

Corporate governance report

Good corporate governance ensures that Skanska is managed sustainably, responsibly and efficiently on behalf of all shareholders. The overall goal is to increase value for shareholders, and in doing so meet their expectations for invested capital. The purpose of corporate governance is also to ensure oversight by the Board of Directors (the "Board") and management. By having a clearly defined governance structure as well as proper rules and processes, the Board can ensure that management and employees are focused on developing the business and thereby generating value for shareholders.

This Corporate governance report for 2018 has been reviewed by the company's external auditors in compliance with Chapter 9, Section 31 of the Swedish Companies Act. The report contains information as required by Chapter 6, Section 6 of the Annual Accounts Act.

Corporate governance principles

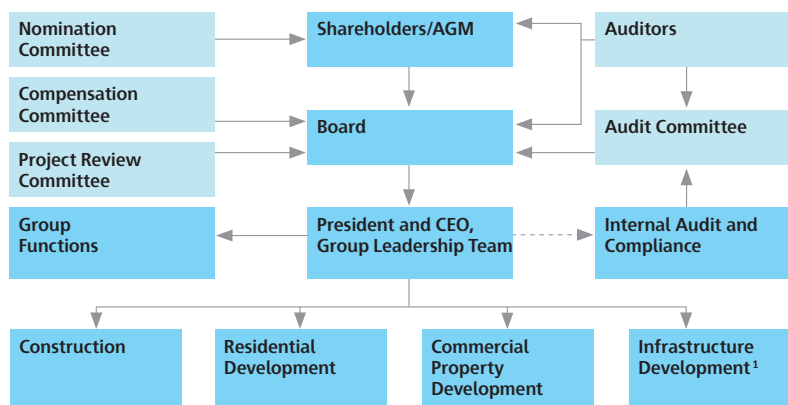
Skanska is one of the world's leading construction and project development companies, focused on selected home markets in the Nordic region, Europe and USA. Supported by global trends in urbanization and demographics, and by being at the forefront of sustainability, Skanska offers competitive solutions for both simple and the most complex assignments. Driven by the Group's values, Skanska helps create sustainable futures for customers and communities. The parent company of the Group is Skanska AB, a Swedish public limited company with a registered office in Stockholm, Sweden.

The corporate governance of Skanska is based on both external and internal governing documents as well as on monitoring compliance with these by all business units and functions in the Group. Below is Skanska's formal governance structure.

Skanska has no deviations from the Swedish Corporate Governance Code (the "Code") to report for the 2018 financial year. Nor has Skanska been subject to any rulings by Nasdaq Stockholm's Disciplinary Committee or decisions on breaches of sound practices in the stock market by the Swedish Securities Council. For more information, go to: group.skanska.com/corporate-governance/.

Skanska's ethical and sustainability endeavors are an integral part of the business, and the Board discusses these issues on a regular basis.

Governance structure



¹ As of January 1, 2019, Infrastructure Development is no longer a business stream and is reported in Central on a separate line.

Key external governing documents

- Swedish Companies Act
- Nasdaq Stockholm Rule Book for Issuers
- Swedish Corporate Governance Code
- Annual Accounts Act
- International Financial Reporting Standards (IFRS) and other accounting rules
- Global Reporting Initiatives (GRI) Standards 2016

Key internal governing documents

- Articles of Association
- Procedural Rules for the Board and its Committees
- Instructions for the CEO
- Finance Policy
- Information Policy
- Enterprise Risk Management Policy
- Skanska's Code of Conduct which is available on the Group's website: group.skanska.com/corporate-governance/governing-documents/

Shares and shareholders

Skanska AB's Series B shares are listed on Nasdaq Stockholm in the Large Cap segment. The share capital at the end of 2018 amounted to SEK 1,259,709,216 shared between a total of 419,903,072 shares, of which 19,725,759 are Series A shares and 400,177,313 are Series B shares. The company's Series A shares entitle the holders to 10 votes per share and the Series B shares to one vote per share. Series A and B shares carry the same right to share in the company's assets and entitle the holder to the same dividend. There are no restrictions on the number of votes each shareholder may cast at an Annual General Meeting.

At the end of 2018, Skanska had a total of 109,185 shareholders, according to statistics from Euroclear Sweden. The 10 largest shareholders held 57.9 percent of the votes and 42.3 percent of the capital. Industrivärden's holding amounted to 23.9 percent and Lundberg's holding to 12.8 percent of the votes.

More information about the Skanska share and shareholders is available on page 7.

General Meetings of shareholders

The shareholders' meeting is the highest decision-making body within Skanska and it is where shareholders exercise their influence over the company. At the Annual General Meeting (AGM), the shareholders decide on key issues, such as adoption of income statements and balance sheets; the dividend; the composition of the Board; discharging the members of the Board and the CEO from liability; election of external auditors; and principles for remuneration to senior executives. Skanska's financial year is from January 1 to December 31, and the AGM is to be held within six months of the end of the financial year. The date and venue for the AGM is communicated no later than the publishing of the third quarter interim report on the Group's website. The notice convening the meeting is published in Post- och Inrikes Tidningar (the Official Swedish Gazette) and on the Group's website. An announcement of the notice convening the meeting is published in Dagens Nyheter and in at least one more Swedish daily news-

paper. All documents relating to the AGM are published on the Group's website in both Swedish and English. Shareholders listed in the register of shareholders on the record date who notify the company of their intention to participate in the meeting are entitled to attend it either personally or by proxy through a representative or substitute. Shareholders have the right to have matters addressed at the AGM if they have submitted a request to the Board no later than seven weeks before the AGM.

