

Item 16 - Proposals by the Board of Directors of Skanska AB (publ) to the Annual General Meeting 2022 for resolutions on a long-term employee ownership program and acquisitions and transfers of shares under the program

Background and reasons

Since 2007 the Annual General Meeting of Skanska AB (publ) ("Skanska") has every third year resolved on long-term employee ownership programs for permanent employees in the Skanska Group (Skanska Employee Ownership Programs, "Seop"). The long-term employee ownership program for the financial years 2023, 2024 and 2025 ("Seop 6") now proposed by the Board of Directors (the "Board") is based on similar principles as the long-term employee ownership program for the financial years 2020, 2021 and 2022 resolved by the Annual General Meeting on March 28, 2019 ("Seop 5"), although certain changes have been made as further outlined below under the heading *Main changes compared to Seop 5*.

The proposed Seop 6 gives present and future employees the opportunity of becoming shareholders of Skanska. The purpose of Seop 6 is to create shareholder value and increase the alignment of interests between the participants of Seop 6 and the other shareholders of Skanska. Seop 6 is further deemed to increase Skanska's prospects for retaining and recruiting qualified employees to the Skanska Group and the employees' interest and involvement in Skanska's business and development. In light of the above, the Board makes the assessment that Seop 6 will have a positive effect on the Skanska Group's future development and therefore be advantageous both to the shareholders and to the employees of Skanska.

Main changes compared to Seop 5

To further emphasize Skanska's sustainability focus, the Board proposes, in line with Skanska's long-term climate target, that the growth in Earnings Per Share ("EPS") target at Group level is in Seop 6 supplemented with a climate target at Group level linked to the Group's reduction of carbon emissions.

Further, the Board proposes that the target setting principles for the EPS target are adjusted compared to Seop 5 so that the Starting Point (as defined in [Appendix 2](#), section 1) for the EPS target increases by 3 percent per year during the three-year program period instead of 0 percent year 1 and 5 percent year 2 and 3, as well as that the EPS target is based on EPS after any dilution¹. In addition, it is proposed that Cost limit 1 (as defined in item A. below) is increased from maximum MSEK 700 to maximum MSEK 850.

¹ Dilution refers to a reduction in earnings per share or an increase in loss per share resulting from any conversion of convertible instruments, exercise of options or warrants, or issue of ordinary shares upon the satisfaction of specified conditions. Dilution also includes a reduction in earnings per share or an increase in loss per share resulting from shares held by Skanska in own custody being allotted to the Seop-participants upon the satisfaction of specified conditions. The number of shares outstanding increases by the allotted shares, i.e. the allotted shares are included in the number of shares outstanding after dilution.

Preparation of the proposal

The Board's proposal to the Annual General Meeting 2022 (the "Meeting") regarding Seop 6 has been prepared by the Compensation Committee, pursuant to the instructions issued by the Board and after consultation with major shareholders. The Board has, upon recommendation from the Compensation Committee, resolved to propose Seop 6 to the Meeting for resolution in accordance with the proposals set out below.

Outline of Seop 6

Seop 6 is proposed to be open to present and future permanent employees in the Skanska Group. Provided an investment of their own in Series B shares in Skanska, normally by way of monthly savings ("Saving Shares"), the employees shall be offered the possibility of being allotted Series B shares in Skanska free of charge after the expiration of a three-year lock-up period. Employees (as defined in item A. below) and Key Employees (as defined in item A. below) may be allotted shares conditional on continuous employment and retention of their own initial investment in Saving Shares ("Matching Shares")², as well as be allotted shares conditional also on satisfaction of certain additional performance conditions ("Performance Shares"). Executives (as defined in item A. below) may only be allotted Performance Shares. The level of the performance conditions shall be set by the Board and be based on the Seop 6 specific performance targets.

It is proposed that Seop 6 be divided into three annual programs (each an "Annual Program"), running during the financial years 2023, 2024 and 2025, respectively. The total costs, including social security costs, for each Annual Program (excluding administrative costs) may not exceed the lowest of maximum MSEK 850 (excluding adjustment for inflation) and 15 percent of the Skanska Group's EBIT³. Seop 6 may in total comprise no more than 12,000,000 Series B shares in Skanska, representing approximately 2.9 percent of all issued shares in Skanska. Each Annual Program may comprise no more than 4,000,000 Series B shares in Skanska.

