

The report of the Board of Directors (the “Board”) of Skanska AB (publ) (the “Company”) before the 2020 Annual General Meeting (the “Meeting”) pursuant to rule 10.3 and items two and three of rule 9.1 in the Swedish Corporate Governance Code (the “Code”)

The Board hereby reports the results of the evaluation pursuant to rule 10.3 and items two and three of rule 9.1 in the Code.

The Board has established a Compensation Committee, which is composed of the Chairman of the Board, Hans Biörck, and the board members Pär Boman and Jayne McGivern.

In accordance with the Code, the Compensation Committee has monitored and evaluated programs for variable remuneration (both on-going and those that have ended during the year) and the application of the principles for salary and other remuneration to senior executives of the Company (the CEO and other members of the Group Leadership Team) adopted by the 2019 Meeting, as well as the current remuneration structures and levels in the Company.

The following is the Board's report on the results of the evaluation carried out by the Compensation Committee.

General information with respect to remuneration to senior executives

Remuneration to senior executives of the Company consists of fixed salary, variable remuneration, if any, (such as a yearly bonus program (Short Term Incentive Program – STI) and an employee ownership program (Long Term Incentive Program – LTI, called Seop)), other customary benefits, and pension.

The Company's objectives for having STI and LTI programs are to (i) drive behaviors that will support Skanska's long and short term business success and create shareholder value, (ii) make the Company attractive as an employer for top talents, (iii) retain key individuals within the Company, and (iv) increase employee's interest and involvement in Skanska's business and development.

The Company's STI program consists of a yearly cash-based bonus stated as a percentage of the annual base salary. There are financial targets linked to the result in the Business Unit/Group of Business Units/Group depending on the managerial position and the market for which the senior executive is responsible. There are also non-financial targets related to the individual senior executive's focus areas. The STI outcome can be reduced in case of violation of Skanska's Code of Conduct.

Skanska's Employee Ownership Program is open for all eligible employees, including senior executives. The employees may invest part of their salary in Skanska shares and will at the end of a three-year lock-up period receive matching shares, and potentially also performance shares based on the financial performance of the unit. Skanska believes the program is an important tool for attracting and retaining key people.

Evaluation of the principles for salary and other remuneration to senior executives

The Compensation Committee conclude that the principles for salary and other remuneration to senior executives as resolved on by the 2019 Meeting have been applied.

Evaluation of programs for variable remuneration and remuneration structures and levels of remuneration

The Compensation Committee conclude that the ongoing and during the year ended programs for variable remuneration for senior executives of the Company, as well as the current remuneration structures and levels in the Company, are appropriate and well balanced.

The Compensation Committee has proposed that the 2020 Meeting approve guidelines for salary and other remuneration to senior executives, that in order to meet new legal requirements, are more detailed than the current principles but do not entail any material changes regarding remuneration structures and levels.

Stockholm, February 2020
Skanska AB (publ)
The Board of Directors