Annual General Meeting 2018

The 2018 AGM was held on April 13, 2018, in Stockholm. A total of 960 shareholders, representing around 59.3 percent of the total number of votes were represented at the AGM. Among other matters, the meeting voted to re-elect Hans Biörck, Pär Boman, Nina Linander, Fredrik Lundberg, Catherine Marcus, Jayne McGivern and Charlotte Strömberg as members of the Board. Hans Biörck was re-elected as Chairman of the Board. The employees were represented on the Board by Ola Fält, Richard Hörstedt and Yvonne Stenman as members, and with Pär-Olow Johansson and Anders Rättgård as deputy members. All members and deputy members of the Board, as well as the company's external auditors and members of the Group Leadership Team, were present at the AGM. The AGM re-elected Ernst & Young AB as external auditor. The AGM also decided to approve a dividend to the shareholders of SEK 8.25 per share.

The Board was authorized to acquire a maximum of 3,000,000 Series B shares in Skanska AB to ensure future share allotments to participants in Skanska's employee ownership program (Seop) and on the transfer of a maximum of 700,000 Series B shares in Skanska AB on Nasdaq Stockholm. These shares were acquired based on an earlier authorization to buy back treasury shares for the purpose of covering certain costs, primarily social insurance contributions, which may arise in connection with Skanska's employee ownership program. Complete information on the AGM and the minutes of the meeting are available on the Group's website: group.skanska.com/corporate-governance/annual-general-meeting/agm-archive/.



Annual General Meeting 2019

The next AGM for shareholders in Skanska AB will be held at 10:00 a.m. on March 28, 2019 at Stockholm Waterfront Congress Centre in Stockholm, Sweden.

The Nomination Committee

The 2018 AGM gave the Chairman of the Board a mandate, ahead of the next AGM, to allow each of the four largest shareholders in terms of voting power to appoint a representative to join the Chairman on the Nomination Committee. In determining which are deemed to be the largest shareholders in terms of voting power, the list of shareholders registered with and categorized by Euroclear Sweden AB as of the last business day in August is to be used.

The Nomination Committee's mandate includes:

- Evaluating the composition of the Board and its work
- Preparing proposals to submit to the AGM regarding the election of Board members and the Chairman of the Board
- Working with the Board's Audit Committee to prepare proposals to submit to the AGM regarding the election of auditors
- Preparing a proposal to submit to the AGM on fees for members of the Board to be divided between the Chairman and other members, and any compensation for committee work, and for auditors
- Preparing a proposal to submit to the AGM regarding a Chairman for the AGM
- When applicable, preparing a proposal on changes to the principles for appointing the next Nomination Committee

On the Group's website there is information on how the shareholders can submit their own proposals to the Nomination Committee:

group.skanska.com/corporate-governance/annual-general-meeting/nomination-committee/.

Nomination Committee 2019

The Nomination Committee for the 2019 AGM has the following composition:

- Helena Stjernholm, AB Industrivärden (23.9 percent of votes¹)
Chairman of the Nomination Committee
- Mats Guldbrand, L E Lundbergföretagen AB (12.8 percent of votes¹)
- Bo Selling, Alecta (4.1 percent of votes¹)
- Lars-Åke Bokenberger, AMF (3.8 percent of votes¹)
- Hans Biörck, Chairman of the Board, Skanska AB

This information was announced on the Group's website and published in a press release on September 27, 2018. According to the Code, the majority of the Nomination Committee's members are to be independent in relation to the company and management and at least one member is also to be independent in relation to the largest shareholders in the company in terms of voting rights. All of the appointed members are independent in relation to the company and management and three are independent in relation to the largest shareholders in the company in terms of voting rights.

In preparation for the 2019 AGM, the Nomination Committee held seven meetings at which minutes were kept. No fees have been paid out for Nomination Committee duties. To perform its work, the Nomination Committee has taken part of the internal evaluation carried out of the Board's work, the Chairman's account of Board duties and the company's strategy. The Committee has also interviewed individual members of the Board. Furthermore, Skanska AB's CEO and CFO have attended a meeting for presentation of the company's operations and strategies.

The Nomination Committee considers that those different fields of competence and experience considered important to Skanska are well represented on the proposed Board and that the composition and the size of the proposed Board is appropriate to meet Skanska's needs. The independence requirement is also deemed to have been met. The Nomination Committee has also discussed the diversity requirement. In this regard the Nomination Committee has decided to apply as its diversity policy rule 4.1 of the Code, which states that Board members are to collectively exhibit diversity and breadth of qualifications, experience and background.

A gender balance is also to be aimed for. In addition to the information already provided on the background and experience of the members of the Board, it has been determined that the proposed Board will consist of three women and four men. The gender balance is therefore 43 percent/57 percent, which, in the opinion of the Nomination Committee, is consistent with the gender balance requirement.

The Nomination Committee's proposals, work report and supplementary information on proposed members of the Board are published on the Group's website in connection with the notice convening the AGM.

¹ Based on shareholding as of August 31, 2018.

Board of Directors

The members and the deputy members of the Board

Member	Position	Born, year	Nationality	Elected, year	Audit Committee	Compensation Committee	Project Review Committee	Independent in relation to the Company and GLT	Independent in relation to major shareholders
Hans Biörck	Chairman	1951	Sweden	2016	■	■	■	Yes	Yes
Pär Boman	Member	1961	Sweden	2015	■	■	■	Yes	No
John Carrig ¹	Member	1952	USA	2014	■	■	■	Yes	Yes
Nina Linander	Member	1959	Sweden	2014	■		■	Yes	No
Fredrik Lundberg	Member	1951	Sweden	2011			■	Yes	No
Catherine Marcus	Member	1965	USA	2017			■	Yes	Yes
Jayne McGivern	Member	1960	UK	2015		■	■	Yes	Yes
Charlotte Strömberg	Member	1959	Sweden	2010	■		■	Yes	Yes
Ola Fält ²	Employee Representative	1966	Sweden	2018				-	-
Richard Hörstedt	Employee Representative	1963	Sweden	2007			■	-	-
Gunnar Larsson ¹	Employee Representative	1953	Sweden	2014				-	-
Yvonne Stenman ²	Employee Representative	1959	Sweden	2018				-	-
Pär-Olow Johansson	Employee Representative (Deputy)	1954	Sweden	2014				-	-
Anders Rättgård	Employee Representative (Deputy)	1961	Sweden	2017				-	-

■ = Chairman ■ = Member

1) Until April 13, 2018

2) From April 13, 2018

According to the Articles of Association, the Board is to consist of no fewer than five and no more than ten members with no more than three deputies, all of which are elected by the shareholders at each AGM. The Board has overall responsibility for Skanska's organizational structure and management and the Board's main duty is to safeguard the interests of the company and the shareholders. The Board thus makes decisions regarding the Group's strategy, interim and annual reports, major construction projects, investments and divestments, appointment of the President and CEO and matters concerning the organizational structure of the Group. The Chairman leads the Board in its work and has regular contact with the President and CEO in order to stay informed about the Group's activities and development.

