

A school built from solid wood



Green McDonald's



New procedures yield results

Skanska's goal is to take the concept of green construction significantly further than is expected of today's construction companies.

In October an international policy workshop on the possibility of organizing a new Earth Summit in 2012 was held at Skanska's offices in the Empire State Building, New York City. Topics discussed included the green economy, future energy and climate change.

The event was run by Stakeholder Forum, a non-governmental organization that works to ensure that global policymaking on sustainable development is more transparent, participatory and inclusive of the people such decisions affect.

Delegates were able to see first-hand how Skanska's refurbishment of the 32nd floor of the building helped boost energy efficiency by 30 percent.

Felix Dodds, director of Stakeholder Forum said: "It was particularly appropriate to host the Earth Summit 2012 workshop in Skanska's offices. They are an excellent example of how, with forward-thinking and imagination, a sustainability policy can be put into practice. The **UN General Assembly** agreed to the new Earth Summit at their meeting in December 2009 and I believe the workshop helped that to happen."

ustainable construction and development has great future potential. The countries of the world need to quickly gain control of climate change and find solutions that will help slow unfavorable trends. Green construction – including energy-efficient processes and products that lead to a reduction in greenhouse gas emissions – will be a decisive success factor. Working towards sustainable development is a sound business concept – for Skanska as well as for its customers and employees. Work site safety, along with business ethics, are other top priorities in all Skanska Group operations.

Visionary customers support green solutions

Green solutions can now be considered as part of the project selection and screening process. During 2009 Skanska took further important steps on its journey to Deep Green™ construction. Skanska's green solutions focus on constructing buildings and infrastructure that significantly reduce environmental harm and depletion of the earth's resources. The technologies and skills required to construct buildings that waste no energy exist today. By working actively to mobilize resources and capabilities across the Group, Skanska – in partnership with visionary customers, suppliers and business partners – will be part of the solution.

Skanska's long-term environmental strategy is continuously evolving. Many parameters are now reported and subjected to year-on-year comparisons, in line with the environmental policy and strategy that Skanska introduced in 2008. An Environmental Scorecard has been developed, providing a snapshot of progress for each of the business units against Key Performance Indicators (KPIs).

Eleven sustainable development areas

Skanska's sustainability agenda, developed around the framework of the Global Reporting Initiative (GRI), includes eleven high-priority areas: The Environmental Agenda covers energy and climate, materials, ecosystems and local impacts. The Economic Agenda is based on selection of projects that balance economic attractiveness with social and environmental responsibility, sustainability in the supply chain and the value added to society. The Social Agenda focuses on the company's relationship with its employees, the safety of its workforce and subcontractors, corporate community involvement and relationships with the market. This also includes Skanska's human rights work and participation in the United Nations Global Compact.

This is a Sustainability Review, not a Report. It looks back on some of the best projects undertaken across all the business units, providing data where appropriate.

Meeting and setting standards

Skanska constructs buildings and infrastructure projects that meet or surpass the standards of many national and international environmental labeling and management systems, among them:

- EU GreenBuilding Europe
 - All new projects by Skanska's Commercial Development Nordic and Commercial Development Europe business units will meet this voluntary target.
 - Today Skanska Commercial Development Nordic is a registered EU GreenBuilding Corporate Partner.
- Leadership in Energy and Environmental Design (LEED) Global
 - As a minimum, all new commercial properties in the Nordic countries and Central Europe will meet LEED Gold certification.
- Building Research Establishment Environmental Assessment Method (BREEAM) United Kingdom
- Civil Engineering Environmental Quality Assessment Tool (CEEQUAL) United Kingdom
- ISO14001 Environmental Management System Global
 - In 2000, Skanska was the first construction company to become globally ISO 14001-certified.
- Swan label Nordic countries

The Review presents consolidated data for several elements of Skanska's Sustainability Agenda. It also looks forward, explaining Skanska's ambitions, particularly in the areas of energy and safety.

Working toward sustainable development is becoming more vital every day.

Skanska has been actively committed to sustainable construction since 2002. During 2009 the Group completed many projects at the leading edge of green and sustainable best practice. Recognition in the form of awards and accreditations, testimonials from customer and peers provide evidence of Skanska's high caliber in this field. The construction sector and built environment have a tremendous impact on society, ecosystems and economies. Almost half of all solid waste to landfill and 40 percent of man-made carbon dioxide emissions are generated by the built environment.

