

Top left: Čertovo břemeno golf club, Jistebnice, Czech Republic. Top right: Brent Civic Centre, London, U.K.
Below: Lustgården office building, Stockholm, Sweden.



Sustainable development



Skanska is a leading green construction and project development company. Many of the projects and initiatives that Skanska completed during 2011 are the best in their class or the first of their kind. Through innovation and knowledge, we are taking our sustainability efforts beyond the requirements of conventional construction codes and voluntary certification systems.

Skanska builds physical infrastructure that societies need in order to develop. We continuously deepen our understanding of how to contribute to a more sustainable society. Our aim is to ensure that what we build will also generate value and quality of life in a long-term perspective.

2011



Skanska has been a signatory of the United Nations Global Compact (UNGC) for more than a decade. We upload our annual Communication on Progress to the UNGC website.

Skanska's Journey to Deep Green™ accelerates

Skanska's Journey to Deep Green™ represents a new approach to construction and development, with the potential to create a more sustainable future. Skanska's Green Strategic Indicators (GSIs) were developed to support the Company's business plan and drive forward its ambition to be a leading green project developer and contractor.

Skanska's Green Strategic Indicators (GSIs) focus on three priority areas:

- **Our Image:** Strengthening and protecting our brand, in order to be perceived by all stakeholders as a leader in green project development and construction.
- **Our People:** Includes indicators related to green leadership and how green competency among employees and top managers is improving at Skanska.
- **Our Projects:** Encompasses technical aspects, influenced by urbanization and population growth that relate to energy, carbon, materials and water.

Green Strategic Indicators (GSIs) for Our Projects

GSIs for our projects are broken down into four high priority areas:

- **Energy**
- **Carbon**
- **Materials**
- **Water**

Green targets are connected to GSIs for Our Projects.

Skanska has always been in the forefront in terms of thinking green and delivering projects that challenge conventional standards and traditional views of what is possible. The Journey to Deep Green™ and the related Skanska Color Palette™ were launched in 2009 to provide a framework that sets the standard for future building and infrastructure projects. Skanska's conviction is that it is no longer enough merely to deliver projects that fulfill existing construction codes and voluntary certification requirements. Today we have all the knowledge, the materials and technologies needed to make Deep Green construction possible. During the past year, Skanska has begun or completed a number of projects which show that its Journey to Deep Green™ is accelerating.

Skanska's program for Deep Green construction takes our business substantially further than the more established frameworks that today generally serve as best practice benchmarks.

Energy

Breakthrough for passive housing on the way

Conserving energy is one of society's great challenges. Reducing energy consumption generally and transitioning to more sustainable energy sources for space heating, cooling and electricity are priorities for everyone, since the largest consumers of energy are the buildings we live and work in.

Passive housing standards for energy efficiency are rapidly becoming a measure of good residential construction. Skanska encourages its customers to use pas-

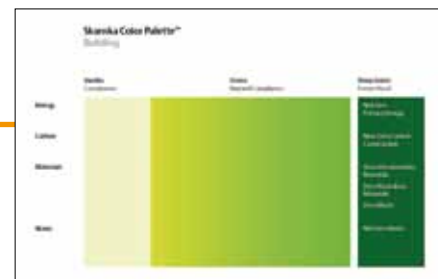
sive techniques wherever possible. In Sweden, it is estimated that more than ten percent of new homes completed in 2011 were passive housing. About half of these were built by Skanska. Passive housing is also gaining ground as a standard for renovation of residential buildings and for new construction of other types of buildings, such as office buildings and schools.

A holistic way of thinking

Skanska supports the development of meaningful voluntary certification standards, but most of these are still point-based measurements of a project's environmental characteristics at the design stage. A different way of thinking now gradually gaining broader support represents a more holistic approach to the construction and use of a building and weighs in many important aspects of sustainability. Skanska's Journey to Deep Green™ is a way to convert this to reality, as it is based on the idea that already existing technologies and materials can make Deep Green construction possible today. An example of such a performance-based holistic approach is the U.S. Green Building Council's Living Building Challenge (LBC) from the Pacific Northwest. Skanska is a supporter of the LBC and recently completed the Bertschi School project in Seattle, an early example of this in practice. Several other Skanska projects in the region are also slated to follow a similar approach.