The Board's complete proposal for resolution on Seop 6 is set out in item A. below.

Transfer of shares under Seop 6

The Board has considered different methods for transfer of shares under Seop 6, in order to implement Seop 6 in a cost-effective and flexible manner. The Board has found the most cost-effective alternative to be, and thus proposes that the Meeting as main alternative resolves, to authorize the Board to resolve on acquisitions of own Series B shares in Skanska on a regulated market, which later may be transferred to participants in Seop 6. For this purpose, the Board further proposes that the Meeting resolves on transfers of own Series B shares free of charge to participants in Seop 6 and that transfers of own Series B shares may be made free of charge to subsidiaries of Skanska in order to secure the obligations to deliver Series B shares to participants in Seop 6. The detailed conditions for the Board's main alternative are set out in item B. below.

² Provided that the total cost, including social security contributions, for each Annual Program does not exceed the cost limits to the extent that the allotment of the Matching Shares needs to be reduced. The cost limits are related to the Skanska Group's EBIT and the extent to which the financial targets at Group level (i.e. EPS) have been satisfied (as defined in item A. below). Should any of the cost limits be exceeded, the allotment of Matching and/or Performance shares is reduced proportionally.

³ Earnings Before Interest and Taxes.

Should the required majority for approval under item B. below not be reached, the Board proposes that Skanska shall be able to enter into an equity swap agreement with a third party, in accordance with item C. below.

The Board's proposals for resolution

The Board proposes, in accordance with the recommendation by the Compensation Committee, that the Meeting resolves (i) on a long-term employee ownership program for the financial years 2023, 2024 and 2025 (Seop 6) in accordance with the terms in item A. below, and (ii) to authorize the Board to resolve on acquisitions of own Series B shares in Skanska on a regulated market and that acquired own Series B shares may be transferred free of charge to participants in Seop 6, in accordance with the terms in item B. below. Should the required majority for approval under item B. below not be reached, the Board proposes that the Meeting resolves that Skanska shall be entitled to enter into an equity swap agreement with a third party, in accordance with the terms in item C. below.

A. Resolution on a long-term employee ownership program for the financial years 2023, 2024 and 2025 (Seop 6)

The Board proposes that the Meeting resolves on Seop 6 principally based on the terms and conditions set out below.

- a) Seop 6 is open to permanent employees (current and future) within the Skanska Group ("Employees"), currently comprising of approximately 25,000 employees, to approximately 2,000 key employees within the Skanska Group ("Key Employees"), and to approximately 300 executive officers within the Skanska Group ("Executives"). The Executives category is split into three sub-categories: "Executives A" (consisting of all members of the Group Leadership Team, currently comprising of 7 employees), "Executives B" (consisting of Business Unit Presidents and Senior Vice Presidents, Group Functions, currently comprising of 19 employees) and "Executives C" (consisting of other senior executives, currently comprising of approximately 280 employees).
- b) Seop 6 means that Employees, Key Employees and Executives are offered the possibility to, provided an investment of their own in Series B shares in Skanska (Saving Shares) during a certain financial year ("Acquisition Period"), from Skanska or from another company within the Skanska Group, or from a designated third party, free of charge be allotted Series B shares in Skanska. For each 4 Saving Shares, Employees and Key Employees participating in Seop 6 will, after a three-year lock-up period ("Lock-up Period"), have the possibility to be allotted 1 Series B share in Skanska (Matching Share)⁴. No Matching Shares will be allotted to Executives. Moreover, all employees participating in Seop 6 will, depending on satisfaction of certain additional performance conditions during the Acquisition Period, which are based on the Seop 6 specific performance targets set by the Board (see section *Performance conditions* below), after the Lock-up Period have the possibility to be allotted additional Series B shares in Skanska free of charge (Performance Shares). Employees may be allotted no more than 3 Performance Shares, Key Employees no more than 7 Performance Shares, Executives C no

⁴ Provided that the total cost, including social security contributions, for each Annual Program does not exceed the cost limits to the extent that the allotment of the Matching Shares needs to be reduced. The cost limits are related to the Skanska Group's EBIT and the extent to which the financial targets at Group level (i.e. EPS) have been satisfied (as defined below). Should any of the cost limits be exceeded, the allotment of Matching and/or Performance shares is reduced proportionally.

more than 16 Performance Shares, Executives B no more than 20 Performance Shares and Executives A no more than 24 Performance Shares, for each 4 Saving Shares.