Environmental Agenda

In 2009 Skanska moved further ahead in sustainable construction: embarking on A Journey to Deep Green™. Building on a foundation of reliable data and measurable performance indicators, a growing number of green solutions and robust business operations, Skanska's long-term aim is to deliver projects with zero environmental impact.

The journey to Deep Green™ construction

Green construction is good for everyone: Skanska's shareholders, employers, customers and society as a whole. Living more sustainably, in net zero energy houses built using reused and recycled materials, no hazardous content and generating zero waste during construction is possible today. The knowledge, tools, technologies and materials already exist.

A major internal review of recent projects was undertaken in 2009. Many met or exceeded the appropriate national building codes, based on voluntary eco-rating

and eco-design systems such as LEED, EU GreenBuilding, Nordic Swan and BREEAM. Although these can act as a benchmark for suppliers and customers, Skanska believes that it is not sufficient to just build according to current rating systems. Projects are already being delivered that exceed national building codes and voluntary schemes by a significant margin.

Measurements and tools

By aiming at Deep Green construction, Skanska is at the forefront of best practice. Skanska's goal is that all the Commercial Development building projects it delivers in Central Europe will be LEED Gold or Platinum-certified. In Commercial Development Nordic, all its projects will achieve EU GreenBuilding and LEED Gold status; the business unit is now registered as an EU GreenBuilding Corporate Partner. Today Skanska Residential Development Nordic builds to a level that surpasses national energy-efficiency codes. The short-term goal is to exceed these codes by 20 percent and later at least by 40 percent in newly constructed housing.

While it would be desirable to have stricter legislation or new policy to mandate significant advances in green construction to be made immediately, there are no significant barriers for enlightened investors, clients and tenants to benefit from projects that meet not only the expectations of today but also those of tomorrow, thereby future-proofing their portfolio of assets.

One important element of Skanska's concept is its Green Toolbox. Launched early in 2009, it contains Green Solutions: products and services that provide both economic and environmental benefits to Skanska's customers. All these examples have been utilized in one or more projects and are transferable from one business unit to another. One of these is the light conveyors that were installed in one of McDonald's new green restaurants in the U.S., ensuring that natural lighting reaches 89 percent

"Given the current economic downturn it is difficult for construction companies to uphold their values and differentiate themselves on sustainability. Skanska is an example of a company that can. They have clearly identified their sustainability goals, prioritized their supply chain and have set out an ambitious plan to deliver sustainable solutions through their value chain. They have also been proactive in engaging their clients around this agenda and challenging their assumptions and objectives. In common with most companies, the path to sustainability is a long and constantly changing journey. I look forward to seeing Skanska continuing to pioneer change in the construction industry."

Shaun McCarthy. Chairman, Commission for a Sustainable London 2012.

The first EU GreenBuilding in the Czech Republic

- 30 percent lower energy consumption than prescribed by the Czech norm
- 100 percent use of non-toxic materials
- 970 metric tons of soil treated using bioremediation on the brown field site.
- 70 percent of energy is recovered from exhaust air in the heating system and reused

The energy performance of the Nordica Ostrava office building sets it apart from any other structure in the country.



For example, recycled waste heat from a nearby steel plant is used as part of the building's advanced heating and cooling system. The project was developed by Skanska Commercial Development Europe.

A school built from solid wood

- 0 lost time accidents during 40,000 hours construction
- A 45 year minimum lifespan

A high weather protection system tent (4,000 m² [43,000 sq. ft.], 15 m [50 ft.]) – the largest ever constructed in Scandinavia at the time – prevented moisture damage. It also helped promote worker safety



by providing a predictable and healthy working environment.

Nardo School in Trondheim was constructed primarily using a local workforce and locally supplied materials. It was designed for low energy consumption and maximum use of natural light, and constructed from timber sourced from sustainable forests.

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"As one of the founding members of the EU Corporate Leaders' Group on Climate Change (EU CLG), Skanska has played a crucial role in the climate change debate over the last few years. Skanska's input in drafting the Communiqués for Bali, Poznan and Copenhagen was critical. Johan Karlström's personal commitment to drive forward action on climate change is rare to see; but is exactly what is needed if we are to move the world to a lowclimate risk economy."