Deep Green targets for our projects

- Zero **net use of primary energy**
- Near zero **carbon** in construction
- Zero **unsustainable materials**
- Zero **hazardous materials**
- Zero **waste** to landfill
- Zero net **water** use for buildings
- Zero **potable water** use during infrastructure construction



Skanska Color Palette™

The Skanska Color Palette™ is a strategic communication tool for green projects. It is used to measure and illustrate progress during the Journey to Deep Green™.

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

Green – The construction process and product performance goes beyond compliance with laws, regulations, codes and standards, but cannot yet be considered to have near zero environmental impact. Green can be characterized by voluntary classification systems such as EU GreenBuilding, LEED, BREEAM and CEEQUAL.

Deep Green – The construction process or product is future-proof. Deep Green is the ultimate destination for the projects that Skanska carries out on behalf of forward-looking, visionary customers.

Homes in need of renovation become passive housing in Brogård

- **Estimated average energy consumption** has decreased from 216 kWh per square meter (10.76 sq. ft.) to 92 kWh, including space heating, water and household electricity.
- **During the 1960s and 70s, about 400,000 homes in Sweden were built in a way similar to the apartments in Brogård.** They need renovation and are characterized by poor energy efficiency.
- **In Sweden's "million home program" there is good potential for saving energy by using passive housing solutions** when renovating these homes. Similar potential exists in other countries.

Renovating older buildings to the highest standard of energy efficiency is associated with many challenges. Using passive housing solutions, Skanska is renovating 16 three-story buildings in Brogård, Alingsås. The buildings were originally part of Sweden's "million home program", when a million homes – mainly apartments – were constructed during a ten-year period in the 60s and 70s in response to a chronic housing shortage. The 299 apartments in Brogård were run-down and in need of extensive renovation. Better insulation, efficient ventilation systems for heat recovery and district heating for the small amount of additional space heating needed will ensure these refurbished homes a new life. The Brogård renovation project has attracted a lot of attention. King Carl XVI Gustaf of Sweden and Prime Minister Fredrik Reinfeldt have both visited the project, which has also received extensive media coverage. In addition, Brogård has been backed with funding by the European Union, since the concepts used there have the potential for large-scale uptake in support of the EU Building Energy Efficiency for Massive Market Uptake (BEEM UP) initiative.



Initiatives in the carbon field

- Thanks to its ability to document the company's early steps to improve energy efficiency and reduce emissions, Skanska UK ranked **highest of all construction companies** in the first Performance League Table published by the U.K. government's Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This ranking was reinforced by Skanska UK's certification by the Carbon Emissions Measurement and Reduction Scheme (CEMARS), **the first internationally accredited greenhouse gas certification system** to meet the ISO 14065 standard.
- Through its support for the UN Environment Program's Sustainable Buildings and Climate Initiative, Skanska has helped develop the **Common Carbon Metrics Protocol**, a tool that measures energy efficiency improvement with the aim of reducing greenhouse gas emissions.
- In collaboration with the European Network of Construction Companies for Research and Development (ENCORD), Skanska **has developed the Construction CO₂e Measurement Protocol**. This protocol is based on the internationally recognized Greenhouse Gas Protocol, developed by the World Business Council for Sustainable Development and the World Resources Institute, which are now being supported by international stakeholders. The next step is initiatives aimed at the supply chain.
- Skanska was one of three companies invited to contribute to the "Infrastructure and Construction" chapter in the Low Carbon Compendium, a report published by The Prince of Wales's EU Corporate Leaders Group on Climate Change (CLG). The report shows how some of the world's largest companies are contributing in a profitable way to a low climate risk economy.

Carbon footprinting

Energy efficiency and reduction of carbon emissions are important elements of Skanska's sustainability work. Both initiatives are interrelated, since energy efficiency concentrates on the service life of a building and its emissions while reduction of carbon emissions concentrates on energy use and emissions during the construction process. Near zero carbon emissions is one of Skanska's focus areas. One confirmation of the seriousness of this commitment is that for the second year in a row, Skanska was the only construction company included in the Nordic Carbon Disclosure Leadership Index, part of the Carbon Disclosure Project (CDP).

Effective carbon management depends on careful measurements and reporting. Skanska reports its carbon emissions according to the internationally recognized Greenhouse Gas Protocol to various external stakeholder categories. In 2011 our Scope 1 Absolute emissions were 432,000 metric tons and Scope 2 Absolute emissions were 76,100. We continue to develop our approach to Scope 3 emissions in line with emerging international reporting guidelines.

