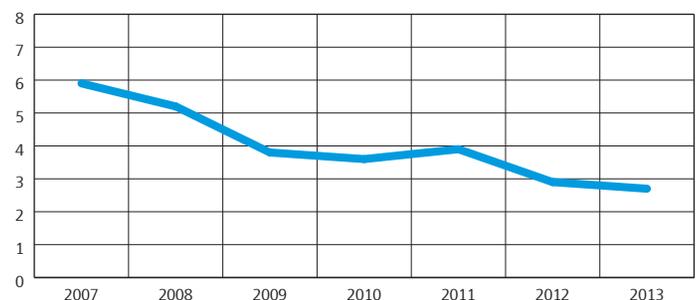
By 2015 Skanska is committed to be the leader in construction safety in all its home markets. The Skanska Safety Road Map (SRM), introduced in 2011, provides a means for every part of the business to plot its route towards this aim. It provides guidance and support for all business units on their journey by focusing on five key safety topics: culture, competency, communications, contractors and controls. Since its launch in 2011 all Skanska business units have used the Map to assess their status and to act in a systematic way. We will continue to use the SRM, both for driving change and as a basis for sharing good practice and knowledge

The Global Safety Leadership Team (GSLT), including members of Skanska’s Senior Executive Team, oversees progress on strategic safety issues. Local safety leadership teams monitor the progress of business units and advise the Business Unit President and executive team. The Safety Performance Network comprised of heads of safety from each business unit offers advice to the GSLT and investigates items of concern. For example the GSLT identified that increased focus was required across the business at the fixed facility sites which include quarries, concrete and asphalt and manufacturing facilities and that working safely around vehicles and construction plant remains a key safety hazard. Both of these topics are being addressed through the Global Safety Performance Network and business unit input.

Safety leadership is a key element of building the safety culture that Skanska desires. As part of this, the Skanska Injury Free Environment program continues in Skanska USA and Skanska UK.

Lost Time Accident Rate (LTAR) 2007–2013

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



Global Compact Network
Nordic Countries

Global leadership

Skanska is an active member of the UN Global Compact Nordic Network. At a conference in October 2013, during a session on Workplace Safety, Skanska shared experiences of its journey to Zero Accidents with an audience of Nordic company representatives. The meeting was also told how Skanska had developed and was using its Safety Road Map.

Health

IFE is based on a belief that safety is a value and is not compromised by cost or schedule and that any frequency of accident is unacceptable. Actively communicating and sharing good practice is necessary to improve performance. Skanska does this in a variety of ways, including webinars, videos, expert seminars and newsletters. Combining safety webinars with other topics for example Building Information Modeling (BIM) has proven to be successful and popular, attracting attendees from both inside and outside Skanska.

Skanska supports its supply chain for example in the UK with the Supply Chain Sustainability School requirements, working with its competitors as part of industry bodies to promote change and talk with clients about better safety can deliver better results for everyone.

Safety Performance 2013

Skanska's ultimate goal, is to achieve zero fatalities and zero lost time accidents at its workplaces. The company has set a milestone to achieve zero fatalities and a maximum of one day lost time accident rate of less than one accident per million hours worked by 2015.

In 2013 the lost time accident rate reduced from 2.9 to 2.7, a marginal improvement that continues the long-term trend of the past seven years with a 55 percent reduction since 2007.

The three work-related fatalities at Skanska jobsites in 2013, one in operations in the U.S., one in Slovakia and one in Poland, were a reminder that reducing the accident rate is not enough and there is still significant improvement to be made. Whilst the safety performance progresses, Skanska is not satisfied with its performance and further advancement is needed.

First Aid training at the Green Day worksite in Poland



Within the construction industry more than twenty times more workers die from the long-term effects of work-related ill health than die from accidents. Skanska takes occupational health seriously and has a strategy of addressing both the Fit for Work and Fit for Life issues.

Activities within Health

Active Health Intervention

Skanska Norway has introduced a program for reducing musculoskeletal disorders in the workforce. In-house physiotherapists and nurses monitor individuals, help identify health hazards and evaluate production tools. This knowledge has led to early intervention with suppliers to evaluate and reduce the health impacts of new tools.

Substitution of Hazardous materials

At the New Karolinska hospital in Solna, an alternate chemical anchoring system for fastening of concrete walls was introduced requiring fewer health checks, no extra protective clothing and the waste could pass through the standard waste management system. The system works well and the case study is now shared at the EU chemical substitution database at www.subsport.eu

The Skanska Health Group which combines specialists in safety and health from across Skanska shares good practice in all health issues. One focus for the Health Group is the way in which health hazards are identified and addressed during the design and pre-construction phases and how through better training, education and communication any residual health risks can be mitigated at the jobsite e.g. by substituting one method of working or material for another.

Increasingly the formulation of tools and processes provides a common framework for Skanska business units to manage health issues and the development of the Health Heat Map is such a tool. It allows each business to assess the work-related health hazards and what measures it is taking to mitigate the effects. Skanska UK has built on this tool to design a full health matrix replicating the Skanska Safety Road Map format and making it an integral part of periodic reviews.

The Fit for Life element of the strategy focuses on lifestyle issues with diet, exercise and identification of work related stress high on the agenda. Fit for Work focuses on operational risks in construction such as dust, vibration and musculoskeletal disorders.

Ethics

Target –
Zero
ethical
breaches

Skanska believes its ethical values are the basis on which it can develop better solutions, projects and customer outcomes, and therefore provide a competitive edge. Unethical business conduct has serious consequences – among many things, it hinders fair market structures and distorts competition. This can adversely impact both Skanska and the communities in which it has operations.

