

Remuneration report

Introduction

This remuneration report for 2021 describes how Skanska AB's (the "Company") guidelines for salary and other remuneration to senior executives (the "Remuneration Guidelines"), adopted by the Annual General Meeting ("AGM") on March 26, 2020, have been applied in 2021. The report also provides information on remuneration to the President and CEO and a summary of the Company's outstanding share-related incentive programs. The report has been prepared in accordance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board.

Further information on remuneration to senior executives and board members as required by Chapter 5, Sections 40–44 of the Annual Accounts Act is available in Note 37, Remuneration to senior executives and board members, on pages 168–171 in the annual and sustainability report 2021. Senior executives include the President and CEO and the other members of the Group Leadership Team.

The Board of Directors (the "Board") has established a Compensation Committee. Information on the work of the Compensation Committee in 2021 is set out in the corporate

governance report available on pages 37–46 in the annual and sustainability report 2021.

Remuneration of the Board is not covered by this remuneration report. Such remuneration is resolved annually by the AGM and is disclosed in Note 37 on page 170 in the annual and sustainability report 2021.

The AGM on March 30, 2021 resolved to approve the Board's remuneration report for 2020. No opinions were expressed on the remuneration report.

Key developments 2021

The President and CEO, Anders Danielsson, summarizes Skanska's overall performance in 2021 in his statement on pages 6–7 in the annual and sustainability report 2021.

The Remuneration Guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability agenda, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. The Remuneration Guidelines enable the Company to offer the members of the Group Leadership Team a competitive total remuneration. Under the Remuneration

Guidelines, the combined total remuneration for each member of the Group Leadership Team shall be market-related and competitive in the labor market in which the senior executive is placed, and distinguished performance should be reflected in the total remuneration. The remuneration may consist of the following components: fixed cash salary, variable cash remuneration, pension and insurance benefits and other benefits. The variable cash remuneration shall aim at promoting the Company's business strategy and long-term interests, including its sustainability agenda. This is accomplished through the financial and non-financial targets that determines the outcome of the variable cash remuneration and are clearly linked to the business strategy and the Company's sustainability agenda.

The applicable Remuneration Guidelines adopted by the AGM 2020 are found in Note 37 on pages 168–169 in the annual and sustainability report 2021. During 2021, the Company has complied with the Remuneration Guidelines. No deviations from the Remuneration Guidelines have been made and no derogations from the decision-making process that according to the guidelines is to be applied to determine, review and implement the guidelines have been made. The auditor's report regarding the Company's compliance with the Remuneration Guidelines is available

on the Group's website: group.skanska.com/corporate-governance/remuneration. No remuneration has been reclaimed.

In addition to remuneration covered by the Remuneration Guidelines, the AGMs of the Company have resolved to implement long-term share-related incentive programs.

The Compensation Committee's evaluation of remuneration

The Compensation Committee considers that the Remuneration Guidelines adopted by the AGM 2020 have worked well in 2021, that remuneration to the Group Leadership Team has been paid in accordance with the guidelines and that the purpose of the guidelines has been achieved. The Compensation Committee have concluded that the Remuneration Guidelines should not be revised. The Remuneration Guidelines adopted by the AGM 2020 are valid until the AGM 2024. No changes are proposed to the Remuneration Guidelines, and therefore no shareholder approval of remuneration guidelines will be required at the AGM 2022.

The Compensation Committee have further concluded that the ongoing and during the year ended programs for variable remuneration to the Group Leadership Team, as well as the current remuneration structures and levels in the Company, are appropriate, on

market terms and well balanced. Upon evaluation of the ongoing programs for variable remuneration to the Group Leadership Team, the Compensation Committee concluded that these programs efficiently served their purpose to support achieving the Company's strategic business objectives and sustainable long-term interests, as well as to increase the long-term focus of the members of the Group

Leadership Team and align their interests with the long-term expectations and the interests of the shareholders.

The Board has, upon recommendation from the Compensation Committee, resolved to propose to the AGM 2022 for approval a long-term share-related incentive program for the financial years 2023, 2024 and 2025

("Seop 6"). The Board's complete proposal for resolution by the AGM 2022 on Seop 6 is available on the Group's website: group.skanska.com/corporate-governance/shareholders-meeting/agm-2022/.

Table 1 – Total remuneration of the President and CEO in 2020 and 2021¹

kSEK	Name and position	Financial year	Fixed remuneration		Variable remuneration			Total remuneration	Proportion of fixed and variable remuneration ⁷	
			Base salary ²	Other remuneration and benefits ³	One-year-variable remuneration ⁴	Multi-year variable remuneration ⁵	Extraordinary items			Pension expense ⁶
	Anders Danielsson, President and CEO	2021	13,125	160	9,844	8,050	-	4,594	35,772	50/50
		2020	12,500	123	9,375	8,027	-	4,375	34,399	49/51

¹ Except for multi-year variable remuneration, the table reports remuneration earned in 2020 and 2021. Disbursement may or may not have been made the same year.