Carbon footprinting of office properties is moving ahead in the Nordic countries, Central Europe, the United Kingdom and the United States where over forty were completed during the year. Skanska continues to build up further expertise in footprinting and reduction of carbon emissions.

Telemark Rehabilitation Center

The Telemark Rehabilitation Center, currently being constructed by Skanska Norway, has been designed for a 50 percent reduction in carbon dioxide emissions from materials, energy use and transportation. A number of green solutions have been included, among them recycling of plaster and concrete with low carbon dioxide content. It will also be the first building in Norway constructed using hollow slabs with low carbon dioxide impact. The center will also be equipped with a pool of electric cars.



Sustainable materials and responsible procurement

Skanska has a key role to play in developing and promoting improvements in sustainable procurement and responsible sourcing. Most revenue in each project is distributed through the value chain, which means that Skanska can use its influence to encourage positive behavior by suppliers and subcontractors. During 2011 Skanska UK adopted the new BS 8903 sustainable construction framework as part of its procurement process. Skanska UK was also the first construction company that had all branches of its operations evaluated and certified by the Chartered Institute of Purchasing and Supply (CIPS).

At Skanska UK, improved sourcing procedures have not only led to new projects, but in the past two years have also saved an estimated GBP 11 M and reduced non-compliance costs by 35 percent. In November 2011 Skanska UK's success in sustainable sourcing was recognized by a CIPS award for "best contribution to corporate responsibility".

ISO 14001 external audits

During the year, routine audits by external ISO 14001 experts identified a number of procedural weaknesses in the Environmental Management Systems of two Business units. Local management took immediate corrective actions to the satisfaction of the external auditors. The procedural weaknesses led to no environmental harm.



Innovative Lustgården

One ongoing project in Sweden, the Lustgården office property in Stockholm, is an example of how Skanska's engineers add innovation to a project. Low energy consumption and a highly efficient heating and cooling system have been developed by Skanska, including the use of two tried and tested techniques: drilling deep bore holes and using a water-based geothermal cooling system. The project will be completed in 2013.

Powerhouse One to be energy-positive

In Norway, Skanska is part of the Powerhouse alliance, which will build the country's first and the world's most northerly energy-positive office building in Trondheim. The Powerhouse alliance was established in April 2011. Aside from Skanska it includes the property company Entra Eiendom, architects Snøhetta, the environmental foundation ZERO and the aluminum company Hydro. The ambition is that Powerhouse One, expected to be completed in 2013, will be one of several energy-positive projects construction under the auspices of the alliance.



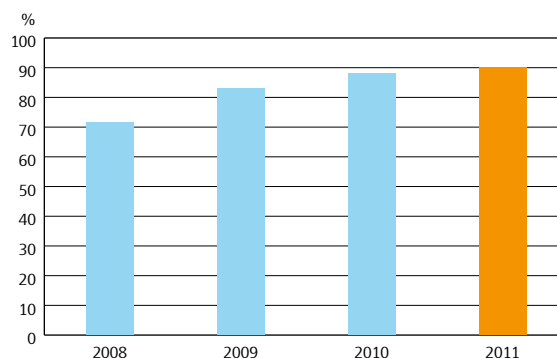
Waste

Most of it can be recycled

- In Norway, Skanska is working with the country's largest waste management contractor to ensure that all project waste is collected and either recycled or used for energy production in district heating plants.
- The Hangar 3 project in the Bromma Blocks retail center in Stockholm, Sweden involved the redevelopment of a 1940s airport hangar into a modern, energy-efficient shopping mall. Only 3 percent of waste material was sent to landfill, while more than 17,000 cubic meters of stone and construction waste were reused in the project.
- Similar recycling of materials was achieved in Skanska US Civil's Second Avenue Subway tunneling and infrastructure project in Manhattan, New York City. Material that would otherwise have gone to landfill is used for a new golf course being built by the city in Ferry Point Park, The Bronx.
- The construction of the Bertschi School in the U.S. involved extensive recycling of materials. In all, 98 percent of the construction waste generated during the project was recycled.
- Recycling was even higher in the Surrey Street Lighting Project in the U.K. – 100 percent to be exact, including removed lamps.

Total average amount of waste diverted from landfill 2008–2011

Percentage of waste diverted from landfill 2008–2011.
Target for 2011 was to reach 90%.