- Code of Conduct Hotline** | **Activities within Ethics**
The Group Ethics Committee manages the anonymous last resort reporting tool Skanska Code of Conduct Hotline, launched in 2010, and to which around 80 reports were made in 2013. All reports that are received via the Hotline are evaluated and investigated to determine what action might need to be taken based on their nature and scope.
- Ethics Scorecard** | In 2013, the first version of Skanska's Ethics Scorecard was introduced. The Ethics Scorecard uses evidence from brand surveys, employee feedback, ethical investigations and training activities to help Skanska's management develop the right activities to build and maintain a strong culture of ethics.
- Managing a corrupt market** | IMD Business School has developed a business case that deals with how we managed the ethical challenges in the Czech market. The case is used in training of managers to show the complexity and consequences of leadership decisions. It contributes to share the experience from the Czech market and at the same time to increase each managers value-based leadership choices.

With around 57,000 employees, and around 100,000 suppliers and 250,000 subcontractors, Skanska's construction and development businesses have a large impact on individuals and society in general. This represents an opportunity to take the lead in business ethics as well as a responsibility to make the right decision,

every day, by every one of our employees. Therefore it is important that all employees understand and live by the ethical values expressed in the Skanska Code of Conduct.

To remain a trusted and successful company, Skanska is determined to become recognized as a role model in ethics by 2015 and includes a goal of zero ethical breaches as one of its "Five Zeros."

Regular training is undertaken to embed this commitment in Skanska's operations. All employees receive Code of Conduct training every two years, with new employees trained within three months of recruitment. Each home market has its own Ethics Committee that is responsible for identifying and reviewing issues and disseminating best practice.

The Skanska Leadership Profile includes an "Ethics and Values" core competency which is used for evaluating and developing all office-based employees. Used as a selection criteria for both recruitment and internal promotions, the Ethics and Values competency helps provide employees with a clear understanding of what is expected to meet Skanska's strategic aims.

It is becoming apparent that ethics is a growing and important differentiator when Skanska's clients are selecting suppliers. For example, Skanska has signed a framework agreement with an international pharmaceutical company for all construction work on all its facilities in Sweden. The client was focused on finding a framework partner with high ethical standards that could reduce the risk associated with its construction activities.



Global leadership

Skanska was one of the founding members of the Partnering Against Corruption Principles for Countering Bribery initiative ("PACI principles"), the product of a Task Force of the World Economic Forum in partnership with Transparency International and the Basel Institute on Governance. The PACI Principles aim to provide a framework for good business practices and risk management strategies for countering bribery; a framework on which Skanska continues to place great importance.



Golden Rock Award

Skanska believes in recognizing and rewarding the right types of behavior. Each year it awards the Golden Rock Award for "Living our Values" to an employee who has demonstrated high ethical standards. In 2013, the award was awarded to **Stanisław Kita** of Skanska Poland. Stanisław is living the values in his daily work, developing people in diverse teams, involving subcontractors in the safety work and caring for environment and wildlife.

Skanska in the community

As well as delivering sustainable reward to shareholders, companies need to understand and engage with local stakeholders, such as communities, and find innovative ways to add value to society. Skanska actively encourages the cooperation and participation of local communities around its projects, and uses training, apprenticeships and education to leave a positive and lasting legacy.

Activities in the community

“Skanska in the Community” internal network

In 2013, the “Skanska in the Community” internal network was formed to allow representatives from each business unit and the corporate team to regularly share experiences and good practices.

Chile

Positive social impacts

In Chile, the El Totoral wind farm project created jobs for local people in a sparsely populated and low-income area. Since the employment had only temporarily increased the local incomes, it was agreed that transferable skills should be taught as a legacy of the project. In addition to training workers in construction crafts, they were also taught basic skills such as literacy, numeracy and how to drive.

United Kingdom

Working with local communities near the M25 motorway

The involvement of and communication with local communities during the planning and construction phases were of great importance for Skanska UK on the M25 highway widening project around London. Dedicated site-based community relations teams were responsible for proactive outreach to local residents and stakeholders, through letters, emails and phone calls, visits, public exhibitions, local charity events and educational engagement. The community relations team responded to more than 5,000 individual contacts from the public, and received more than 500 expressions of thanks from road users and residents.

USA

Providing disaster relief

Experience shows that it is much more important for a company such as Skanska to supply expertise and physical resources following natural disasters than to simply raise money, although this too can be important in specific circumstances. After the flooding on the eastern seaboard of the United States in October 2012 caused by hurricane Sandy, Skanska employees volunteered to assist in the clean-up of several communities in the New York area. In previous years, local-based Skanska employees have actively supported relief work in regions devastated by earthquakes such as Pisco in Peru and in New Orleans after Hurricane Katrina.

Skanska’s commitment to being a responsible member of the communities requires it to execute projects well and, where possible, make a wider contribution to society.

With around 10,000 contracts delivered each year for its customers, the effectiveness of connecting with local communities can contribute significantly to their successful completion. Building a business case for local community involvement, rather than relying just on corporate philanthropy, is the approach adopted by Skanska in its Corporate Community Involvement (CCI) policy, Skanska in the Community.

Skanska’s preferred approach to community involvement respects the significant cultural differences that exist across its home markets. It has a global policy but also recognizes that a “one size fits all” approach rarely works well. With this in mind, after significant internal and external analysis, a clear direction was identified: Skanska will focus its community engagement more on education, especially in the areas of safety, technical skills and our green agenda. Transferring expertise to local communities from kindergarten through to lifetime learning is a key aspect of the company’s long-term community strategy.

CCI is monitored and evaluated to ensure that Skanska’s resources are effectively deployed to the maximum benefit of the business and the communities that it engages with. Community activities are coordinated by local business units in the home markets and supported by a Group-wide network of CCI experts who exchange experiences and best practices.

A member of



Joining forces for the Community

Skanska UK has joined the UK charity, Business in the Community, which supports companies to build resilient communities, diverse workplaces and a more sustainable future. The organization will support Skanska in further developing its community involvement work.



Training in traffic safety

Polish children are learning about traffic safety and how to behave to avoid the risk of accidents around construction sites. 2013 was the seventh consecutive year that Skanska employees went out to teach pre-school and school children about accident prevention and safe behavior. Initially the focus was only on traffic safety, but today it also includes safety walking past construction sites. One aspect is the importance of being visible in traffic and using reflectors. All of the children are also given their own

Skanska reflectors. The training sessions are held in the vicinity of projects and are highly appreciated by both children and adults in local areas. In 2013 Skanska employees provided traffic training for more than 6,000 children throughout Poland. Close to 100 children are killed and around 4,000 are injured annually in traffic accidents in Poland. The campaign has been referred to as a best practice model.