In 2018 the Board consisted of seven members elected by the AGM, without deputies, plus three members and two deputy members appointed by the trade unions. According to the Code, the majority of the Board's AGM-elected members are to be independent in relation to the company and senior executives and at least two members are to also be independent in relation to the largest shareholders in the company. Seven of the Board members elected by the 2018 AGM are independent in relation to the company and its management. Of these, four members are also independent in relation to the company's largest shareholders. The composition of the Board and an assessment of the independence of each member are presented in more detail on page 66-67.

The work of the Board in 2018

The work of the Board follows an annual agenda established in the Board's Procedural Rules. In preparation for each Board meeting, the Board receives reports and documentation compiled according to established procedures. The purpose of this is to ensure that the Board has the relevant information and documentation on which to base decisions. In 2018 the Board held ten meetings, including its statutory meeting. The more important issues dealt with by the Board during the year included monitoring

operations, review and approval of the interim reports and year-end report, strategic review of Skanska including a restructuring of the Construction operations and Infrastructure Development operations to improve profitability, but also organizational and leadership changes and the establishment of a new governance framework, as well as internal control, risk management and compliance matters.

Evaluation of the work of the Board

The work of the Board is evaluated annually through a structured process aimed at improving work processes, efficiency and collective expertise, and to assess any need for change. The Chairman of the Board is responsible for the evaluation and for presenting the findings to the Board and the Nomination Committee. In 2018 an evaluation was carried out in the form of a questionnaire and individual conversations between the Chairman and each member of the Board, but also through discussion during board meetings. The Chairman was also evaluated through a written questionnaire and discussion with the Board; the Board meeting on this occasion was chaired by another member appointed for the purpose. The outcome of the 2018 evaluation was that the work of the Board was deemed to be functioning well.

Fees to the Board

Total fees to the AGM-elected Board members were approved by the 2018 AGM in the amount of SEK 8,567,500. The Chairman of the Board received SEK 2,040,000 and the other Board members, not employed by Skanska, SEK 680,000 each, the Chairman of the Audit Committee received SEK 220,000 and the other members of the Committee SEK 157,500 each, the Chairman of the Compensation Committee received SEK 110,000 and the other members of the Committee SEK 105,000 each, and the Chairman of the Project Review Committee and the other members of the Committee received SEK 205,000 each. For more detailed information, see Note 37.

The Board's committees

The overall responsibility of the Board cannot be delegated, but the Board may appoint committees to do preparatory work and explore certain issues in preparation for decisions by the Board. Skanska's Board has formed three committees to provide structure, improve efficiency and ensure the quality of its work (i) Audit Committee, (ii) Compensation Committee and (iii) Project Review Committee. The members of the committees are appointed annually at the statutory meeting of the Board. The Board's Procedural Rules specify which duties and decision-making powers have been delegated. The committees report orally to the Board at each Board meeting and all minutes from the committee meetings are submitted to the Board.

Audit Committee

The main task of the Audit Committee is to assist the Board in overseeing the financial reporting, reporting procedures and accounting principles, and to monitor the auditing of the accounts for the Parent Company and the Group. The Committee also evaluates the quality of the Group's reporting, internal auditing and risk management, and reviews the reports and opinions of the company's external auditors. The Committee monitors the external auditors' assessment of their impartiality and independence, and that there are routines in place stipulating which non-audit services they provide to the Parent Company and the Group. The Committee also monitors compliance with the rules on auditor rotation. The external auditors are present at all Audit Committee meetings. At least once a year the Audit Committee meets the auditors without senior executives being present.

In 2018 the Audit Committee consisted of Charlotte Strömberg (Chairman), Hans Biörck, Pär Boman and Nina Linander.

The Committee held seven meetings in 2018. Important matters addressed during the year included capital allocation, financing, pension reporting, external reporting, impairment testing, write-downs in construction projects, larger disputes, review of the interim reports and year-end report, risk management and compliance matters.

Attendance at the Board and Committee meetings

	Board meetings	Audit Committee	Compensation Committee	Project Review Committee
Number of meetings	10	7	7	11
Member				
Hans Biörck	10	7	7	11
Fredrik Lundberg	10			11
Nina Linander	9	6		11
John Carrig ¹	2	2	2	3
Charlotte Strömberg	10	7		11
Pär Boman	10	7	7	11
Jayne McGivern	8		7	11
Catherine Marcus	10			11
Richard Hörstedt	9			9
Ola Fält ²	8			
Yvonne Stenman ²	6			
Pär-Olow Johansson	10			
Anders Rättgård	10			
Gunnar Larsson ¹	2			

¹ Until April 13, 2018.

² From April 13, 2018.

Compensation Committee

The main task of the Compensation Committee is to prepare recommendations for Board decisions on the appointment of the President and CEO, including salary and other compensation, and other Group Leadership Team members, including compensation, pension and employment terms for these individuals. The Committee prepares recommendations for Board decisions on incentive programs, and examines the outcomes of variable salary components.