Craig Bennett, Co-director, The Prince of Wales's Corporate Leaders Group on Climate Change. of the building. The refurbishment of the 32nd floor of the Empire State Building in New York City used two green ventilation solutions: hybrid ventilation and underfloor air distribution ventilation. The project was awarded LEED Platinum certification in July 2009. More information on it is available on Skanska's website www.skanska.com.

Skanska needs visionary and progressive customers to take A Journey to Deep Green™. Because of Skanska's operating structure, the organization has its own internal customers, particularly for Private Finance Initiative (PFI) and Public Private Partnerships (PPP) projects. The Company's own Commercial Development and Infrastructure Development business units represent good examples of these progressive customers.

Carbon emissions

The built environment contributes around 40 percent of man-made carbon dioxide emissions. However, when viewed as part of a building's 50 year lifecycle, the physical act of construction only accounts for around 5 percent. Even the most carbon dioxide-intensive materials such as steel and concrete contribute less than 15 percent to a structure's lifetime carbon footprint. The remainder comes from emissions during the occupancy of the building. The best things Skanska can do to reduce these emissions is to provide its customers with buildings that last longer and are more energy-efficient. When presented with carbon efficient designs by its customers, Skanska can build low carbon projects in any of its markets.

Skanska reports its carbon emissions to the Carbon Disclosure Project (CDP) and is doing so for the second year in a row. For 2009, Scope 1 Absolute Carbon Dioxide emissions were 258,370 tonne while Scope 2 Absolute Carbon Dioxide emissions were 107,880 tonne. This year's ranking improved by 68 percent compared to 2008, making Skanska the top performing Swedish construc-

tion company. Among its peer group, Skanska ranks second in the Nordic region – only one point behind the top participant – and third globally. The CDP is an important benchmarking tool, providing the world's largest database of corporate climate change information. Involvement is regarded as an important measure of Skanska's commitment to be the leading green company in its sector.

Proactive in developing a global industry protocol

Properly constructed and managed buildings will contribute significantly to reducing carbon emissions in the future. Recognizing the important role that Skanska can play in advising, influencing and implementing change, the Company is facilitating the development of a sectorwide carbon dioxide Inventory Protocol with ENCORD - Europe's forum for industry-led research, development and innovation in the construction sector. This initiative is an example of the international leadership that Skanska is providing in carbon mitigation. The Company's own Protocol was developed along best practice lines set out in the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol, and with the encouragement of the CDP and FTSE 4Good. As part of the Company's role as a key influencer in climate change initiatives, it is the only Scandinavian member of the EU Corporate Leaders Group on Climate Change, as well as being the only construction sector representative, where it helped to create the Copenhagen Communiqué, a pledge signed by over 900 companies worldwide in the run-up to COP 15.

Skanska is ahead of the curve in green thinking, particularly when it comes to energy efficiency and carbon reduction. This makes the Company ideally placed – not simply to provide an accurate picture of its own carbon footprint, but also to help clients reduce their own.

Green McDonald's

- 89 percent of the floor space receives natural daylight
- 99 percent of previous restaurant building was reused or recycled
- 45 percent less water use than ASHRAE baseline (local standard)
- 100 percent of interior fixtures meet LEED low-VOC requirements
- 85 percent recycled glass in counter tops

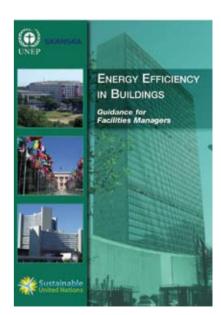
A McDonald's restaurant in Cary, North Carolina, U.S.A. was designed

and constructed as a pilot project for the LEED Gold for Retail certification. The restaurant was built with an eye to lowering total life-cycle cost. Sharing the knowledge of Skanska's LEED-accredited professionals through training of subcontractors and McDonald's local managers was an important part of the project. Restaurant diners can use a touch screen to take a virtual tour providing information on aspects of the building's green construction. There are even recharging points in the parking lot for electric vehicles.