- c) Seop 6 is divided into three parts (“Annual Program 2023”, “Annual Program 2024” and “Annual Program 2025”). The Acquisition Period comprises the financial year 2023 in respect of the Annual Program 2023, the financial year 2024 in respect of the Annual Program 2024, and the financial year 2025 in respect of the Annual Program 2025. The Lock-up Period runs for three years from the day of the investment in Saving Shares. Employees, Key Employees, and Executives will be offered participation in the Annual Programs 2023, 2024, and 2025.
- d) The maximum number of Saving Shares that each employee participating in Seop 6 may invest in, normally by way of monthly savings, depends on the employee’s salary and if he/she participates in Seop 6 as an Employee, a Key Employee or an Executive. Saving Shares may be acquired by Employees for an amount corresponding to no more than 5 percent of the annual fixed gross salary, by Key Employees for an amount corresponding to no more than 7.5 percent of the annual fixed gross salary, and by Executives for an amount corresponding to no more than 10 percent of the annual fixed gross salary.
- e) In order for an employee to be eligible to be allotted Matching Shares and/or Performance Shares in each Annual Program, it is a condition that, with certain specific exemptions, he/she is permanently employed within the Skanska Group for the duration of the whole Lock-up Period and that the employee, throughout this Lock-up Period, has retained the Saving Shares acquired within the respective Annual Program. Saving Shares that have been disposed of prior to the expiration of a Lock-up Period will therefore not be included in the calculation for determining any allotment of Matching Shares and/or Performance Shares.
- f) Seop 6 includes two cost limits; one depending on the extent to which the financial targets at Group level (i.e., EPS) for Seop 6 (see [Appendix 2](#), section 1) have been satisfied (“Cost limit 1”) and one which is related to the Skanska Group’s EBIT (“Cost limit 2”). In respect of Cost limit 1, should the Outperform Target (as defined in [Appendix 2](#), section 1) be satisfied, the total costs, including social security contributions, for each Annual Program may not exceed MSEK 850, whereas should the Starting Point (as defined in [Appendix 2](#), section 1) not be satisfied or be satisfied but not exceeded, the total costs, including social security contributions, for each Annual Program may not exceed MSEK 230. The applicable cost limits between the Starting Point and the Outperform Target are set out in [Appendix 1](#). Adjustments for inflation, as from December 31, 2021, shall apply when calculating Cost limit 1 for each Annual Program. Cost limit 2 means that the total costs, including social security contributions, for each Annual Program may not exceed 15 percent of the Skanska Group’s EBIT for the applicable Acquisition Period. The actual cost limit is therefore of the lower of Cost limit 1 and Cost limit 2. Administrative costs for Seop 6 shall not be considered when calculating whether the total costs amount to Cost limit 1 or Cost limit 2.

Should the number of participants and the outcome of the allotment of Matching Shares and Performance Shares to the participants result in a total cost exceeding any of the applicable cost limits for any of the Annual Programs, the allotment rate will be reduced proportionally.

- g) Matching Shares and Performance Shares may normally be allotted only after the Lock-up Period for each Annual Program, which comprises three years. Allotment of Matching Shares and Performance Shares to participants within each Annual Program is estimated to occur monthly three years after the investment in each Saving Share, meaning that allotment of Matching Shares and Performance Shares is estimated to occur monthly
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during the financial year 2026 in respect of the Annual Program 2023, during the financial year 2027 in respect of the Annual Program 2024, and during the financial year 2028 in respect of the Annual Program 2025.