In 2018 the Compensation Committee consisted of Hans Biörck (Chairman), Pär Boman and Jayne McGivern. The Code requirements regarding independence, according to which the Chairman of the Board is permitted to be the Chairman of the Compensation Committee and other AGM-elected members are to be independent in relation to the company and the Group Leadership Team, have therefore been met.

The Committee held seven meetings in 2018. Important matters addressed during the year were review of executives' other assignments, review of Skanska's variable remuneration programs for the Group Leadership Team, and review and evaluation of the application of the principles for remuneration to senior executives as well as the existing remuneration structure and remuneration levels including proposal for a new long-term incentive program (Seop 5).

Project Review Committee

The Project Review Committee makes decisions on individual projects within the Construction, Commercial Property Development and Residential Development business streams, investments and divestments within Infrastructure Development and certain project financing packages. Projects that involve especially high or unusual risks or other special circumstances may be referred to the Board for a decision. The Committee consists of all AGM-elected members and employee representative Richard Hörstedt. The Committee held eleven meetings in 2018.

External auditors

According to the Articles of Association, the Parent Company shall have one or two authorized public accountants as external auditors. A registered accounting firm may be appointed as the company's external auditor. At the 2018 AGM Ernst & Young AB was re-elected external auditor, until the close of the 2019 AGM. Authorized Public Accountant Hamish Mabon is the auditor in charge. The external auditor has attended two board meetings to report on the auditing process of Ernst & Young AB for Skanska and to provide the members of the Board with an opportunity to ask questions without management being present. The external auditor has also attended all meetings of the Board's Audit Committee. For information on fees and other remuneration to the external auditor, see the table below and Note 38.

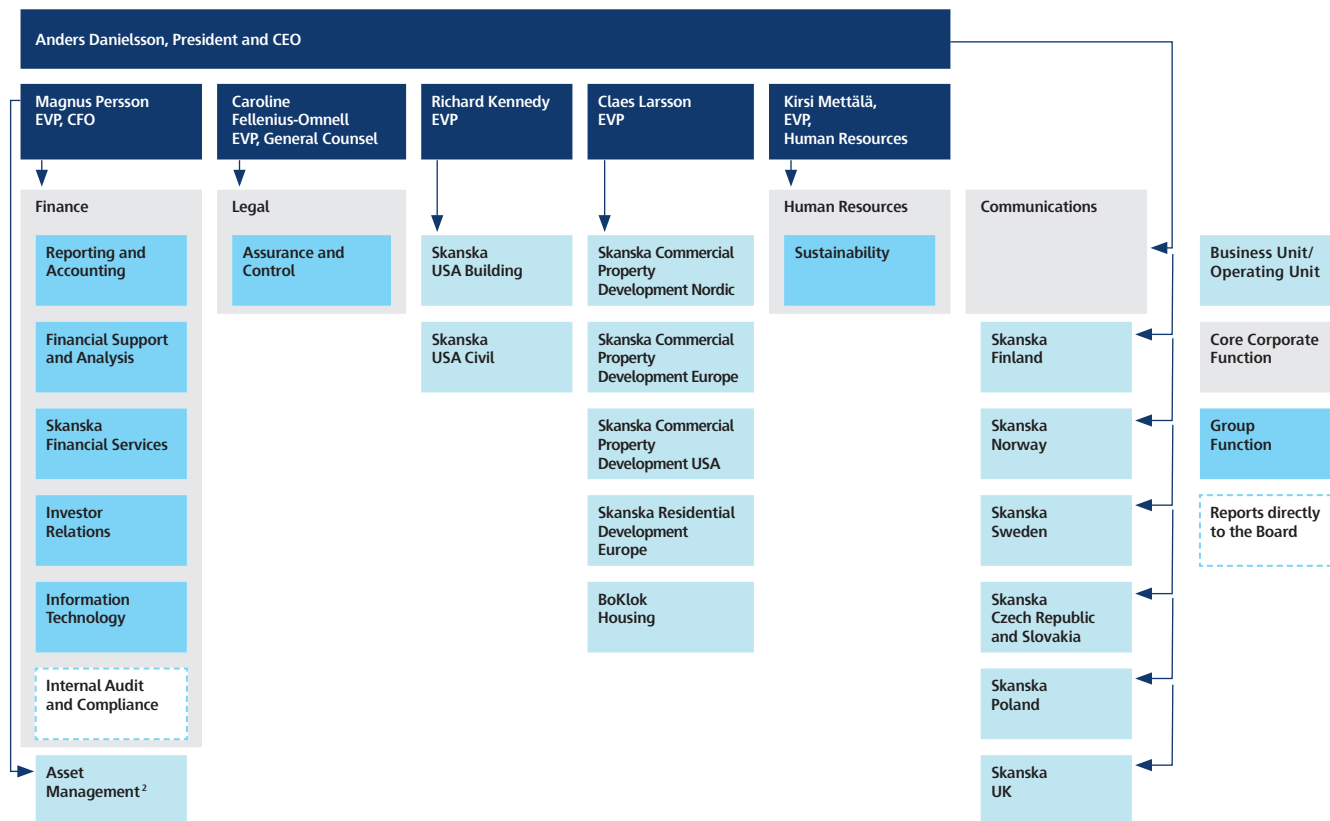
Fees and other remuneration to external auditors

SEK M	Ernst & Young	
	2018	2017
Audit assignments	50	49
Audit-related activities besides the annual audit assignment	3	5
Tax advisory services	2	1
Other services	3	3
Total	58	58

Operational management and internal governance

Skanska's management structure

Group Leadership Team¹



The President and CEO and the Group Leadership Team

The President and CEO is appointed by the Board and runs the company in accordance with the instructions adopted by the Board. The President and CEO is responsible for the day-to-day management of the operations of the company and the Group. The work of the President and CEO is evaluated at one Board meeting each year at which no senior executives are present. The President and CEO has no business dealings of any significance with Skanska AB or its Group companies.