Water

Efficient use

Skanska is aware of the major contribution the construction industry can make to reduce water consumption, which is of especially great importance in regions with water shortages. In general, Skanska's ambition is to maximize efficiency by minimizing the use of potable water in construction and during operation of the structure and then recycle to the extent this is technically possible. One of Skanska's key indicators on the Journey to Deep Green™ is its ambition to achieve zero net water use for buildings during their service life and zero potable water use during civil and infrastructure construction.

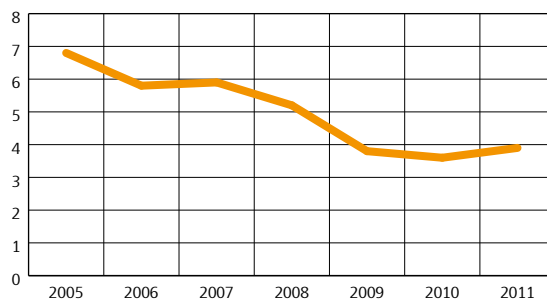
Skanska decided at an early stage to make health and safety at its work sites the most important task. Today its ambition is to achieve a 75 percent reduction in the number of accidents by 2015.

Programs for a safe and healthy work site

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

Lost Time Accident Rate (LTAR) 2005–2011

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



Skanska has recorded its lost time accident rate (LTAR) on a global basis since 2005, which serves as the base year for these statistics.

Work site health and safety

Aiming at world-class standards

To achieve its target of zero work site accidents, Skanska realized that the Company had to inspire and act in ways previously not considered possible.

During the past five years, the Company has made good progress in training, management and organization of its work site health and safety efforts. Skanska has a safety program to create a healthy, safe working environment for employees, subcontractors and visitors. This program includes a Global Safety Stand Down, which is held after a fatal accident, Executive Site Safety Visits and the further development of Skanska's Global and National Safety Leadership Teams. These have been formed with cross-functional experts to drive the progress of Skanska's safety strategy.

Much remains to be done in order to achieve the zero accidents target. The Skanska Safety Road Map was introduced in November 2011 and will help speed up progress by focusing on five key issues in achieving world-class safety: culture, competency, communications, controls and contractors. Skanska uses its knowledge and experience from different parts of its business to encourage better working standards in all operations.

As an example of its commitment to raising safety standards throughout the construction industry, Skanska has been proactive in launching a program in Poland. Together with six of its competitors, Skanska is providing examples of best practices and working toward common safety standards throughout the industry. Similar cooperation is taking place at Skanska's business units in the U.K., Sweden and Finland.

Despite all these efforts and improvements, eight work-related fatalities occurred in Skanska's projects during 2011: four subcontractor employees and four Skanska employees. This is obviously unacceptable, and Skanska is taking the steps needed to eliminate these tragic accidents.



Safety Road Map

Using a number of performance criteria in five focus areas, every business unit has its own benchmarks. Practical advice, guidance and examples of good practices are built into the process, enabling each business unit to progress towards the world-class target. National Safety Leadership Teams help implement the Skanska Safety Road Map. From the left: Thomas Karlsson, Hichem Boughanmi and Anneli Lindbergh during construction of Bromma Blocks, Stockholm.

Skanska receives five safety awards

Skanska won as many as five of the seven Swedish Transport Administration safety awards in 2011. These awards are related to highway and railroad projects and are intended to encourage systematic safety programs to reduce work site accidents.

Skanska's award-winning projects are:

- The Abisko Södra railyard extension.
- Upgrading and capacity expansion of the Ställdalen–Hällefors railroad.
- The eastern bypass highway in Katrineholm.
- Norra Länken (Northern Link) highway contract NL 52, Värtan Interchange.
- The Hallandsås rail tunnel project.



Martin Hellgren, project manager, NL 52 (Swedish Transport Administration); Björn Terstad, project executive, Norra Länken (Swedish Transport Administration); Mårten Leimar, KMA NL52 (Skanska); Mats Alexandersson, project executive, NL52 (Skanska); Markus Lindén, production manager of NL52.

Ethics

Good business ethics more important than ever

Skanska is proud of its leading position in business ethics. The Company has been a signatory of the United Nations Global Compact for more than a decade, helped establish the World Economic Forum's Partnering Against Corruption Initiative (PACI) and is among the founders of the Swedish branch of Transparency International. During 2008 Skanska revised its Code of Conduct, which defines the principles for how Skanska

employees shall work regardless of where they are in the world. During 2011 Skanska's internal ethical guidelines were made available to the general public. This encouraged a dialogue with national and regional authorities as well as other multinational companies that have sought contact with Skanska for more information on effective implementation of ethics policies.