- h) Should the participants' savings for investment in Saving Shares be made in another currency than in the Swedish krona, the acquired Saving Shares will after the expiration of the Lock-up Period be valued at a fixed exchange rate between the relevant currency and the Swedish krona, provided that the participant has retained the Saving Shares and has been permanently employed within the Skanska Group throughout the whole Lock-up Period. Any potential difference in the value of the Saving Shares in the relevant currency, due to exchange rate fluctuations during the Lock-up Period, calculated on the exchange rate on the first day during the Lock-up Period compared to the current exchange rate the day after the expiration of the Lock-up Period, will be settled by the number of allotted Matching Shares and/or Performance Shares being increased or decreased, as relevant.
- i) The Board or the Board's Compensation Committee shall be entitled to establish the detailed terms and conditions for Seop 6 on the basis of the main terms and conditions for Seop 6 stipulated in the decision by the Meeting. The Board or the Board's Compensation Committee may, in that regard, make necessary adjustments to satisfy certain local regulations or established market conditions outside of Sweden.
- j) If significant changes in the Skanska Group or in the market occur which, in the opinion of the Board, would result in a situation where the conditions for allotment of Matching Shares and/or Performance Shares under Seop 6 become unreasonable, the Board shall also be entitled to resolve on a reduced allotment of Matching Shares and/or Performance Shares, or that no Matching Shares and/or Performance Shares shall be allotted at all, for a certain Annual Program or for participants in Seop 6 active within a certain Business Unit. The Board shall further have the option to, wholly or partially, cancel Annual Programs which have not commenced and have the option to, wholly or partially, cancel Seop 6 should any of the Annual General Meetings 2023–2025 not resolve on necessary acquisitions of own Series B shares in Skanska.
- k) Participation in Seop 6 presupposes that such participation is legally possible in the various jurisdictions concerned and that the administrative costs and financial efforts are reasonable in the opinion of the Board.
- l) Seop 6 shall in total comprise no more than 12,000,000 Series B shares in Skanska. Each Annual Program shall comprise no more than 4,000,000 Series B shares in Skanska. This means that the Board may resolve on a proportionally reduced allotment of Matching Shares and/or Performance Shares if price movements in the Series B share in Skanska during the Acquisition Period result in that the number of Matching Shares and Performance Shares exceeds 4,000,000 for an Annual Program.
- m) The number of Matching Shares and Performance Shares will be subject to recalculation as a result of any intervening bonus issues, splits, rights issues and/or other similar corporate events.

Performance conditions

Allotment of Performance Shares is conditional upon satisfaction of a number of performance conditions during the Acquisition Period for each Annual Program. The conditions are based on the Seop 6 specific performance targets set by the Board which consist of targets at Group, Business Unit and/or Business Unit Cluster level. At Group level, there is a financial target and a

non-financial target (which in Seop 6 consist of a sustainability target). At Business Unit and/or Business Unit Cluster level, there are only financial targets. The costs for Seop 6 will be charged to the Group and each Business Unit when calculating whether the financial targets have been satisfied.

The financial target applicable at Group level is growth in EPS, as set out in [Appendix 2](#), section 1. The non-financial target applicable at Group level is the Group's reduction of carbon emissions (CO₂e), as set out in [Appendix 2](#), section 2. The targets applicable at Business Unit and/or Business Unit Cluster level vary depending on which business stream the relevant Business Unit or Business Unit Cluster belongs to, as set out in [Appendix 2](#), section 3. The targets apply differently depending on the employee's position. How the targets apply in relation to each participant category is set out in [Appendix 2](#), section 4.

Allotment of Performance Shares shall be based on the weighted outcome of the performance conditions for each participant category as set out in [Appendix 2](#). Should the weighted outcome of the performance conditions fall between 0 percent and 100 percent, a proportional allotment of Performance Shares will be made. The following examples illustrate how allotment of Matching Shares and Performance Shares shall be calculated for the category Employees:

- Should the weighted outcome of the performance conditions amount to 0 percent, the employee will be allotted 1 Matching Share for each 4 Saving Shares.⁵ No allotment of Performance Shares (which may at most amount to 3 Performance Shares) will occur.
- Should the weighted outcome of the performance conditions amount to 0 percent and the cost limits be exceeded to the extent that the allotment of the Matching Shares needs to be reduced, the allotment of Matching Shares will be reduced proportionally. No allotment of Performance Shares (which may at most amount to 3 Performance Shares) will occur.
- Should the weighted outcome of the performance conditions amount to 50 percent, the employee will be allotted 1 Matching Share for each 4 Saving Shares.⁶ The allotment of the number of Performance Shares (which may at most amount to 3 Performance Shares) is reduced by 50 percent, which means a total allotment of 2.5 Series B shares in Skanska (i.e. 1 Matching Share and 1.5 Performance Shares) for each 4 Saving Shares.
- Should the weighted outcome of the performance conditions amount to 100 percent, the employee will be allotted 1 Matching Share for each 4 Saving Shares.⁷ Maximum allotment of Performance Shares (which may at most amount to 3 Performance Shares) will occur, which means a total allotment of 4 Series B shares in Skanska (i.e. 1 Matching Share and 3 Performance Shares) for each 4 Saving Shares.
- Should the weighted outcome of the performance conditions amount to between 0 percent and 100 percent and any of the cost limits be exceeded, the allotment of the Matching and/or Performance Shares will be reduced proportionally.

⁵ Provided that the total cost, including social security contributions, for each Annual Program, does not exceed the cost limits to the extent that the allotment of the Matching Shares needs to be reduced and that the other conditions according to Seop 6 for receiving Matching Shares are met. Should any of the cost limits be exceeded, the allotment of Matching and/or Performance shares is reduced proportionally.

⁶ See footnote 5.

⁷ See footnote 5.

A corresponding calculation for allotment of Matching Shares and/or Performance Shares shall be made in respect of Key Employees and Executives. However, as mentioned above, Key Employees may be allotted a maximum of 7 Performance Shares and Executives may be allotted a maximum of 16 to 24 Performance Shares (depending on sub-category) for each 4 Saving Shares. Executives may not be allotted any Matching Shares.

The number of Performance Shares that may be allotted will be established after the expiration of the first quarter after the financial years 2023, 2024 and 2025, respectively, in respect of participation in the Annual Programs 2023, 2024 and 2025, respectively.

The performance conditions, and the preliminary outcome of the performance conditions, for each Annual Program will be disclosed by Skanska in connection with the annual and sustainability report for the financial year 2023 in respect of the Annual Program 2023, the annual and sustainability report for the financial year 2024 in respect of the Annual Program 2024, and the annual and sustainability report for the financial year 2025 in respect of the Annual Program 2025.

B. Resolution on authorization for the Board to resolve on acquisitions of own Series B shares in Skanska on a regulated market and on transfers of acquired own Series B shares to participants in Seop 6

1) Resolution on authorization for the Board to resolve on acquisitions of own Series B shares in Skanska on a regulated market

To secure delivery of Series B shares to participants in Seop 6, the Board proposes that the Meeting resolves to authorize the Board to resolve on acquisitions of own Series B shares in Skanska on the following terms and conditions.

- a) Acquisitions of Series B shares in Skanska may only be effected on Nasdaq Stockholm.
- b) The authorization may be exercised on one or several occasions, however at the latest until the Annual General Meeting 2023.
- c) No more than 1,000,000 Series B shares in Skanska may be acquired to secure delivery of shares to participants in Seop 6.
- d) Acquisitions of Series B shares in Skanska on Nasdaq Stockholm may only be made at a price within the from time-to-time applicable range of prices (spread) on Nasdaq Stockholm, meaning the interval between the highest purchase price and the lowest selling price.

The Board has issued a statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act.

The Board intends to revert to the Annual General Meetings 2023, 2024, and 2025 with proposals to authorize the Board to resolve on additional acquisitions of own Series B shares, for transfers to participants in Seop 6.

2) Resolution on transfers of acquired own Series B shares to participants in Seop 6

The Board proposes that the Meeting resolves that transfers of acquired own Series B shares in Skanska may be made on the following terms and conditions.