Resident builders in Vivalla, from the left: Ahmad Nuur Osman, training as a bricklayer; Omar Gahayr Golle, training as a plumber; Niklas Törnström, taking a carpentry course and getting work experience at Vivalla; and Abdalla Hussein, training in groundwork.

Resident builders upgrade Vivalla and get job training

Vivalla, a “Million Program” housing area in Örebro, is being upgraded from both a community and an environmental perspective. Skanska and the municipal housing company ÖrebroBostäder (Öbo) have entered into a four-year partnership to upgrade the area which was built in the 1960s. The aim is to reduce energy consumption from 215 kWh today to 66 kWh per sq m and year.

Another important goal is to create long-term job opportunities for residents in the area by involving them in the reconstruction and allowing them to get a foothold in the labor market. A number of Vivalla residents will be offered a chance to get involved in the project as resident builders, “Boendebyggare.” Skanska is working with Öbo and the public employment agency to offer up to six months of supervised work experience and training aimed at creating jobs at Skanska or with subcontractors.

The program will offer 50–80 people practical experience and in 2013 around 15 were given work or supervised work experience.

Niklas Törnström is getting carpentry experience after a period of unemployment.

“It feels great to be working in construction right here where I live. My future as a carpenter starts here.”

Ahmad Nuur Osman from Somalia is training with Puts & Tegel, the company working on the façades for the project.

“This is great! My supervisor is teaching me everything about bricklaying. And my wife is really happy that I’m working,” says Osman.

Omar Gahayr Golle is getting plumbing experience with LG Contracting, another of the project’s subcontractors.

“Right now I’m learning professional Swedish so I can understand the plans. In five years’ time I may have my own plumbing firm or a permanent position at LG Contracting,” he says.

Abdalla Hussein has not worked in Sweden before but thinks it’s good to be able to learn a trade. He’s doing groundwork, driving a plate compactor and taking laser measurements.

Career guidance

Skanska USA is partnering with Mentor Foundation USA to work with school students to inspire them and increase their interest in studying and having a career in business. The initiative also aims to curb truancy and substance abuse. The partnership started in 2012 when architecture students visited Skanska's 11th Street bridges project in Washington D.C. together with Mentor's founder and chairman **HRH Queen Silvia** of Sweden. Schools to Skanska is a mentoring program created by Skanska based on

Mentor's career program called Authentic Career Experience. Schools to Skanska was designed to make the connection between knowledge gained in school and practical applications. Starting in autumn 2013 and spring 2014, the mentoring program will involve 25 students from Virginia. Divided into two groups, the students will visit Skanska's Alexandria offices once a month to conduct a project study with Skanska employees as their mentors.

Skanska in Sweden has also partnered with Mentor. A number of Skanska employees are participating in a career mentoring program for young people ages 13–17 in Stockholm, Gothenburg and Malmö.



School students awarded prize for environmental initiatives



To stimulate environmental awareness and promote local green initiatives, Skanska Latin America has for a number of years been inviting municipal schools in Argentina to compete in the Skanska Award in Environmental Education. In 2013 numerous schools in different locations throughout Argentina where Skanska has operations – from Jujuy in the north to Santa Cruz in the south – took part in the competition. The 16 winning schools were awarded 10,000 Argentine pesos each to turn their proposals into reality. The winning entries included proposals on conserving water resources, building greenhouses from recycled materials and creating vegetable gardens, as well as various recycling projects. The photo shows the winners at school no. 8 Escolástico Zegada in Jujuy.

Breaking the vicious cycle



Erol Collin, Tony Bryson and Hugh McCarron have served their prison sentences and are now trained and employed at Skanska.

Getting into the job market can be hard – especially if you have a past conviction. Skanska UK offers young offenders a training program that guarantees training, employment and a new life for those who undergo and complete training at the end of their prison sentence.

“We have a rigorous selection process because we want to be sure the program is successful. That’s why it’s important for us to select ambitious and motivated individuals. And we only take them on when we have a recruitment need,” says Skanska’s **Eric Milne**, who runs both the selection and training processes.

Lighting up London

The ten-week course provides certification in construction work and employment as a skilled worker. The program is part of the National Grid’s gas and electricity network in the London area. At the South East Electricity Substation Alliance (SEESA) in the southeast of the United Kingdom, Skanska is responsible for construction management, design and construction of 132 kV and 400 kV transformer stations.

Since 2008 eight people with past convictions have been trained and employed at SEESA. Four are still working there while the others have taken jobs elsewhere.

A life-changing opportunity

Tony Bryson was taken on in 2011 and is now certified for construction work at the National Grid’s transformer stations. He is currently based in Bramford, Ipswich.

“I decided I was going to start a new life and this was a life-changing opportunity. Skanska has kept its promises,” says Tony.

Erol Collin has been with Skanska for six years and remembers how thrilled he was to be selected.

“I was over the moon when I got this chance. It really feels like you can develop if you take the opportunities offered and are ambitious. It has helped keep me on the right path, which was especially important when I was first released,” says Erol.

Positive outcome despite everything

Hugh McCarron was employed in 2012 and is now working on the expansion of New Cross National Grid transformer station in London. He is hoping for a future as a supervisor or foreman.

“They really give you a chance – the people are brilliant. Being in prison was hard, but at least the job at Skanska means that something positive came out of it.”

The crucial mentoring is provided by foremen and works managers out at the work sites.

“We help them get qualified for employment. It’s very important to break the vicious cycle. And we’re proud when they get a job and don’t go back to crime,” says **Steve Pratt**, Skanska’s works manager at SEESA.

Eric Milne has been awarded Skanska’s Golden Rock Award in the “Living Our Values” section in recognition of his work on the Young Offender Program.

Skanska has trained 116 and helped 75 former convicts to get jobs since it first partnered with National Grid in 2005.