Transparency in the business world is now more important than ever. Although legislation such as the U.K.'s Bribery Act helps set the agenda, responsible companies like Skanska must also help pursue further discussion.

In 2011, Skanska contributed a speaker to PACI's biannual meeting in Rio de Janeiro and also provided the Swedish Ministry for Foreign Affairs with guidance on e-learning programs about ethics.

Skanska also supports the Construction Sector Transparency Initiative (CoST), a global initiative to increase transparency and accountability in the construction industry.

Our Code of Conduct defines how all Skanska employees work, no matter where we are in the world. We are proud of the ethical business practices that we have established. We do not tolerate any form of corruption, bribery, unfair anti-competitive activities, discrimination or harassment. On the contrary, we promote ethical business practices, fair treatment of all employees, including diversity and equal opportunities. Health and safety is another area of vital importance to us. Our goal is to achieve zero work site injuries. Our commitment to create safe and healthy workplaces is described in our Code of Conduct. Likewise, we protect and care for the environment. We are constantly striving to do more to reduce our environmental footprint.

Our first Code of Conduct was established in 2002.

In 2008, the Board of Directors approved this revised and updated Code. I expect all Skanska employees to read, understand and live by the Code. By doing this, Skanska will stay a strong company.

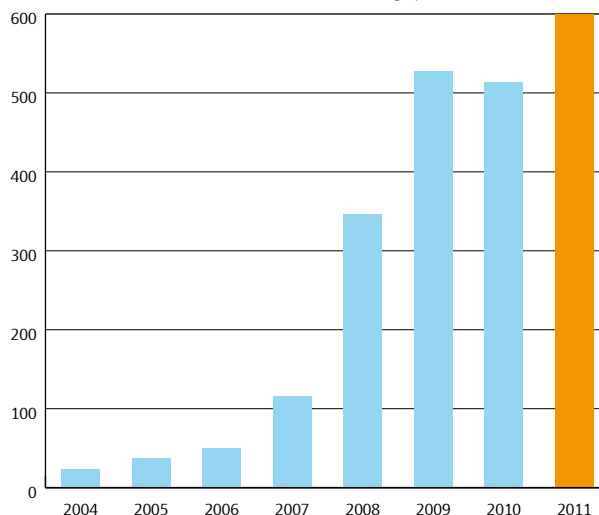

Johan Karlström
President and CEO

Skanska takes the lead

- Skanska Czech Republic is the first organization in that country to be certified according to the **BS EN 16001** energy management standard.
- The City Green Court development project in Prague is the first office building in the Czech Republic to be pre-certified according to **the Leadership in Energy and Environmental Design (LEED) Platinum** standard.
- Poland's **first LEED certified** school is being constructed by Skanska in Konstancin-Jeziorna for the American School of Warsaw.
- Skanska's new office in Gothenburg, Sweden was the first commercial property in the country to be pre-certified according to **LEED Platinum**. Skanska's new office in Malmö, Sweden was the first **LEED Platinum** certified office renovation in Europe.
- The first **LEED Platinum** certified property constructed on behalf of a customer in Sweden was completed in Kalmar for the insurance company Länsförsäkringar.
- The Belmarsh West Prison project in the U.K. was awarded the first-ever planning stage **BREEAM Outstanding** rating. When fully certified, it will be the first BREEAM Outstanding correctional facility.
- Four new buildings being constructed by Skanska in Lerum, Sweden will produce more energy than they consume. These **"plus-energy" buildings** will deliver surplus heat into the district heating network.
- Skanska is the only construction company included in the **Forest Footprint Disclosure Report**. The report is endorsed by more than 70 international financial institutions and some of the world's largest non-governmental nature conservancy organizations.
- Skanska UK was the first construction company that had all branches of its operations evaluated and certified by the **Chartered Institute of Purchasing and Supply (CIPS)**, according to the BS 8903 principles and framework for sustainable procurement.
- For the second year, Skanska has been included in the **CDP's Nordic Carbon Disclosure Leadership Index**. This index ranks those companies that have shown the greatest professionalism in their management and disclosures related to climate issues. **Skanska tops the list among construction companies and is the only construction company among the 25 highest-scoring enterprises.**

Eco Design professionals

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



London's Sunday Times named Skanska UK the Best Green Company in the United Kingdom.



The newly installed street lighting network in Surrey, U.K. is energy-efficient thanks to a central control system.