² Vacation allowance is included in the base salary.

³ Other remuneration and benefits for 2021 include company car, fuel, medical insurance and tax return assistance.

⁴ One-year variable cash remuneration relating to the 2021 financial year is preliminary and will be finally determined and disbursed after the outcome is established in the first quarter of 2022. This calculation is further preliminary insofar as any deductions as a consequence of non-financial targets have not yet been taken into account. The variable cash remuneration agreement includes a general clause stipulating that the Board and the Compensation Committee are entitled to wholly or partly reduce variable cash remuneration. The one-year variable cash remuneration for the President and CEO may amount to not more than 75 percent of the fixed annual cash salary. The amount included for 2020 in the table refer to actual disbursements for the 2020 financial year.

⁵ The value stated for 2021 refers to a preliminary award of performance shares for 2021's invested saving shares, at the share price on December 30, 2021 (SEK 234.2). The President and CEO will receive an estimated 34,372 performance shares. The Board will determine the outcome after reviewing the operational performance in the first quarter of 2022. In order to receive performance shares, an additional three years of service are required. For 2021, the President and CEO invested in 5,729 saving shares, equivalent to kSEK 1,342, calculated based on the share price on December 30, 2021 (SEK 234.2).

No matching or performance shares related to saving shares invested under Seop 4 during 2018 have vested as the fulfillment of the 2018 Group outperform target for Seop 4 was 0 percent and no matching shares were awarded to the President and CEO for 2018.

⁶ The President and CEO is covered by an individual occupational pension insurance scheme, including health insurance (Sw: sjukförsäkring). The occupational pension insurance scheme is a defined contribution scheme and the total premiums for the occupational pension insurance scheme, including health insurance, shall amount to 35 percent of the fixed annual cash salary.

⁷ Pension expense, which in its entirety relates to base salary and is contribution defined, has been counted entirely as fixed remuneration.

Share based remuneration Outstanding share-related incentive programs

Long-term share saving programs, Skanska Employee Ownership Programs (“Seop 4” and “Seop 5”) have been implemented in the Company. Seop 4 and Seop 5 give present and future employees the opportunity of becoming shareholders of the Company and is offered to permanent employees in the Skanska Group. The President and CEO participates in Seop 4 and Seop 5.

Subject to the participant having made an own investment in shares in the Company (saving shares), the participant may be awarded matching and/or performance shares. Matching and performance shares are awarded free of charge and are subject to three-year lock-up periods, during which the saving shares must be held, and employment must continue. Vesting of performance shares is also subject to the satisfaction of a number of result-related performance conditions. The performance conditions used to assess the outcome of Seop 4 and Seop 5 consist of

financial targets at Group, business unit and/or business unit cluster level. The financial target applicable at Group level, which apply for the President and CEO and the other members of the Group Leadership Team, is growth in earnings per share (“EPS target”). The 2021 preliminary outcome of the EPS target can be found in Table 3 (b). Information on the starting point and outperform target for the EPS target 2021 and on the financial targets applicable for participants in Seop 5 in the different business streams can be found in Note 37 on page 171 in the annual

and sustainability report 2021. No matching shares are awarded to the President and CEO under Seop 5.

Further information on Seop 4 and Seop 5, including the conditions which the outcome depends on, is available on the Group’s website: group.skanska.com/corporate-governance/remuneration/incentive-programs. Information on costs of the programs, dilution effects, etc. is available in Note 37 on page 171 in the annual and sustainability report 2021.

Table 2 – Remuneration of the President and CEO in shares

Name and position	The main conditions of the share programs					Information regarding the reported financial year ⁴					
	Name of program	Performance period ¹	Award period ²	Vesting period ³	End of retention period	Opening balance	During the year		Closing balance		
						Share awards held at the beginning of the year	Awarded	Vested	Subject to performance condition	Awarded and unvested at year end	Shares subject to retention period ⁵
Anders Danielsson, President and CEO	Seop 4	2017–2019	2017–2019	2020–2022	2020–2022	37,741	0	0	-	37,741	-
	Seop 5	2020–2022	2020–2022	2023–2025	2023–2025	38,277	34,372 ⁶	0	-	72,649	-
Total						76,018	34,372	0	-	110,390	-

¹ Each Seop program is divided into three annual programs, with an annual performance period. Seop 4 is divided into annual program 2017 with performance period 2017, annual program 2018 with performance period 2018 and annual program 2019 with performance period 2019. Seop 5 is divided into annual program 2020 with performance period 2020, annual program 2021 with performance period 2021 and annual program 2022 with performance period 2022. Vesting of performance shares is conditional upon satisfaction of a number of result-related performance conditions during the performance period for each annual program.