The President and CEO and the Executive Vice Presidents form the Group Leadership Team. In alignment with the strategic review in 2018, Skanska has undertaken a comprehensive restructuring of the business, primarily in the Construction stream, to improve profitability. During the year focus has also been at organizational and leadership changes and the establishment of a new governance framework.

Information on the President and CEO and the members of the Group Leadership Team can be found on pages 68-69.

Core corporate functions and group functions

Core corporate functions and group functions are based at the group headquarters in Stockholm. The core corporate functions and group functions assist the President and CEO and the group Leadership Team on matters relating to corporate functions, coordination and oversight. They also provide support to the business units. The head of each group function reports directly to a member of the group Leadership Team. The head of the Internal Audit and Compliance reports directly to the Board by way of the Audit Committee. A presentation of the core corporate functions and the group functions can be found on page 69.

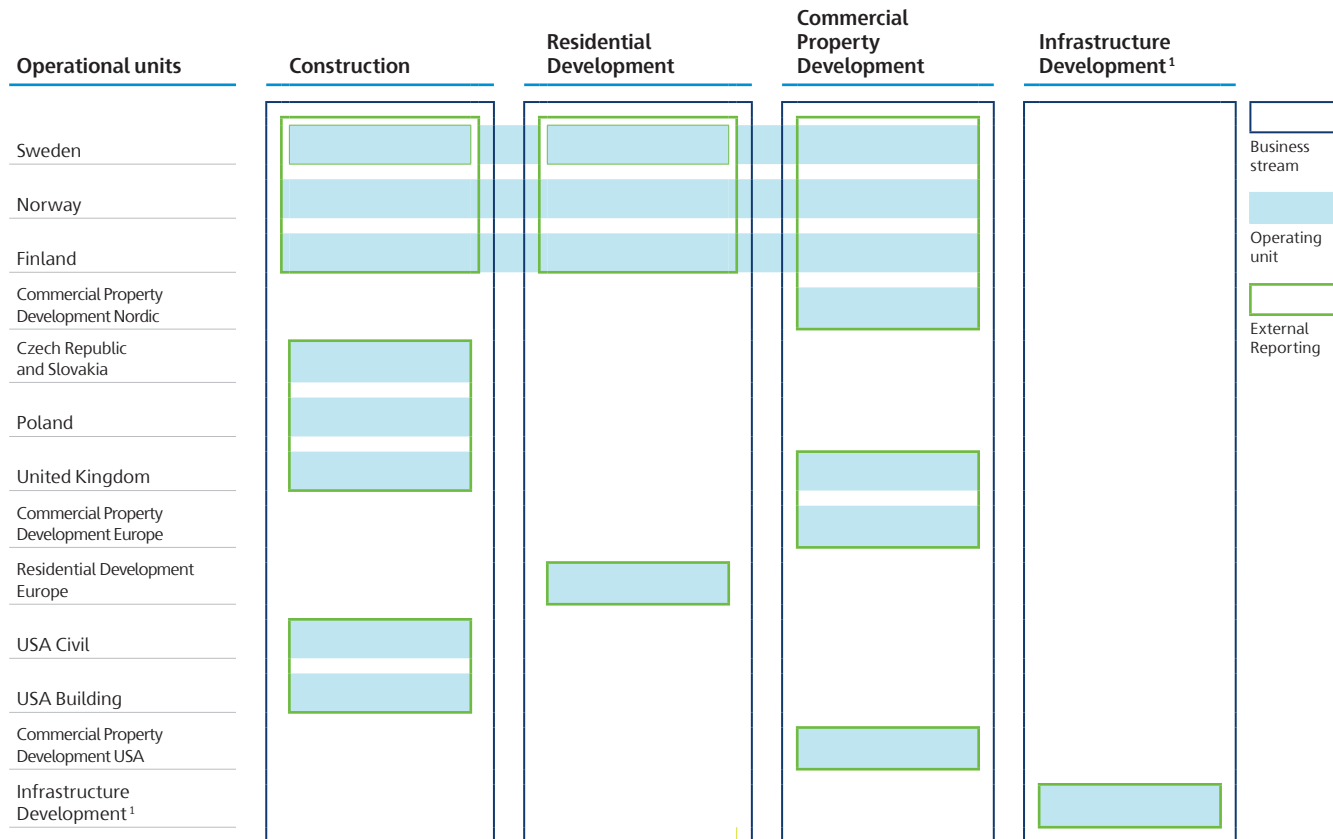
Remuneration to senior executives

The 2018 AGM approved principles for salaries and other remuneration to senior executives. These are described on page 174. Information about salaries and other remuneration to the President and CEO and other members of the Group Leadership Team, as well as outstanding share award and share-related incentive programs are found in Note 37.

¹ Effective as of January 17, 2018, with the exception of CFO Magnus Persson, who took on his position as of February 2, 2018, a new Group Leadership Team in a new structure replaced the former Senior Executive Team, working closer to the business units in order to strengthen the business units' performance.

² Portfolio of PPP assets.

Skanska reporting structure



¹ As of January 1, 2019, Infrastructure Development is no longer a business stream and is reported in Central on a separate line.

Skanska internal governance

The organizational structure of Skanska is characterized by clear decentralization and a large measure of delegation of authority and responsibility to the business units. The philosophy is to be a decentralized and integrated company organized in business units with profit and loss responsibility. Each business unit is headed by a president and has its own administrative functions and other resources in order to conduct its operations effectively. Aside from day-to-day operations managing projects, the business units deal with matters such as their strategic development, business plans, investments, divestments and organization.

This interdependence calls for a governance model that supports the local characteristics of the business with a profit and loss responsibility, while ensuring a synergy model, adherence to common standard values, processes and brand protection.

Purpose, values and strategy

While creating value, Skanska's Purpose is to build for a better society. The Purpose reflects the Group's role in society, a position that enables Skanska to create shareholder value. Skanska provides innovative and sustainable solutions to create a sustainable future for its employees, customers, shareholders and communities. This is reinforced by continued commitment to the sustainable focus



areas Health and Safety, Ethics, Green, Community Investment as well as Diversity and Inclusion.