The United Nations Environment Program (UNEP)

The United Nations Environment Program (UNEP) adopted Skanska's internal Energy Efficiency Guide for Facilities Managers and used it for their own Sustainable United Nations initiative.



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Skanska's work in identifying, quantifying and reducing carbon emissions is recognized as world class by many stakeholders. During 2008 and 2009 Skanska played an active role in the WBCSD's Energy Efficiency in Buildings initiative. The work is now complete and Skanska is a signatory of the resulting Manifesto. This includes a commitment to create a baseline of the Company's commercial buildings and set time-based energy or carbon dioxide emissions reduction targets, consequently annual building energy use will also be published in the future.

Skanska units in Sweden adopted a 100 percent renewable energy policy for their activities. The U.K. unit adopted this for its main office and the Finland unit also signed contracts for renewable energy supply to some of its operations during 2009.

Local impacts - global supply chain

Skanska uses internationally recognized environmental management systems and has been ISO14001 accredited since 2000. This provides a consistent and repeatable global framework covering all business units and markets. Skanska Sweden has adopted a Green Workplace Initiative, applied at more than 100 worksites during 2009. This encourages all units to decrease the environmental impact of the buildings Skanska itself uses — both permanent offices and temporary site facilities — mainly by reducing energy consumption and waste. Each participating site carries out a wide-ranging internal audit, covering everything from cleaning products to duplex printing. Qualification is not automatic, and participating sites must re-audit every three years. The initiative leads to new processes and to practical ideas for energy

conservation and selection of materials for ongoing construction projects. Waste minimization is an important aspect of site management. Zero waste to landfill should be the target for every project, and this was already achieved at several projects during 2009.

Phasing out hazardous chemicals

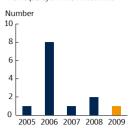
Promoting best practices throughout the supply chain is an important part of Skanska's Journey to Deep Green philosophy. During 2009 the Company has been particularly successful in removing hazardous chemicals from many of its construction projects. This builds on work begun a decade ago and continues today in partnership with the NGO ChemSec. Skanska's worldwide internal guide on restricted substances was updated and expanded in 2009 to cover six families of harmful man-made chemicals and four groups of heavy metals. This updated corporate list sits alongside more extensive local lists developed by some of Skanska's business units. Many projects were completed during the year with this in mind. Examples using low VOC- content materials include Green McDonald's in the U.S., Atrium City in Poland and the Lintulahti office building in Finland, while the Sandgrind residential project in Sweden went one step further with environmentally certified and nontoxic materials including chipboard, glues, paints and varnishes.

Social Agenda Business ethics

During 2008 Skanska revised and updated its Code of Conduct, which is applied throughout the Group. Skanska AB and all business units have each estab-

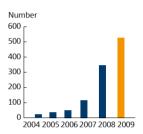
ISO 14001 Major Non-conformances (MNCs) identified

The frequency of MNC in 2005-2009



Since January 1, 2005, Skanska's thirteen business units recorded a total of thirteen MNCs. The 2009 MNC relates to a documentation issue in a new environmental management system of one business unit.

Eco design professionals



Number of LEED APs, BREEAM APs, CEEQUAL and other eco design professionals increased by 52% in 2009 compared with 2008.

New procedures yield results

As part of a program introduced in 2008, all employees of Skanska Finland are urged to make observations and submit opinions concerning work site health and safety. Every time a safety risk is identified, action is taken immediately. The case is discussed at a work site meeting that is held every week. Having raised



awareness of work site risks and encouraged employees to play an active role in efforts to improve safety, Skanska Finland recorded more than 8,000 observations in 2008 and 8,045 in 2009. For each new observation, Skanska donated EUR 1 to the Finnish Association for Mental Health.



Safety Super League rewards proactive safety work

Skanska USA Civil rewards employees who contribute to proactive safety efforts. By participating in the Safety Super League, the work team that has earned the most points receives a bonus. Activities measured every month include morning stretch and flex, daily work review, equipment, web-based training, work site safety as well as improvement suggestions and innovations. The Safety Super League shows that the work teams that receive the most points also have the smallest number of accidents.

