

Corporate governance report

This corporate governance report for 2014 has been reviewed by the Company's external auditors in compliance with Chapter 9, Section 31 of the Swedish Companies Act. The report is part of the Report of the Directors and contains information in compliance with Chapter 6, Section 6 of the Annual Accounts Act.

Corporate governance principles

Skanska AB is a Swedish public limited company. Skanska AB's Series B shares are listed on NASDAQ Stockholm. Skanska AB and the Skanska Group are governed in accordance with the Articles of Association, the Swedish Companies Act, the NASDAQ Stockholm Rule Book for issuers and other applicable Swedish and foreign laws and ordinances. Skanska applies the Swedish Corporate Governance Code ("the Code") which is available at www.corporategovernanceboard.se

Articles of Association

The Articles of Association are adopted by the Annual General Meeting, which is the highest decision-making body, and must contain a number of disclosures of a more fundamental nature for the Company. These include what operations it is to conduct, the size and registered office of the Board of Directors, the size of the share capital, any regulations on different types of shares (Series A and Series B shares), conversion of shares, number of shares and how notice of an Annual General Meeting is to be provided. The complete Articles of Association are available on Skanska's website www.group.skanska.com.

Governing documents

Among the more important governing documents established yearly by the Board are the Code of Conduct, the Procedural Rules, the Group's Financial Policy, Information Policy and Risk Management Policy. The Group's most important governing documents, in addition to those based on laws or other statutes, are available on Skanska's website, www.group.skanska.com.

Annual General Meeting

At the Annual General Meeting Skanska's shareholders decide on key issues, such as adoption of income statements and balance sheets, the dividend to the shareholders, the Board's composition, discharging the members of the Board of Directors and the President and CEO from liability, amendments to the Articles of Association, election of auditors and principles of remuneration to senior executives. 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.

Every shareholder is entitled to have an item of business dealt with at the Annual General Meeting. Well before notice of the meeting is issued, the Company's website provides information on how shareholders are to proceed in order to have an item of business dealt with.

The 2014 Annual General Meeting

The Annual General Meeting was held on April 3, 2014 in Stockholm. At the Meeting, a total of 805 shareholders were present personally or through proxy, representing about 58 percent of the total voting power in the Company. The Meeting re-elected Stuart Graham, Johan Karlström, Fredrik Lundberg, Sverker Martin-Löf, Sir Adrian Montague, Charlotte Strömberg, Matti Sundberg and Pär Östberg as members of the Board of Directors, and elected John Carrig and Nina Linander as new members.

The Meeting re-elected Stuart Graham as Chairman of the Board. Employees were represented on the Board by Richard Hörstedt, Roger Karlström and Gunnar Larsson as members, with Pär-Olow Johansson, Gerardo Vergara and Thomas Larsson as deputy members. Fourteen members and deputy members of the Board, as well as the Company's auditors and members of the Senior Executive Team were present at the Annual General Meeting. The Annual General Meeting re-elected KPMG as auditor.

Among other things, the Meeting approved a dividend to the shareholders of SEK 6.25 per share. Complete information about the 2014 Annual General Meeting plus minutes of the Meeting are available on Skanska's website.

The 2015 Annual General Meeting

The next Annual General Meeting of Skanska AB will be held at 4:00 p.m. on April 9, 2015 at the Waterfront Building in Stockholm, Sweden.

Information has been provided on Skanska's website to shareholders on how they should proceed if they wish to have an item of business dealt with at the 2015 Annual General Meeting.

The Nomination Committee

Among the tasks of the Nomination Committee is to propose candidates for election as members of the Board of Directors.

The 2013 Annual General Meeting gave the Chairman of the Board a mandate, before each Annual General Meeting, to allow each of the four largest shareholders in terms of voting power to appoint a representative to comprise, together with the Chairman, the Nomination Committee. The Nomination Committee for the 2015 Annual General Meeting has the following composition: Carl-Olof By, AB Industrivärden, Chairman of the Nomination Committee; Mats Guldbbrand, LE Lundbergföretagen AB; Bo Selling, Alecta; Hans Ek, SEB Fund & Trygg Life Insurances; and Stuart Graham, Chairman of the Board, Skanska AB.

Information has been provided on Skanska's website on how shareholders can submit proposals to the Nomination Committee by e-mailing the Committee. The Nomination Committee plans to publish its proposals no later than in the notice of the 2015 Annual General Meeting. These proposals and an explanatory statement will be available on Skanska's website.