Energy

Target –
Net zero
primary
energy

Energy efficiency remains a key issue within the built environment, accompanied by ever stricter building regulations and growing market demand. Skanska aims to reduce the amount of energy used by its projects, and believes there is significant potential for developing near Zero Energy and positive energy buildings.

Activities within Energy

Hungary | **Green House**, Commercial Property Development Europe
Designed to use 45 percent less energy than the Hungarian building code, the first building to be certified LEED Platinum in Hungary and the first project carbon footprint of its kind in the country.

Sweden | **Klipporna**, Commercial Property Development Nordic
An office building that, when complete, will have energy consumption comparable to passive house standards. This will be achieved through a combination of building design, innovative energy saving techniques and renewable energy sources.

Norway | **Schweigaardsgate 21–23**, Skanska Norway
The first building certified under the new BREEAM NOR scheme provided by the Norwegian Green Building Council under license from BRE Global. The building provides an energy performance that is 37 percent better than the local standard.

Finland | **Finnoo Center, Espoo**, Skanska Finland
Skanska is co-developing a green center for the Finnoo area using BIM energy modeling to provide nearly Zero Energy Building (nZEB) that optimizes mass and orientation alongside energy efficiency and renewable energy technologies.

The goal of Skanska's Color Palette™ – net zero primary energy (for buildings) and net positive primary energy (for infrastructure) – will be achieved at different paces, depending upon market economies and geographic factors.

Green Building Information Modeling (BIM) has increasingly been used by Skanska as a means for moving towards Deep Green buildings. Using Green BIM to model a project's energy performance helps to identify choices that optimize the building's life cycle energy efficiency during the early design phase, when changes can be made without incurring high costs. By allowing for revisions to be made during the design phase, project teams can ensure that customers' green ambitions beyond compliance are realized while relevant building codes or baselines are adhered to in a technical and cost-effective way.

In some markets, energy performance guarantees (EPG) remain an important part of Skanska's approach, whereby Skanska commits to pay for any energy use in excess of the guaranteed level. EPG contracts typically include an improvement element, meaning that the building becomes increasingly efficient throughout its lifespan.

Skanska's patented Deep Green Cooling technology – utilizing ground storage to cool buildings – has been developed and is now used by Skanska Commercial Property Development Nordic, and in 2013 its use in other markets began. Work on Deep Green heating and power is ongoing.



Global leadership

Skanska is a signatory of the World Business Council for Sustainable Development's Energy Efficiency in Buildings Manifesto, meaning it is committed to mapping and improving energy consumption in its own head offices and selected regional offices.

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 CS Platinum
Denmark	Tower, Copenhagen	LEED CS Platinum ¹
Sweden	Entré Lindhagen, Stockholm	LEED (CS + CI) Platinum ¹
Sweden	Gårda, Gothenburg	LEED CS Platinum
Sweden	Väla Gärd, Helsingborg	Skanska Deep Green and LEED NC Platinum
Sweden	Skanska, Uppsala	LEED CI Gold (tenant adaptation)
Sweden	Österport, Malmö	LEED EB:OM Platinum
Other European countries		
Czech Republic	City Green Court, Prague	LEED CS + CI Platinum
Czech Republic	Three concrete pre-fabrication plants and Skanska railway division	ISO 50 001
Hungary	Green House, Budapest	LEED CS + CI Platinum
Poland	Malta House, Poznań	LEED CS Platinum + CI Gold ¹
Poland	Green Horizon, Łódź	LEED CS Gold + CI Gold ¹
Poland	Deloitte House, Warsaw	LEED CI Silver
United Kingdom	Hollywood House, Woking	LEED CI Platinum

The Americas		
United States	Empire State Building, New York	LEED CI Platinum
United States	Atlanta, Georgia	LEED CI Gold
United States	Seattle, Washington	LEED CI Gold
United States	New Haven, Connecticut	LEED CI Silver
United States	Orlando, Florida	LEED CI Gold
United States	North East Civil - Queens, New York	LEED CI Gold
United States	Tampa, Florida	LEED CI Gold
United States	Rockville, Maryland	LEED CI Gold
United States	Arlington, Virginia	LEED CS + CI Platinum
United States	Parsippany, New Jersey	LEED CI Gold ¹
United States	Houston, Texas	LEED (CS + CI) Platinum ¹
United States	Carteret, New Jersey and Cortez, Colorado	Solar power generation system

¹ designed to achieve

Carbon

Target –
Near zero
embodied
carbon

The built environment is responsible for approximately 30 percent of greenhouse gas (GHG) emissions globally. Carbon reduction efforts have traditionally focused on energy efficiency and renewable technologies. However, as buildings become more energy efficient in use, the measurement and reduction of embodied carbon is attracting the attention of forward-thinking clients.

Sweden **Activities within Carbon**
Sjysjka wind park, Skanska Infrastructure Development
Various design measures were adopted to reduce the embodied carbon emissions, such as prefabricated concrete (which reduced the amount of concrete required and the project's carbon footprint by around 30 percent) and re-use of excavated material on site (which reduced carbon emissions from road surfacing by around 40 percent). All prefabricated components, aggregate, construction equipment and vehicles were brought to the site by rail.

United Kingdom **Olympic Park**, Skanska UK
The Olympic Park North Park Structures, Bridges and Highways (Lot 1) project was highly commended in the CEEQUAL 2013 Award for Energy and Carbon. Embodied carbon emissions were reduced by designing out carbon-intensive materials, such as concrete and steel, and by incorporating construction materials with recycled content. All vehicles were switched to run on a biodiesel blend that consisted of 50 percent waste rapeseed oil from the local catering industry.

Hungary **Green House**, Skanska Commercial Property Development Europe
The Green House project was designed to achieve LEED Core & Shell Platinum certification – the highest level possible – and was the first LEED Core & Shell Platinum pre-certification in Hungary. The project conducted an embodied carbon footprint which was the first of its kind in the country, and will be used as a benchmark to help realize carbon savings on future Skanska projects in this market.