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lished their own Ethics Committees, serving to guide employees on business ethics, environmental and social responsibility issues. This model has been operating in Sweden since 2002 and more recently in Norway. It plays an important part in Skanska's value-based corporate culture of sustainability and in ensuring that the environmental, social and economic agenda is followed throughout the Group and beyond. The guidelines in the Code of Conduct are clear and precise, and it is important that the Code be applied in a consistent manner and that Skanska's values permeate all its activities. For this reason, all new employees will attend a training course about the Code of Conduct soon after joining the Company and thereafter every two years. The Code is also embedded in all new supplier agreements.

In January 2010 Skanska launched a Code of Conduct Hotline – a confidential worldwide telephone service managed by an independent specialist company. Employees and other stakeholders can report suspected violations of the Code of Conduct to the hotline at any time of day or night.

Safety

"Safety is a core value at Skanska, and that means we actively work to empower every person, at every project, on every day, with the knowledge of how to work safely, and the passion to be safe and never accept unsafe behaviors," says Johan Karlström, President and CEO of Skanska.

The construction sector suffers more accidents than many other branches of industry. To bring about an improvement in the working environment, Skanska sees safety as one of its five core values – zero work site

accidents. During 2009, Skanska took specific steps to achieve this goal:

- To learn from accidents by interrupting work and holding a safety review at Skanska worldwide every time a fatal accident occurs, the Global Safety Stand Down (GSSD)
- To involve suppliers and subcontractors in Skanska's safety work
- To build on past experience throughout the Company
- Raising the requirements for those working with Skanska so that they meet the company's expectations

Stopping work for safety reviews

After a fatal accident, Skanska halts work at all its sites for a period. This GSSD was introduced after the Company suffered several tragic accidents in 2008. During such a stand down, managers at all Skanska construction sites and business units are responsible for informing all employees and subcontractors about the accident in question. The initiative is intended to pay respect for a colleague, during one minute of silence. Time is also taken to provide information to every employee and contractor about the causes leading to the accident, and the lessons learned. Discussing the tragedy locally, at each work site, provides the workforce with the opportunity to discover how a similar accident could be prevented from occurring in the future.

New procedures yield results

For several years there has been a uniform system of accident statistics at Skanska. Of all the business units, Skanska Finland historically has the worst accident statistics. In spite of this, they are significantly better



Skanska Finland – Safety work linked to efficiency

Some people maintain that a safe working environment is in conflict with productivity. But Skanska Finland has managed to achieve both. Through Lean Construction and its Last Planner method, the business unit

combines working environment efforts with efficiency-raising. Both safety risks and any construction bottlenecks are identified and analyzed in a rolling six-week planning procedure, performed jointly by project management, subcontractors and Skanska's own workforce at each project. After that, they draft proposed solutions and improvements aimed at minimizing risks. The system has led to substantial improvements, since every type of specialized unit is involved in planning.

Global Safety Stand Down (GSSD)

In February 2009, a tragic accident occurred in Arendal, Norway. A Skanska employee died while unloading a truck. The accident was



analyzed by Skanska specialists and discussed at special work site meetings throughout the Skanska Group. The aim of such a GSSD is to make all employees more aware of the safety aspects of construction work and thereby prevent the recurrence of similar accidents. Information about the Arendal accident was disseminated quickly throughout the Group, among others to our employees in the Paerdegat Basin water quality project in Brooklyn, NY, U.S.A. The day after the GSSD, a cargo of poles and fence equipment arrived at the work site. The project team inspected the cargo and concluded that it was unsafe to unload. The team changed its work procedures to improve safety. The dangerous cargo of metal poles was thus unloaded without anyone being injured.

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than the rest of the Finnish construction sector. In 2006 the business unit's management team decided that the frequency of accidents was completely unacceptable. A series of safety initiatives were implemented. These have delivered a reduction in the Lost Time Accident Rate from 28.9 in 2006 to 8.7 in 2009. Thanks to these initiatives, Skanska Finland has received several awards for its safety work, for example from the European Campaign on Risk Assessment and the Finnish Building Information Foundation (RTS), which selected Skanska Finland to receive its prestigious Rakeva Award in 2009.

The annual Skanska Global Safety Week is one way of disseminating knowledge and awareness to ensure safer working environments. The event has grown from year to year and now includes a total of 53,000 Skanska employees plus a very large number of subcontractors, suppliers and customers. It is one of the biggest events of its kind in the world and is unique in the construction industry. The focus for 2009 was safety leadership, pretask planning and understanding why people behave in a particular way, with regard to safety.