Fundamental to Skanska's success are four values; Care for Life; Act Ethically and Transparently; Be better – Together and Commit to Customers. They serve as a moral foundation and compass and Skanska constantly drives the need for every employee to strongly live these values in all they do.

Sustainability at Skanska is grounded in the Group's values. The Group's sustainability focus areas are strengthened by their connection to the United Nations' Sustainable Development Goals and will guide Skanska's efforts to significant positive contributions to the global sustainable development agenda and to society. Skanska's sustainability report can be found on pages 70-93.

Code of Conduct

Skanska's Code of Conduct is key to bringing the Group's values to life. The Code of Conduct describes the expected behavior of every employee in interactions with fellow employees, customers, local communities and other stakeholders. The Code of Conduct defines Skanska's commitment at the workplace, in the market-place and to society. It covers such topics as health, safety and wellbeing; diversity and inclusion; data protection; environment; confidentiality; conflicts of interest; fraud; fair competition; anti-corruption and anti-bribery; and insider information and market abuse.

All Skanska employees must adhere to the principles and requirements contained in the Code of Conduct. All employees receive Code of Conduct training every two years, and new employees are trained within one month of starting with Skanska.

The Code of Conduct is supplemented by the Supplier Code of Conduct, which must be adhered to by all subcontractors, suppliers, consultants, intermediaries and agents. The Supplier Code of Conduct is included in agreements with these parties as guidance on expectations of them and on what they can expect from Skanska. The Supplier Code covers topics such as fair working conditions; discriminations and harassments; anti-corruption and anti-bribery; and fair competition.

Skanska's Code of Conduct Hotline provides a mechanism for employees, suppliers' employees and other third parties to anonymously report on breaches or suspected breaches of the Skanska's Code of Conduct. The hotline is managed by an independent third-party service provider.

New governance framework

At the beginning of 2018, Skanska announced strategic actions to increase profitability and reduce risks in the Construction operations. On Group level, the headquarters organization was brought closer to the operations to increase efficiencies and better support business units in responding to the needs of markets and customers. Also, initial steps were taken to strengthen and focus the Group's decentralized governance model through improved control framework and clarified roles and responsibilities. In addition to the Board's governing documents and Board policies, the Group Leadership Team has adopted policies, standards/procedures and guidelines for the Group. These Group policies, standards/procedures and guidelines are updated regularly to reflect changes in operations or new regulations. The Board's Procedural Rules state which items of business will be decided upon by the Board, by the President and CEO/Group Leadership Team or at the business unit level. Skanska's policies are mandatory documents on core operating rules of the Group, addressing risks, goals and where corporate governance is needed. In addition to the Board's Procedural Rules, and Skanska's Code of Conduct and Supplier Code of Conduct, Skanska's Group policies include:

- Finance Policy
- IT Policy
- Claims Management Policy
- General Group Policy
- Insider Policy
- Personal Data Protection Policy
- Anti-Corruption Policy
- Enterprise Risk Management Policy
- Human Resources Policy
- Health and Safety Policy
- Environmental Policy
- Information Policy

Group standards or Group procedures are more detailed requirements, actions or operations necessary in order to meet the policy's objectives. Group guidelines are recommendation documents. A newly established group function, Assurance and Control, will support business units to implement the new framework and follow up to assure compliance.

Group Policies

Core mandatory operating rules of the Group

Group Standards or Group Procedures

More detailed requirements, actions or operations necessary in order to meet the policy objectives

Group Guidelines

A non-binding document with recommendations

Internal control

This description includes the most important elements of the company's internal control and risk management systems in connection with financial reporting.

Control environment

The Board has overall responsibility for ensuring that Skanska has effective and adequate risk management and internal control. The purpose is to provide a reasonable assurance that the operations are run appropriately and efficiently, that external reporting is reliable and that laws and internal rules are complied with. The Board's Procedural Rules ensure a clear division of roles and responsibilities for the purpose of ensuring effective management of business risks. The Board and the Group Leadership Team has also adopted a number of fundamental rules of importance for internal control work, such as the company's Enterprise Risk Management Policy and the Governance Procedure. The Group Leadership Team reports regularly to the Board according to established routines. The Audit Committee also presents reports on its work. The Group Leadership Team is responsible for the system of internal controls required to manage material operational risks. This includes a clear decision making structure and the Group framework of policies, standards/procedures and guidelines. A new group function, Assurance and Control, has been established to support the Group Leadership Team in monitoring the system of internal controls.

Risk assessment and control activities

Skanska has identified the material risks in its operations that may, if not managed correctly, lead to errors in financial reporting and/or have an impact on the company's performance results. The company has subsequently ensured that the Group has rules in place to guarantee that these risks are managed. The Group Leadership Team and the group functions are responsible for managing general risks relating to strategy, macroeconomics and regulatory frameworks, while the main tasks relating to operational risks and opportunities are carried out at the local level within the business units.

Risks and opportunities for improvement are both greatest during the actual execution phase of the projects, and thus the work focuses heavily on this phase. Since almost every project is unique, risks and opportunities must be analyzed with respect to project type, location, execution phase and client.

Skanska uses a Group-wide procedure for identifying and managing risks associated with construction contracts, projects and investments. A specialized group unit, the Skanska Risk Team, examines and analyzes projects and investments above a certain size. The proposals are then processed by the Skanska Risk Team,

which issues a recommendation. The final decision on tenders, investments or divestments above the threshold is made by the Skanska Tender Board which consists of the Group Leadership Team and in certain cases, by the Project Review Committee.

The company considers the greatest enterprise risks that the Group faces to be the following:

- Loss or lack of key employees
- Loss making projects or investments
- Ethical breaches
- Lack of control of business unit performance
- Accidents with multiple fatalities
- Macro-financial instability

A more detailed description of the risks and how they are managed is found on pages 20-24.