Near zero carbon in construction is Skanska's ultimate goal. To capture and reduce the embodied carbon associated with projects, it has developed and implemented tools for project-level footprinting. Using these, Skanska can present alternative solutions leading to financial savings and embodied carbon reductions.

Skanska has developed its own GHG emissions reporting process, and continues to improve its accuracy and completeness. Skanska's Nordic Units externally verified their 2012 Scope 1, Scope 2 and Scope 3 business travel emissions for the first time in 2013, joining Skanska UK which already verifies its carbon emissions. Collectively, these represent about 50 percent of Skanska's business.

Skanska has participated in the Carbon Disclosure Project since 2008, and views it as an important means to communicate its commitment. In 2013, it became the highest scoring company in Sweden, remained the highest construction company in the Nordic region for the fourth consecutive year, and achieved a leading position in the Nordic 260 Climate Disclosure Leadership Index.

In 2013, Skanska's emissions were
Scope 1
397,586 metric tons
Scope 2
51,323 metric tons.

Global leadership

Skanska AB is the only construction company and only Nordic company active in the EU Corporate Leaders Group on Climate Change (EU CLG). The mission of the EU CLG is to communicate the support of business for the European Union to move to a low carbon society and low climate risk economy, and to work in partnership with the institutions of the EU to make this a practical reality.



Norway
Veitvet School, Skanska Norway

One of 50 pilot projects in the FutureBuilt program that is helping develop carbon neutral urban areas and high-quality architecture in Norway. Green BIM modeling allowed the embodied carbon of various design options to be compared, helping to reduce carbon emissions from energy use, construction materials and operational transport by 42 percent compared to current standards.



Carbon footprinting is applied more widely than ever:

The number of Skanska Project Carbon Footprints 2008–2013



Skanska uses in-house and external tools to perform project carbon footprints for projects in all of our home markets. As a result we have developed substantial internal expertise and the number of project carbon footprints performed is constantly rising as we see how to extract economic and environmental value from them.

Materials

The construction sector is estimated to be responsible for more than a third of global resource consumption and to contribute 40 percent of the total volume of solid waste to landfill. Therefore, the built environment, and more specifically the design and construction of buildings and infrastructure, must be central to any attempt to use resources more efficiently.

Target –
Zero waste
Zero un-
sustainable
materials
Zero hazardous
materials

Activities within Materials

Czech Republic

Open Garden, Skanska Czech Republic

Many materials with low-environmental impact were incorporated in this NGO office building and environmental education facility, such as hemp straw insulation which is a fully renewable material that sequesters carbon and can be easily reused or composted at the end of the building's lifespan.

USA

Atlantic Yards, Skanska USA Building

Construction of Atlantic Yards, the first off-site modular high-rise building in Brooklyn and the tallest in the United States, is predicted to create 50 percent less waste than if built using traditional on-site methods.

United Kingdom

The Walbrook Triangle, Bloomberg UK, Skanska UK

A concrete solution involving technical and logistical innovations was developed to incorporate sustainable features in the design. The concrete used had 65 percent recycled content, the maximum level for that use, and steel reinforcing bars consisted of 100 percent recycled content.

Skanska's Deep Green approach to materials focuses on zero waste, zero unsustainable materials and zero hazardous materials. With over 10,000 different materials used in the construction, operation and maintenance of buildings, including some that are considered harmful to the environment and people, there is an increasing emphasis on selecting materials that are not only sustainably sourced but also minimize or eliminate harmful substances.

In 2013, research by Skanska and the Royal Institute of Technology (KTH) in Sweden resulted in a 3-step guide to defining sustainable materials. The guide has been tested in the procurement units in the Nordics and the UK. The guide defines sustainable materials as those that:

- are non-hazardous and contain renewable, recycled and/or reused resources to the maximum defined by product quality or durability
- have a declared product transparency, such a product declaration which recognizes product and material content, the chronological history of the entire supply chain, and the environmental impact of harvesting, extraction and manufacturing
- provide sustainable options at the end-of-use.

Skanska UK executed several projects in 2013 that placed BES 6001 Responsible Sourcing standard requirements on the materials used, including the Walbrook Building, Brent Civic Centre and the Crossrail contract, the largest civil project in Europe.



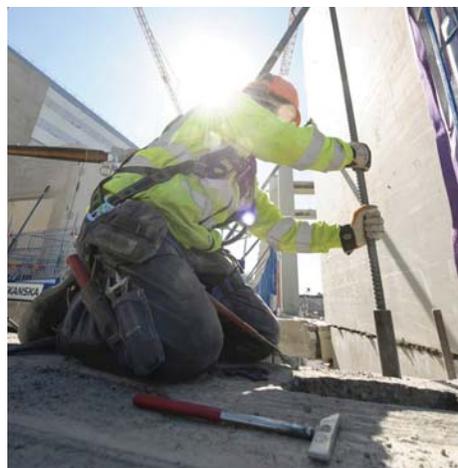
Global leadership

For the fifth year in a row, Skanska is the only development and construction company to participate in the non-profit CDP Forests program, a global review of the impact of large companies on five forest products commodities including two widely used in Skanska – timber and biofuels.

Sweden

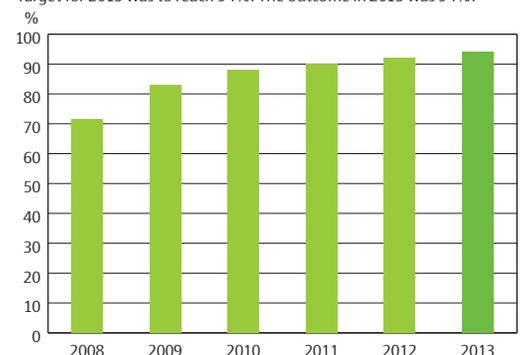
New Karolinska Solna (NKS) University Hospital
Infrastructure Development

For NKS – a LEED Gold, ultramodern university hospital – materials are being evaluated on their sustainability and hazardous properties. Building Information Modeling (BIM) is used to track the final location of materials once built in to provide the client with a log book for future renovation, demolition and decontamination thereby making it easier to identify appropriate actions.