Scheduled work site visits

Improving safety requires a visible commitment by management. At first, Executive Site Safety Visits (ESSVs) were only a pilot project included in the Global Safety Week 2008, but they have now been introduced as Skanska's first Global Leading Indicator. Senior executives visit construction projects, to demonstrate safety leadership and to understand the underlying causes of unsafe behaviors at the worksite.

The targets for the number of such visits the following year are established by the management team of each business unit. These targets are defined for every position in the management team, starting with the President of the business unit. During the first year 4,316 visits took place, compared to the target for the year, which was 2,828.

To demonstrate visible leadership, Skanska links the activities of Safety Week by arranging a series of safety conferences in the business units. For 2009, these focused on the supply chain. Skanska's Czech Republic and Slovakia business unit took the idea one step further and invited clients, suppliers and competitors to their event.

The conference focused on the state of safety, and considered how this can be built upon, to improve safety across the whole of the construction industry. This illustrates the aim of all Skanska's business units; to be an agent for change in their home market.

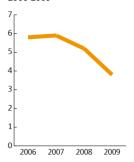
Building safety into all activities

Skanska's business encompasses both project development and construction work. Customers have a major responsibility for safety during a construction project and should demand a high standard from their business partners. During 2009 Skanska's development units began to gather safety data and maintain statistics, for example about the number of lost-time accidents (LTAs) among their contractors. The information was also added to the monthly Global Safety Report. This has led to a review of the safety requirements demanded of contractors.

Safety an element of planning

Safety should be considered at the very earliest stages of construction and development. It should be part of the design process, if it is to become a truly integral part of every completed project. In order to achieve this, Skanska undertook several actions during 2009. Safety requirements for a project are now incorporated in the Building Information Modelling (BIM) processes, enabling safety considerations to be examined during design reviews. Elsewhere, Skanska Xchange introduced the use of standardised operating procedures in the construction of residential properties – to minimise safety risks.

Lost Time Accident Rate (LTAR) 2006-2009



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

Skanska has recorded lost time accidents (LTAs) on a global basis since 2006, which serves as the base year for these statistics. To reduce the number of accidents, Skanska established a three year target: By the end of 2010, to reach an overall LTA in the Skanska Group not exceeding 4.

As the chart indicates, Skanska achieved an LTA of 3.8 by the end of 2009. In other words the present accident rate is now below the 2010 target. But we cannot be satisfied with this. In the next few years, even more ambitious targets will be set. The long-term target is zero work site accidents. Despite significant progress in reducing the number of accidents, Skanska regretfully has to report that nine work siterelated fatalities occurred during 2009. Three of them were Skanska employees and six were subcontractors.

More information is available at: www.skanska-sustainability-case-studies.com

Green Thinking A Journey to Deep Green™

A Journey to Deep Green™ is described in Skanska's publication "Green Thinking" – produced in 2009 as a "guide to the possible" for stakeholders.



Green symbol flag

Green construction projects are now highlighted with the use of Skanska's green symbol flag.



Case studies

Skanska's online case study engine provides stakeholders with access to over 50 case studies on recent projects with sustainability aspects. These can be searched according to their social and environmental content.



A leader in sustainable development

Skanska plays an active role in efforts to bring about sustainable development in the construction sector. Among other things, the Group is:



- A signatory to the UN Global Compact and its business leadership platform, "Caring for Climate."
- A member of the EU Corporate Leaders Group on Climate Change.
- A sponsor of the UNEP Sustainable Building & Construction Initiative.
- A sponsor of the Energy Efficiency in Buildings initiative of the World Business Council for Sustainable Development.
- An EU GreenBuilding Corporate Partner.
- Able to deploy over 500 LEED®-accredited professionals among its employees in the U.S. and Europe to guide customers to greener solutions to their built environment needs.
- Meeting LEED® standards in the Nordic countries and Central Europe. Today Skanska has more LEED®-compliant projects in these regions than any other company.
- An active participant in Green Building Councils in the U.S., the U.K. and Hungary.
- A co-founder of the Green Building Councils in the Czech Republic and Poland.
- Working to establish Green Building Councils in four Nordic countries.

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