- a) No more than 12,000,000 Series B shares in Skanska may be transferred free of charge to participants in Seop 6.
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- b) The right to acquire Series B shares in Skanska free of charge shall, with deviation from the shareholders' preferential rights, be granted to such persons within the Skanska Group who participate in Seop 6. Further, subsidiaries of Skanska shall, with deviation from the shareholders' preferential rights, be entitled to acquire Series B shares in Skanska free of charge, whereby such subsidiary shall be obliged to, in accordance with the terms and conditions of Seop 6, immediately transfer the shares to such persons within the Skanska Group who participate in Seop 6.
- c) Transfers of Series B shares in Skanska shall be made free of charge at the time and on the other terms and conditions that participants in Seop 6 are entitled to acquire shares, i.e., normally monthly consecutively during the financial years 2026, 2027 and 2028.
- d) The number of Series B shares in Skanska that may be transferred under Seop 6 will be subject to recalculation as a result of any intervening bonus issues, splits, rights issues and/or other similar corporate events.
- e) Transfers may be made of Series B shares in Skanska (i) which have previously been acquired to secure Skanska's obligations under earlier Skanska Employee Ownership Programs but which are no longer required for such purpose, (ii) which have been acquired in accordance with item B.1) above, and (iii) which are acquired under future authorizations to acquire Series B shares in Skanska.

C. Resolution on equity swap agreement with third party in relation to the Seop 6

In the event the required majority for approval under item B. above is not reached, the Board proposes that the Meeting resolves that the financial exposure of Seop 6 may be hedged by Skanska being able to enter into an equity swap agreement with a third party on terms in accordance with market practice, whereby the third party, in its own name, shall be entitled to acquire and transfer Series B shares in Skanska to employees that participate in Seop 6.

Conditions

The Meeting's resolution on Seop 6 according to item A. above is conditional upon the Meeting either resolving in accordance with the Board's proposal under item B. above or in accordance with the Board's proposal under item C. above.

Majority requirements

The Meeting's resolution according to the Board's motion under item A. above requires a simple majority of the votes cast at the Meeting. The Meeting's resolution according to the Board's motion under item B. above requires that shareholders representing at least nine-tenths of the votes cast as well as of the shares represented at the Meeting approve the resolution. A valid resolution in accordance with the Board's motion under item C. above requires a simple majority of the votes cast at the Meeting.

The reason for the deviation from the shareholders' preferential rights

The transfers of Series B shares in Skanska form part of the accomplishment of the proposed Seop 6. Therefore, and in light of the above, the Board considers it to be advantageous for Skanska and the shareholders that the participants in Seop 6 are offered the possibility to become shareholders of Skanska.

Miscellaneous

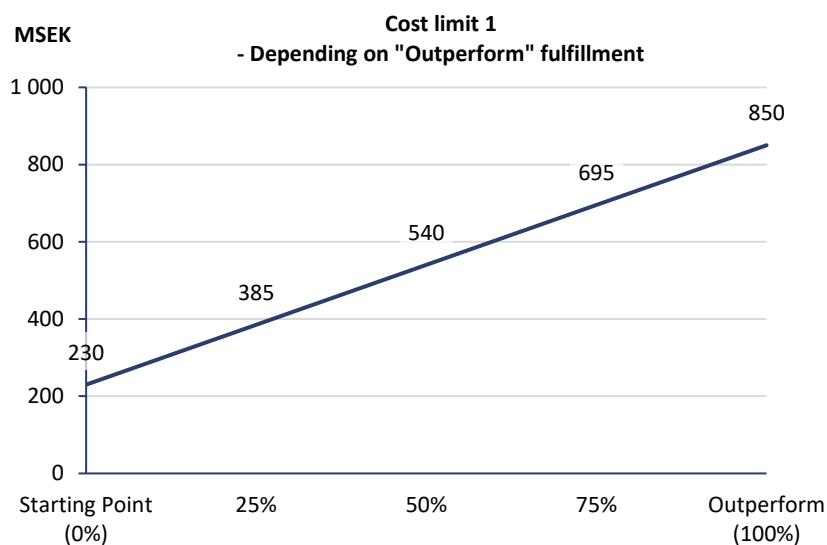
For a description of Skanska's other long-term employee ownership programs and information on costs of the programs, reference is made to note 37 in Skanska's annual and sustainability report for the financial year 2021 and to Skanska's website www.group.skanska.com/, under the heading "Corporate Governance/Remuneration/Incentive programs".