Total average amount of waste diverted from landfill 2008–2013

Percentage of waste diverted from landfill 2008–2013. Target for 2013 was to reach 94%. The outcome in 2013 was 94%.



Water

The water challenge in the built environment is to use as little as possible of different water types in the most appropriate way.

Target – Net zero water use
(for buildings)

Zero potable water for construction
(for civil/infrastructure)

In some Skanska markets water stress and scarcity is an existing and growing challenge. Changes in rainfall also increase the vulnerability of the built environment to, for example, flooding. As a developer and construction company, Skanska must be able to adapt its products and services while reducing its own direct impacts.

Skanska's vision is net zero water use for buildings and zero potable water use for construction for civil/infrastructure. This encourages a beyond compliance mindset which leads to solutions that are likely to be more resilient to climate change and future environmental regulations.

Our approach to water is threefold: first, to increase water efficiency in our construction processes and in operational phase of the structure; second, where applicable, to substitute potable water for alternative quality grades, and reuse and recycle water; third, to utilize our expertise and risk management to help our customers address changing rainfall patterns brought about by climate change.

Poland

Atrium 1, Skanska Commercial Property Development Europe



Skanska's Atrium 1 project in Warsaw is designed to be the greenest office building in Central and Eastern Europe. Using a range of green solutions, water consumption was cut by 70 percent compared to the reference building.

Local impact

When managed well, construction has the potential to have a significant positive impact on the local environment.

Target – Zero environmental incidents

Local impacts can include dust, noise, additional traffic, light pollution, emissions and pollution caused by discharges to air, water bodies and soil. Some development can affect local biodiversity, but if managed correctly this impact can be positive.

The globally-recognized ISO14001 Environmental Management System (EMS) and Skanska's risk management system are the primary means of controlling local impacts. All Skanska's operations are certified to ISO14001 since 2000. Newly acquired or newly established businesses have to get certified within two years.

In Sweden, Skanska developed Green Workplace (Grön Arbetsplats), an internal environmental scheme aligned with ISO 14001 for construction sites, offices, permanent asphalt and concrete facilities. The criteria surpass Swedish building regulations in several important aspects. Each site is certified for three years after which it must be reassessed.

UK

UK

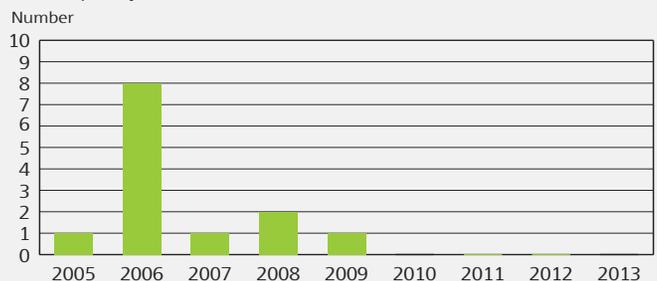
HMP Thameside, Skanska UK

This prison was built on brownfield government land and Skanska undertook substantial site remediation prior to construction. A biodiversity plan was developed to improve the quality of watercourses and create new riverbank, wetland, wet woodland and hedgerow habitats. In 2013, the kitchen and training workshops received the BREEAM Prisons eco-certification award.



ISO14001 Major Non-Conformances (MNCs) identified

The frequency of MNCs in 2005–2013.



Shared value

Large corporations have an important role in society. Skanska's successful business model creates significant direct and indirect job opportunities at the local level and also contributes to many forms of tax revenue.

Activities within the Economic Agenda	
Romania	<p>Green Court Bucharest, Skanska Commercial Property Development Europe Skanska entered the Romanian market only when it was satisfied that it could work there in accordance with its Code of Conduct and satisfy growing demand for high performance green offices</p>
USA	<p>NW 14th & Everett, Skanska Building The renovation of this historic Portland building into a LEED Platinum certified commercial building created an estimated USD 130 million in economic benefits for the city.</p>
Chile	<p>El Arrayan wind farm, Skanska Latin America The project will create over 175 jobs during construction and up to 15 permanent positions once in use. Major green construction projects such as this help provide local jobs and stimulate economic development.</p>
Czech Republic	<p>The Open Garden, Skanska Czech Republic All site workers were from the Czech Republic and over 50 percent of construction materials were produced in the country.</p>

Skanska's philosophy is to act correctly towards customers, employees, suppliers and other partners, local residents, government agencies and other key stakeholders, and thus create benefits for both shareholders and society in general.

Some specific examples of how Skanska's activities and projects contributed to the economic agenda in 2013 are provided on this page, but the economic aspects of Skanska's performance are covered elsewhere in the Annual Report.

In the UK, Skanska led the establishment of the Supply Chain Sustainability School, a virtual learning platform helping construction suppliers and subcontractors develop their sustainability knowledge and competence. In 2013, Skanska (on behalf of the Supply Chain Sustainability School) was the overall winner at the Chartered Institute of Purchasing and Supply (CIPS) Supply Chain Management Awards.

In 2013, Skanska led two large research projects working to maximize the value of Green BIM (Building Information Modelling) across the supply chain. In Finland, the BIMCON program is using Information and Communications Technology (ICT) to promote productivity and profitability in the construction industry supply chain. In Norway, the Sam-BIM project is researching how Integrated Project Delivery systems can be implemented in the context of the national building industry, and aims to establish Green BIM as a standard part of the design and construction process.

Global leadership

Skanska chairs the United Nations Environmental Program Sustainable Buildings and Climate Initiative (UNEP-SBCI) Task Force on Greening the Building Sector Supply Chain, aimed at achieving greater global resource efficiency.



Sweden

Sundbypark, Skanska Commercial Property Development Nordic

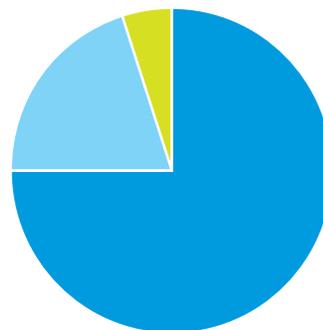
Sundbypark in Sundbyberg was developed and built in 2002. Thanks to flexible solutions, the tenant adaptations will be both easier and less expensive for the current owner AMF Fastigheter.