Information and communication

Significant accounting principles, manuals and other documents of importance in financial reporting are updated and information on them is communicated regularly. There are several information channels to the Group Leadership Team and the Board for important information. For its external communication, the Group has an Information Policy to ensure that the company meets the existing regulations for providing the market with accurate information.

Monitoring

The Board continually evaluates the information provided by the Group Leadership Team and the Audit Committee. Of particular importance is the result of the Audit Committee's work on monitoring the effectiveness of the Group Leadership Team's internal control processes. This includes ensuring that steps are taken to address the shortcomings revealed in internal and external audits and to implement the proposed actions.

Internal Audit and Compliance

The group function Internal Audit is responsible for monitoring and evaluating risk management and internal control processes. The work is planned in consultation with the Audit Committee and reporting takes place directly to the Board through the Committee. Matters relating to internal audit are also communicated on an ongoing basis to Skanska's external auditors. In 2018 Internal Audit focused on reviewing the risks identified relating to the company's projects, business critical processes and key corporate functions. A total of some 117 audits were conducted during the year within all business units. There was a particular focus on the business operations in the USA and central Europe. The audits were performed in accordance with a uniform audit method.

Board of Directors



	Hans Björck	Pär Boman	Nina Linander
Position	Chairman	Board member	Board member
Born	Sweden, 1951	Sweden, 1961	Sweden, 1959
Elected	2016	2015	2014
Shareholding in Skanska, December 31, 2018	25,000 B shares	1,000 B shares	3,000 B shares 2,600 B shares related persons
Other Board assignments	<ul style="list-style-type: none"> – Chairman Trelleborg AB, – Board member, Handelsbanken AB 	<ul style="list-style-type: none"> – Chairman, Handelsbanken AB – Chairman, Essity AB – Chairman, Svenska Cellulosa Aktiebolag, SCA – Vice Chairman, AB Industrivärden 	<ul style="list-style-type: none"> – Board member Telia Company AB – Chairman, Awa Holding AB, – Board member, AB Industrivärden – Board member, Castellum AB – Board member, OneMed AB
Education	– Master of Science in Business and Economics, Stockholm School of Economics	– Degree in engineering and in economics	– MBA, IMEDE, Switzerland – Master of Science in Business and Economics, Stockholm School of Economics
Work experience	<ul style="list-style-type: none"> – Chief Financial Officer, Skanska AB – Chief Financial Officer, Autoliv AB – Chief Financial Officer, Esselte AB 	<ul style="list-style-type: none"> – President and CEO, Handelsbanken AB 	<ul style="list-style-type: none"> – Head of Product Area Electricity, Vattenfall AB – Senior Vice President, Head of Staff Unit Finance, AB Electrolux – Partner, Stanton Chase International AB
Dependency relationship in accordance with Code of Corporate Governance	<ul style="list-style-type: none"> – Independent in relation to company and company management – Independent in relation to major shareholders 	<ul style="list-style-type: none"> – Independent in relation to company and company management – Dependent in relation to major shareholders 	<ul style="list-style-type: none"> – Independent in relation to company and company management – Dependent in relation to major shareholders

Board members and deputies appointed by the trade unions



Ola Fält
Born: Gävle, 1966
Skanska Industrial Solutions;
SEKO, appointed 2018
Board member
Shareholding in Skanska
1,169 B-shares



Richard Hörstedt
Born: Helsingborg, 1963
Region Hus Syd
Swedish Building Workers' Union, appointed 2007
Board member
Shareholding in Skanska
0 shares



Pär-Olow Johansson
Born: Stockholm, 1954
Region Hus Stockholm Nord
Byggnads, appointed 2014
Deputy Board member
Shareholding in Skanska
4,304 B-shares



Fredrik Lundberg	Catherine Marcus	Jayne McGivern	Charlotte Strömberg
Board member	Board member	Board member	Board member
Sweden, 1951	USA, 1965	United Kingdom, 1960	Sweden, 1959
2011	2017	2015	2010
6,032,000 A-shares and 14,050,000 B-shares through L E Lundbergföretagen AB (publ) 5,376 A-shares and 2,100,000 B-shares privately	0 shares	0 shares	7,000 B shares 900 B shares related person
<ul style="list-style-type: none"> – Chairman, AB Industrivärden, – Chairman, Holmen AB – Chairman, Hufvudstaden AB – Vice Chairman, Handelsbanken AB – Board member, L E Lundbergföretagen AB 	<ul style="list-style-type: none"> – NCREIF PREA Reporting Standards Board (Private) 	<ul style="list-style-type: none"> – Senior Advisor to Madison Square Garden plc on Development and Construction – Chairman, Brick By Brick 	<ul style="list-style-type: none"> – Chairman, Castellum AB – Board member, Clas Ohlson AB – Board member, Sofina S.A. – Member, The Swedish Securities Council – Board member, Kinnevik AB
<ul style="list-style-type: none"> – M.Sc. Engineering, Royal Institute of Technology, Stockholm – MBA, Stockholm School of Economics – Dr. (Econ.)h.c., Stockholm School of Economics – Dr. (Eng.)h.c., Linköping University 	<ul style="list-style-type: none"> – M.S., Real Estate Investment and Development, New York University – B.S.E. Real Estate Finance and Entrepreneurial Management, Wharton School, University of Pennsylvania 	<ul style="list-style-type: none"> – Harrogate Ladies College – Fellow of the Royal Institution of Chartered Surveyors 	<ul style="list-style-type: none"> – MBA, Stockholm School of Economics
<ul style="list-style-type: none"> – President and CEO, L E Lundbergföretagen AB 	<ul style="list-style-type: none"> – Global Chief Operating Office, PGIM Real Estate – MBL Life Assurance Corporation – The Related Companies – Integrated Resources 	<ul style="list-style-type: none"> – Red Grouse Properties – Chief Executive Officer, Multiplex plc (Europe) – Managing Director UK, Anschutz Entertainment Group – Group Development Director, MWB Group Holdings plc, – Divisional Managing Director, Redrow plc. 	<ul style="list-style-type: none"> – Senior Project and Account Manager, Alfred Berg, ABN AMRO, Stockholm – Head of Investment Banking, Carnegie Investment Bank – President, Jones Lang LaSalle Norden
<ul style="list-style-type: none"> – Independent in relation to company and company management – Dependent in relation to major shareholders 	<ul style="list-style-type: none"> – Independent in relation to company and company management – Independent in relation to major shareholders 	<ul style="list-style-type: none"> – Independent in relation to company and company management – Independent in relation to major shareholders 	<ul style="list-style-type: none"> – Independent in relation to company and company management – Independent in relation to major shareholders