Stockholm, February 2022
Skanska AB (publ)
The Board of Directors

Cost limits in Seop 6 (excluding adjustment for inflation)

Cost limit 1

Depending on the fulfilment of the financial targets at Group level (growth in Earnings Per Share (EPS)⁸).



Cost limit 2

The Skanska Group's total costs, including social security contributions, for each Annual Program may not exceed 15 percent of the Group's EBIT⁹ for the applicable Acquisition Period.

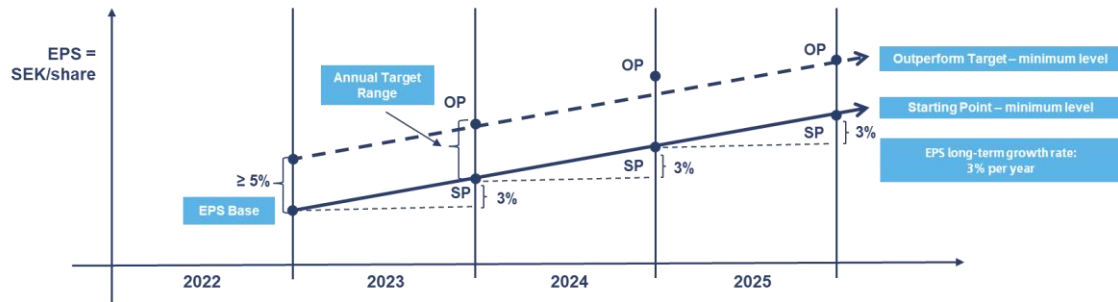
The actual cost limit for each Annual Program is the lower of Cost limit 1 and Cost limit 2.

⁸ After dilution.

⁹ Earnings Before Interest and Taxes

Overview of performance targets in Seop 6

1. Financial targets at Group level (growth in Earnings Per Share (EPS))*



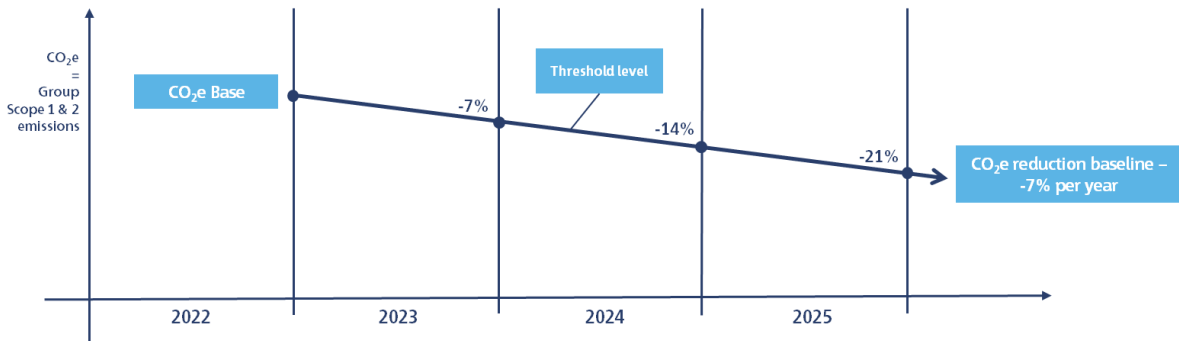
OP = Outperform Target
 SP = Starting Point
 } Target Range

* EPS is calculated by dividing the reported net profit for the Skanska Group by the average number of shares outstanding after dilution¹⁰ during the period.

- a) The Board will set an EPS base as per January 1, 2023, based on the EPS outcome 2022, adjusted for any larger one-off items, as the initial reference point for Seop 6 (the “EPS Base”). After the expiration of the financial year 2022, 2023 and 2024, respectively, the Board will set a Target Range for the Annual Program 2023, 2024 and 2025, respectively.
- b) The Starting Point (SP) will be set by the Board at a level corresponding to the EPS Base increased by the EPS long-term growth rate of 3 percent per year for each Annual Program.
- c) The Outperform Target (OP) will be set by the Board at a level at least 5 percent above the Starting Point minimum level for each Annual Program. There will be no cap on the level at which the Outperform Target may be set.
- d) In order for any allotment related to growth in EPS to occur, the Starting Point must be reached and in order for maximum allotment related to growth in EPS to occur, the Outperform Target must be reached. If the outcome falls between the Starting Point and the Outperform Target, a proportional allotment is made related to growth in EPS.