"The building is still in good condition. The materials and surfaces are still fine today. We're not replacing any bathrooms or glazed sections. The building is easy to work with. Moving walls is made easier by the placement of cooling baffles, fittings and suspended ceilings," says **Per Helgesson**, Property Manager at AMF Fastigheter.

"The air and cooling systems are amply sufficient which means it's no problem for us to create new work stations."

Revenues shared by many



75% Suppliers

Most of Skanska's revenue goes to suppliers; many are local. This benefits wider society in the form of salaries, pensions, other compensation and taxes

20% Employees

20 percent of Skanska's earnings go to salaries and other remuneration for the Group's employees. Their taxes contribute to developments in the wider society

5% Other

Revenue remaining after suppliers and employees are compensated goes to fund corporate taxes, shareholder dividends and future investments

Business success is built by people

Skanska's future success is dependent on committed and high-performing employees who share the company's values. Employees have a central role to play in achieving the ambitious targets in the business plan for profitable growth in all business streams for the period 2011–2015.

As an employer Skanska works in a structured way to attract, develop and retain the best employees. This work is based on platforms that are linked to the company's strategy and that have been created and will continue to be developed for a number of years.

Skanska will need to employ a large number of new employees in the next few years. They will need to be introduced to the way Skanska works in line with the company's values and with a focus on contributing to the development and success of the clients and of society. One important aspect is to increase diversity, and to intensify efforts in this area a new diversity and inclusion vision has been developed. The aim is to be a leading company in this area in all home markets by 2020.

Global recruitment

Skanska is a global employer with global recruitment needs. To strengthen Skanska's brand as an employer, there is a constant emphasis on clearly defining what Skanska offers its employees. Since 2011, the Group's external website has featured Skanska Recruit, a shared global system to establish an external and internal labor market. In 2013 around 3,000 job vacancies were advertised for which candidates can apply externally or through Skanska's internal national or international labor markets. 15,000 new employees were recruited during the year.

Increased diversity

To be a leader Skanska needs employees who reflect the community and client base; in other words, a balanced gender base and people with various backgrounds, ages and experience. The top priorities are to increase the percentage of women and ethnic minorities at leadership levels and to create an inclusive working environment where everyone can contribute to the best of their ability. This process is now being intensified and Skanska is making systematic efforts to increase diversity and inclusion, set goals, and measure and follow up progress. The progress made in increasing diversity and inclusion followed up annually through employee surveys and

Female employees

%	2013	2012
Skilled workers	2	2
White collar employees	26	25
Senior executives	14	14
Skanska AB Board	13	13
Total	12	12

through the Talent Review process to mention some. Managing and encouraging diversity is one of the core competencies in Skanska's Leadership Profile (SLP).

A company that offers excellent development opportunities for all is also more attractive to both current and potential new employees. The company's attraction is evident in the fact that Skanska continues to be considered the most desirable, attractive and reliable employer among engineers, specialists and leaders in Poland. In Sweden Skanska is ranked by graduate engineers as the strongest brand.

Internal development

Developing Skanska's own talent is another very important investment in the future; to secure replacements for people who change jobs and to pass on Skanska's method of working and its fundamental values to all employees. To get a clear view of management capacity and internal talent, the Group conducts a Talent Review every year aimed at ensuring the long-term supply of managers and specialists. This involves an extensive evaluation of all managers and a number of other key individuals in each business unit. The Talent Review identifies individual needs for professional development and includes planning to ensure there are strong successors available for critical positions. The results of the Talent Review provide the basis for further action based on individual strengths and development needs.

Evaluation of upper management

In 2013 a new model was created to evaluate the company's upper management, called Global Assessment Policy. The performance and potential of upper managers is assessed based on a number of parameters in a globally uniform way. The new evaluation process is linked to development activities within the business units and at the Group level.

To ensure access to future leaders, a succession planning process takes place within the business units at the Group level and in close cooperation with the company's Board of Directors. To equip the future leaders with tools to drive strategy, change, customer focus and cooperation as an aligned company – One Skanska – the company offers a multitude of development activities and programs.

Identifying and developing Skanska's existing talent is a top priority. SLP is aimed at all white-collar workers in all of the business units. SLP aims to develop and assess the leaders and thereby provide Skanska with the leadership required to achieve its goals.

Anna Linder – a team builder



Anna Linder, District Manager, Roads and Civil Skanska Sweden, Stockholm. Anna started at Skanska as a project engineer in 1999 and advanced to be Project Manager for land and foundation work from 2006 to 2013. This included working on the New Karolinska Solna university hospital and the Ingenting project, the Swedish National Police Board (RPS) in Solna and Järvastaden in Sundbyberg.

Education: MSc Engineering, Civil Engineering at the Royal Institute of Technology (KTH), Stockholm 1998, as well as numerous Skanska courses in everything from leadership and ethics to environment and explosives. Anna is also one of Skanska's 30 or so accredited CEEQUAL Assessors. CEEQUAL is the international system for environmental certification of roads and civil engineering projects.

Teamwork is what drives Anna and she has been awarded Skanska's internal global Golden Rock Award for Build Winning Teams. Anna is thorough in everything she does and in her CV she puts her philosophy into words.

“That everyone involved in a project – clients, suppliers and employees – work together to achieve the goals set for safety, customer satisfaction, quality, timeliness, the environment and finances. As District Manager I'm responsible for ensuring that the project members have what they need to achieve these goals. I also believe that everyone should be happy, feel good and have fun at work.”

What do you do to make your philosophy a reality?

“The most important thing is that everyone is involved from the beginning. Together we discuss different solutions, plan and set tough goals. Then we follow up on a regular basis and adjust the plan if necessary. By setting goals together, everyone is motivated and participating. I also try to give people challenges so they can grow in their roles.”

In 2010, through Skanska Unlimited, you were in New York for the water project Cat/Del. What did you take away from it?