Anders Rättgård
Born: Holmestad, 1961
Region Hus Göteborg Unionen, appointed 2017
Deputy Board member
Shareholding in Skanska 5,931 shares



Yvonne Stenman
Born: Stockholm, 1959
Region Hus stockholm Nord
Ledarna, 2018
Board member
Shareholding in Skanska 0B-shares

Auditors
Ernst & Young AB
Auditor in charge since 2016:
Hamish Mabon, Stockholm, born 1965.
Authorized public accountant.

Group Leadership Team



	Anders Danielsson	Caroline Fellenius-Omnell	Richard Kennedy
Position	President and Chief Executive Officer, since January 17, 2018	Executive Vice President, General Counsel (since 2017)	Executive Vice President (since January 17, 2018)
	Responsible for business units/ Core Corporate Function – Skanska Finland – Skanska Norway – Skanska Sweden – Skanska Czech Republic and Slovakia – Skanska Poland – Skanska UK – Communications	Responsible for Core Corporate Function/ Group Function – Legal – Assurance and Control	Responsible for business units – Skanska USA Building – Skanska USA Civil
Born	1966	1968	1966
Joined Skanska in	1991	2017	2004
Shareholding in Skanska, December 31, 2018	106,232 B-shares	4,080 B-shares	38,798 B-shares
Board assignments	–	– Board member, Aktiemarknadsbolagens förening (AMBF)	– ACE Mentor Program, NY, USA – Building Trades Employers Association, NY, USA
Education	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston, MA, USA	– Master of Laws, Stockholm University – Master of Laws, College of Europe, Brügge, Belgium	– Bachelor of Arts, Rutgers College, Rutgers University – Juris Doctor, Seton Hall University School of Law – Master of Laws, London School of Economics and Political Science
Work experience	– Executive Vice President, Skanska AB – President, Skanska Sweden – President, Skanska Norway	– Group General Counsel, Tele2 AB – Group General Counsel, Sidel – General Counsel Europe, Tetra Pak AB – Corporate Counsel, AB Electrolux	– President and CEO, Skanska USA Building – Chief Operating Officer, Skanska USA Building – General Counsel, Skanska USA Building

Presidents of Business Units

Gunnar Hagman	Skanska Sweden
Ståle Rød	Skanska Norway
Tuomas Särkilahti	Skanska Finland
Magnus Persson	Skanska Poland
Michal Jurka	Skanska Czech Republic and Slovakia
Greg Craig	Skanska UK
Paul Hewins	Skanska USA Building
Don Fusco	Skanska USA Civil
Jonas Spangenberg	BoKlok Housing
Björn Matsson	Skanska Residential Development Europe
Jan Odelstam	Skanska Commercial Property Development Nordic
Katarzyna Zawodna	Skanska Commercial Property Development Europe
Robert Ward	Skanska Commercial Property Development USA

**Claes Larsson**

Executive Vice President
(since 2006)

Responsible for business units
– Skanska Commercial Property Development Nordic
– Skanska Commercial Property Development Europe
– Skanska Commercial Property Development USA
– Residential Development Europe
– BoKlok Housing

1965

1990

172,489 B-shares

Kirsi Mettälä

Executive Vice President,
Human Resources
(since January 17, 2018)

Responsible for Core Corporate Function/Group Function
– Human Resources
– Sustainability

1963

1994

18,434 B-shares

Magnus Persson

Executive Vice President,
Chief Financial Officer
(since February 2, 2018)

Responsible for Core Corporate Function/Group Functions
– Reporting and Accounting
– Financial Support and Analysis
– Skanska Financial Services
– Investor Relations
– IT
– Internal Audit and Compliance
– Asset Management

1976

2006

10,057 B-shares

– Chairman, Handelsbanken's regional bank board of directors, western Sweden

– M.Sc. Engineering, Chalmers University of Technology, Gothenburg
– MBA, Chalmers University of Technology and Göteborg University

– President, Skanska Commercial Property Development Nordic
– President, Skanska Fastigheter Göteborg

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– Bachelor of Business Administration, Haaga-Helia University of Applied Sciences
– eMBA, Aalto Executive Education

– Senior Vice President, HR and Communications Skanska Finland
– Senior Vice President, HR development, BU Skanska Finland
– HRD manager, Skanska Finland
– HR specialist, Skanska Finland

–

– Ph.D. in Business Economics, Uppsala University
– Master of Science in Business Economics, Uppsala University

– Chief Financial Officer, Skanska Sweden
– Senior Vice President, Investor Relations, Skanska AB
– Group Manager, Corporate Finance, Skanska AB
– Head of Research & Analysis, Skanska Financial Services

**Senior Vice Presidents,
Core Corporate Functions/
Group Functions**

Katarina Bylund	Reporting and Accounting
Karolina Cederhage	Communications
Anders Göransson	Internal Audit and Compliance
Lena Hök	Sustainability
Mark Lemon	Assurance and Control
André Löfgren	Investor Relations
Therese Tegner	Skanska Financial Services
Jarostaw Urbańczyk	Information Technology (IT)
Caroline Walméus	Financial Support and Analysis