¹⁰ Dilution refers to a reduction in earnings per share or an increase in loss per share resulting from any conversion of convertible instruments, exercise of options or warrants, or issue of ordinary shares upon the satisfaction of specified conditions. Dilution also includes a reduction in earnings per share or an increase in loss per share resulting from shares held by Skanska in own custody being allotted to the Seop-participants upon the satisfaction of specified conditions. The number of shares outstanding increases by the allotted shares, i.e. the allotted shares are included in the number of shares outstanding after dilution.

2. Non-financial targets at Group level (the Group's reduction of carbon emissions (CO₂e)*)



* CO₂e refers to the Group's dioxide equivalent emissions, also referred to as carbon emissions, within scope 1 and scope 2 (“Carbon Emissions”) reported by Skanska in accordance with the Greenhouse Gas Protocol, Skanska Group Sustainability Policy and Skanska Group Sustainability Reporting Procedure.¹¹

- a) The Board will set a CO₂e base as per January 1, 2023, based on the Carbon Emission outcome for 2022 (for practical reasons, this could be data covering the period Q4-Q3), as the initial reference point for Seop 6 (the “CO₂e Base”).
- b) The CO₂e target will be structured as a threshold level set equal to the CO₂e Base reduced by 7 percent per year for each Annual Program. If the Carbon Emissions are equal to or below the annual threshold level, the target fulfilment is 100 percent. If the Carbon Emissions are higher than the annual threshold level, the target fulfilment is 0 percent.

¹¹ More information can be found in Skanska’s annual and sustainability report for the financial year 2021.

3. Financial targets for each business stream, including Business Unit and/or Business Unit Cluster

| Construction | Residential Development | Commercial Development | Investment Properties |
|----------------------------------|---------------------------------|--|-----------------------|
| EBIT ¹² (100 percent) | EBIT (50 percent) | EBIT (75 percent) | EBIT (100 percent) |
| - | ROCE ¹³ (50 percent) | Leasing SQM ¹⁴ (25 percent) | |

The Target Ranges, structured with a Starting Point and an Outperform Target, for the targets applicable at the Business Unit and/or Business Unit Cluster level will be set by the Board or the Board's Compensation Committee with the aim of supporting the Group target for growth in EPS (section 1). The percentage weighting between the targets varies between business streams as set out in the table above.

¹² Earnings Before Interest and Taxes.

¹³ Return On Capital Employed.

¹⁴ Leasing Square Meters.

4. Applicable performance targets for each participant category

| Category | Applicable performance targets | Weighting |
|--|--|-----------------------------|
| Executives A (Group Leadership Team) | Growth in EPS ¹⁵ (section 1) | 85 percent |
| | CO ₂ e (section 2) | 15 percent |
| Executives B (Business Unit Presidents and Senior Vice Presidents, Group Functions) | Growth in EPS (section 1) | 85 percent |
| | CO ₂ e (section 2) | 15 percent |
| Executives C (Other senior executives) | Growth in EPS (section 1) | 42.5 percent |
| | CO ₂ e (section 2) | 7.5 percent |
| | Business stream (incl. Business Unit and/or Business Unit Cluster) (section 3) | 50 percent (see section 3) |
| Key Employees¹⁶ | Business stream (incl. Business Unit and/or Business Unit Cluster) (section 3) | 100 percent (see section 3) |
| Employees¹⁷ | Business stream (incl. Business Unit and/or Business Unit Cluster) (section 3) | 100 percent (see section 3) |

¹⁵ Earnings Per Share.

¹⁶ For certain Key Employees in Group-wide functions, the Group targets (section 1 and 2) will apply.

¹⁷ For certain Employees in Group-wide functions, the Group targets (section 1 and 2) will apply.