² The investments in saving shares through the Seop programs are normally made by way of monthly salary deductions followed by monthly investments in saving shares, normally the month after the month the salary deduction was made. The acquisition period for Seop 4 comprises the financial year 2017 in respect of the annual program 2017, the financial year 2018 in respect of the annual program 2018, and the financial year 2019 in respect of the annual program 2019. The acquisition period for Seop 5 comprises the financial year 2020 in respect of the annual program 2020, the financial year 2021 in respect of the annual program 2021, and the financial year 2022 in respect of the annual program 2022. In connection with each monthly acquisition of saving shares, future matching and/or performance shares are awarded.

³ Matching and/or performance shares may normally be vested only after the lock-up period for each annual program, which comprises three years. Vesting of matching and/or performance shares to participants within each annual program is estimated to occur monthly three years after the investment in each saving share, meaning that vesting of matching and performance shares under Seop 4 is estimated to occur monthly during the financial year 2020 in respect of the annual program 2017, during the financial year 2021 in respect of the annual program 2018, and during the financial year 2022 in respect of the annual program 2019. Vesting of performance shares under Seop 5 is estimated to occur monthly during the financial year 2023 in respect of the annual program 2020, during the financial year 2024 in respect of the annual program 2021, and during the financial year 2025 in respect of the annual program 2022.

⁴ No matching or performance shares related to saving shares invested under Seop 4 during 2018 have vested as the fulfillment of the 2018 Group outperform target for Seop 4 was 0 percent and no matching shares were awarded to the President and CEO for 2018. Under Seop 5, the President and CEO was preliminary awarded 34,372 future performance shares. Saving shares, in which the President and CEO has invested to become eligible to participate in the programs, are not included in the table.

⁵ There is no requirement to hold the saving, matching or performance shares after acquisition/vesting.

⁶ Value: kSEK 8,050, calculated based on the share price on December 30, 2021 (SEK 234.2) multiplied by the number of preliminary awards (34,372).

Application of performance criteria

The performance criteria for the President and CEO's variable remuneration have been selected to deliver Skanska's strategy and to encourage behavior which is in the long-term interest of the Company and the Group. In the selection of performance criteria, the strategic objectives and short- and long-term business priorities for 2021 have been taken into account. The non-financial performance

criteria further contribute to alignment with the sustainability agenda as well as Skanska's purpose and values.

In addition to the financial targets outlined in the Table 3 (a), the President and CEO has non-financial targets that may reduce the outcome of the variable cash remuneration. The outcome in relation to the financial targets determines the total (financial) bonus

potential, i.e. the financial targets are the basis of the total bonus potential. This outcome may be reduced depending on the outcomes of the non-financial targets. The non-financial targets are set to support the Company's business strategy and long-term value creation, including its sustainability agenda, and are activity-based targets related to, among other things, work site safety and Skanska's climate target. The outcome is reduced in

cases where the non-financial targets are not fully reached. The non-financial targets together represent 50 percent of the total bonus which means that the total bonus outcome may be reduced with up to 50 percent if the non-financial targets are not met. Information on Skanska's climate target is available on pages 70–75 and 90–91 in the annual and sustainability report 2021.

Table 3 (a) – Performance of the President and CEO in 2021: variable cash remuneration

Name and position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance ¹ and b) actual award/remuneration outcome
Anders Danielsson, President and CEO	Income after financial items 2021 ²	100%	a) SEK 9.4 billion b) kSEK 9,844 ³

1 Starting point and outperform target can be found in Note 37 on page 169 in the annual and sustainability report 2021.

2 The income excludes eliminations at the Group level and the operating unit Asset Management (portfolio of PPP assets).

3 Outcome relating to the 2021 financial year is preliminary and will be finally determined and disbursed after the outcome is established in the first quarter of 2022. This calculation is further preliminary insofar as any deductions as a consequence of non-financial targets have not yet been taken into account. The variable cash remuneration agreement includes a general clause stipulating that the Board and the Compensation Committee are entitled to wholly or partly reduce variable cash remuneration. The one-year variable cash remuneration for the President and CEO may amount to not more than 75 percent of the fixed annual cash salary.