“It's a fantastic project and it was an exciting experience, but the best thing was seeing the great similarities in how we work, that we are One Skanska. Our Five Zero visions, including safety and ethics, are the same everywhere. That makes you proud and everyone I met was proud to be working for Skanska.”

What is it like being a woman in a male dominant industry?

“Out at the production sites there are very few women. In my district at the moment there are 43 people and only two are women. And there aren't many female line managers either unfortunately. A change is on the way, but there is still a shortage of female role models to show what fun it is to work in the construction world. I hope I can inspire young women to come and work for us.”

15,000

new employees
were recruited
during the year.



“It’s been a very enriching experience for me; I’ve learned a lot more about Skanska and gained a big network. I’ve also had the opportunity to work in new areas; in new teams, languages and cultures.

Rafael Sampaio, Controlling Coordinator Skanska Latin America, who is on a Skanska Stretch exchange at Skanska Financial Services and Skanska Group staff unit Controlling, Stockholm, Sweden.

SLP is directly linked to the profitable growth strategy, as well as the focus areas and prioritized actions that are key in reaching the established targets.

The expectations for and requirements of the employees are clearly expressed. The ability of leaders to take responsibility for their own development and lead others in line with the company’s values is as important as having the right skills in various specialist areas. Good leaders ensure both their own development and the development of the people they are leading.

SLP has been used since 2012 in annual evaluations and professional development planning for 24,000 employees. This makes it the most comprehensive Group-wide investment in management development in Skanska’s history.

Mobility and exchanging experiences

The Leadership Profile permeates most of the work carried out at the Group staff unit Human Resources. An important aspect of the unit’s work is to increase mobility and provide opportunities for people to exchange experiences with other employees in different business streams and units. It is crucial for Skanska to be able to utilize synergies between the various areas of operation and to capitalize on the Group’s full potential. Stimulating mobility and experience exchange between different units is therefore essential in understanding how to work toward common goals and to understand the various units and markets. Several programs are used for this purpose globally and at the regional and local levels.

Greater affinity and dedication

One way of creating greater affinity and dedication to the company and of retaining employees is the three-year Skanska employee ownership program (Seop), which is open to all permanent employees. Participation in the program requires a personal investment, and the allotment of additional shares is tied to how well each unit meets its yearly targets. This provides each participant with the opportunity to receive a personal reward for the company’s success and for their own efforts. In 2013 around 8,800 people took part in the program.



Global initiatives for our employees.

Skanska Unlimited – an exchange program through which 20–30 employees a year are given the experience of working in another part or the world for 3–6 months. Participants can expect to acquire new skills, discover new ways of working and build up a network within the Skanska Group.

Skanska Stretch – a development program involving leadership training and 6–12 months of work abroad for promising young employees who are in the early stages of their career.

The goal is to develop leaders who have a solid understanding of Skanska and of leadership in an international context. So far around 90 employees have had this opportunity since the program was launched two years ago.

Skanska STEP – Skanska Top Executive Program is tailored to Skanska’s senior executives. The aim is to build up their knowledge and leadership skills, enabling them to make the greatest possible contribution to profitable growth and build networks for knowledge exchange and strategic work. The program was developed and is executed in cooperation with IMD in Switzerland, one of the world’s leading management schools.

Seop – Skanska employee ownership program – offers all permanent Skanska employees the opportunity to purchase shares in the company within the framework of a stock purchase program.

In 2013 Skanska’s Board of Directors decided to extend the Seop stock purchase program for a third round starting in January 2014. The employees participating in Seop now constitute the fourth largest shareholder in Skanska.

Skanska Recruit – the recruitment tool that facilitates the creation of an external and internal labor market. The tool enables employees to match their competence and their career aspirations with the opportunities that Skanska offers globally.

Skanska Talent – Skanska’s global tool used to evaluate employees and to define personal targets and plans for development.

Global Assessment Policy – Skanska’s model and process to evaluate the Company’s upper management.

Skanska Leadership Profile – aims to develop and assess Skanska’s leaders and thereby provide Skanska with the leadership required for achieving its goals.



“I want to discuss and challenge our decisions just like in the United States. Here in Poland I hope to gain a better picture of how Skanska’s project development is affected by local markets and different cultures.”

Carolyn Desmond Project Developer, Skanska Commercial Property Development USA on a Skanska Stretch exchange at Skanska Property Poland.



“Stretch has given me a global view of leadership. If you have common expectations and solutions, multicultural teams often make for a productive and innovative environment.”

Anna Roos, Project Developer, Skanska Sweden, on a Skanska Stretch exchange at Skanska Commercial Property Development USA in Houston.

An investment in personal and professional development



Adam McDonald, Commercial Manager Skanska UK, who is on a Skanska Stretch exchange at Skanska USA Building in New York. Started at Skanska in 2003.

Education: Degree in construction engineering from Loughborough University, UK, 2003. During my vacations I worked at Skanska because I wanted to learn more about the business. Member of the Royal Institute of Chartered Surveyors (RICS).

What aspects of your professional role would you like to develop further?

“I want to continue to develop in all areas; I really believe you never stop learning. One area where I’d like to develop in particular is being a better listener. If we aren’t able to stop and listen to what clients, colleagues and the people in our industry have to say, we can’t take proper advantage of the business opportunities. Once we understand what the needs are, we can focus on making our clients more successful – an important priority in our business.”

What is the most rewarding aspect of the Stretch program?

“Working overseas and leadership training are both incredibly rewarding and they complement each other to provide you with a holistic perspective. Stretch is a life experience that has helped me grow as a person.

I feel lucky to have had the opportunity to experience so many different cultures within Skanska. I’ve met people from every business unit in the leadership training and gained more in-depth knowledge about Skanska USA Building. The experience has given me a solid understanding of the global Skanska.”

What do you think this will mean for your personal development and for your career?

“Skanska has given me many opportunities to develop and grow in my role as a business manager as well as on a personal level. I am motivated by the fact that Skanska has invested in my career and personal development, and I’m going to channel that into taking a leading role in one of the areas of operation and deliver great results.”

SKANSKA

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