Table 3 (b) – Performance of the President and CEO in 2021: share-based incentives

Name and position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance ¹ and b) actual award/remuneration outcome
Anders Danielsson, President and CEO	Earnings per share 2021 ²	100%	a) SEK 19,8 b) kSEK 8,050 ³

1 Starting point and outperform target can be found in Note 37 on page 171 in the annual and sustainability report 2021.

2 Profit for the period attributable to equity holders, divided by the average number of outstanding shares during the year.

3 The value stated refers to a preliminary award of performance shares for 2021's invested saving shares, at the share price on December 30, 2021 (SEK 234.2). The President and CEO will receive an estimated 34,372 performance shares. The Board will determine the outcome after reviewing the operational performance in the first quarter of 2022. In order to receive performance shares, an additional three years of service are required.

Comparative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last five reported financial years

Annual change ¹	2016	2017	2018	2019	2020	2021
Executive remuneration (kSEK)						
President and CEO remuneration (Anders Danielsson) ²	-	-	16,868	32,347 (+91.8%)	34,399 (+6.3%)	35,772 ³ (+4.0%)
President and CEO remuneration (Johan Karlström) ⁴	39,618	21,248 (-46.4%)	-	-	-	-
Skanska Group's performance						
Income after financial items (SEK bn) ⁵	8.0	5.7 (-29.7%)	4.9 (-12.9%)	7.8 (+57.5%)	11.6 (+48.9%)	9.7 ⁶ (-16.4%)
Earnings per share (SEK) ⁷	15.9	12.0 (-24.5%)	9.5 (-20.8%)	15.5 (+63.2%)	22.5 (+45.2%)	19.8 (-12.0%)
Carbon emissions (tonnes) ^{8,9}	386,000	347,000	332,000	291,000	265,000	216,000
Average remuneration on a full-time equivalent basis of employees¹⁰ of the Company (kSEK)¹¹						
Employees ¹⁰ of the Company	-	-	-	-	1,455 ¹²	1,603 ¹³ (+10.2%)

1 The table reports actual outcome and annual change in percentage.

2 President and CEO from 1 January 2018.

3 Total remuneration in 2021 as set out in Table 1.

4 President and CEO until 31 December 2017.

5 The income excludes eliminations at the Group level.

6 The table reports the income excluding eliminations at the Group level, but including the operating unit Asset Management (portfolio of PPP assets). In Table 3 (a), the income after financial items is reported excluding both eliminations at the Group level and the operating unit Asset Management. Variable cash remuneration to the President and CEO for 2021 has been related to income after financial items excluding eliminations at the Group level and the operating unit Asset Management, as set forth in Table 3 (a).

7 Profit for the period attributable to equity holders, divided by the average number of outstanding shares during the year.

8 Scope 1 (direct) and Scope 2 (indirect - market based). More information can be found on page 90 in the annual and sustainability report 2021.

9 Carbon emissions are reported in the table without annual change in percentage in accordance with the method used for reporting of sustainability information in the annual and sustainability report available under the heading Sustainability information on pages 89–94 in the annual and sustainability report 2021.

10 Excluding members of the Group Leadership Team.

11 Comparative information on the change of remuneration is not included in the table for 2016–2019. As 2020 is the first financial year for which the reporting obligation exists, the Company does not have readily available the required information for the previous financial years 2016–2019.

12 In the remuneration report for 2020, the reported average remuneration on a full-time equivalent basis of employees of the Company was kSEK 1,439. The average remuneration for 2020 has been updated since the correct average number of full-time equivalent basis employees of the Company in 2020 is one less than the number the calculation for the remuneration report 2020 was based on.

13 Average remuneration for the Company's other employees includes payments of remuneration and benefits made in 2021. For one-year variable cash remuneration the amount included in the table is however preliminary variable cash remuneration related to the 2021 financial year which will be finally determined and disbursed after the outcome is established in the first quarter of 2022. The calculation of the one-year variable cash remuneration is further preliminary insofar as the outcome of the non-financial targets have yet not been taken into account. When calculating the preliminary one-year variable cash remuneration, full outcome of the non-financial targets has consequently been considered. The value included for multi-year variable remuneration (the share saving program Seop 5) refers to a preliminary award of matching and performance shares for 2021's invested saving shares, at the share price on December 30, 2021 (SEK 234.2). The Board will determine the outcome of the share saving program after reviewing the operational performance in the first quarter of 2022. In order to receive matching and performance shares, an additional three years of service are required. The average remuneration further includes pensions vested during the year in defined-benefit plans and pension expenses for defined-contribution plans. The average number of full-time equivalent employees has decreased from 91 in 2020 to 81 in 2021 which affects the average remuneration on a full-time equivalent basis of employees of the Company. The average base salary increase for the employees of the Company was 2.5% in the 2021 salary review.