The Nomination Committee, 2014

Representative on the Nomination Committee for preparation of the 2015 Annual General Meeting	Representing	December 31, 2014 % of voting power
Carl-Olof By	AB Industrivärden	24.4
Mats Guldbbrand	LE Lundbergföretagen AB	11.8
Bo Selling	Alecta	4.1
Hans Ek	SEB Fund & Trygg Life Insurances	2.7
Stuart Graham	Chairman of the Board, Skanska AB	-

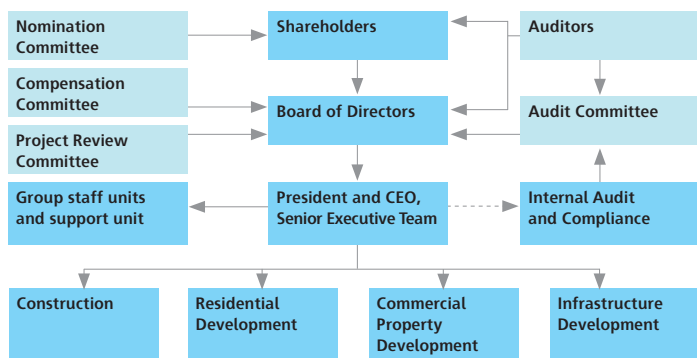
The members and deputy members of the Board

Member	Position	Born	Nationality	Year elected	Audit Committee	Compensation Committee	Project Review Committee	Independent in relation to the Company and its management	Independent in relation to major shareholders
Stuart Graham	Chairman	1946	U.S.	2009	■	■	■	Yes	No
Johan Karlström	President and CEO	1957	Sweden	2008			■	No	Yes
Fredrik Lundberg	Member	1951	Sweden	2011			■	Yes	No
Sverker Martin-Löf	Member	1943	Sweden	2001	■	■	■	Yes	No
Sir Adrian Montague	Member	1948	UK	2007			■	Yes	Yes
Charlotte Strömberg	Member	1959	Sweden	2010	■	■		Yes	Yes
Matti Sundberg	Member	1942	Finland	2007				Yes	Yes
Pär Östberg	Member	1962	Sweden	2013	■		■	Yes	No
John Carrig ¹	Member	1952	U.S.	2014	■		■	Yes	Yes
Nina Linander ¹	Member	1959	Sweden	2014	■			Yes	No
Richard Hörstedt	Employee Representative	1963	Sweden	2007			■	-	-
Roger Karlström	Employee Representative	1949	Sweden	2008				-	-
Gunnar Larsson ¹	Employee Representative	1953	Sweden	2014				-	-
Pär-Olow Johansson ¹	Employee Rep. (Deputy)	1954	Sweden	2014					
Gerardo Vergara	Employee Rep. (Deputy)	1963	Sweden	2012				-	-
Thomas Larsson	Employee Rep. (Deputy)	1969	Sweden	2011				-	-

■ Chairman ■ Member

¹ As of April 3, 2014

Governance structure



The Board of Directors

The Board of Directors makes decisions concerning overall issues relating to the Parent Company and the Group, such as Group strategy, publication of interim and annual reports, major construction projects, investments and divestments, appointment of the President and CEO, as well as the organizational structure of the Group. The Board has established three special committees:

- Audit Committee
- Compensation Committee
- Project Review Committee

The members of the Board

The Board of Directors consists of ten members elected by the Annual General Meeting, without deputies, plus three members and three deputy members appointed by the employees. The Annual General Meeting appointed Stuart Graham as Chairman of the Board.

The President and CEO is a member of the Board. For more detailed information about individual Board members and deputy members, refer to page 196.

Nine of the Board members elected by the Annual General Meeting are independent in relation to the Company and its management. Of these, more than two members are also deemed independent in relation to the Company's largest shareholders. Only one member (the President and CEO) is actively involved in the management of the Company.

The work of the Board in 2014

The work of the Board of Directors follows a yearly agenda which is stipulated in the Board's Procedural Rules. In preparation for each Board meeting, the Board receives supporting documentation compiled according to established procedures. These procedures are aimed at ensuring that the Board receives relevant information and documentation for decision making before all of its meetings. All documentation is drafted in English.

In 2014 the Board held seven meetings including its statutory meeting. At its September 2014 meeting the Board visited Skanska in the Öresund region in Sweden, including meetings with the managements of Skanska Sweden and Skanska Commercial Property Development. In conjunction with this Board meeting, the Board made work site visits that included the commercial and residential project, Malmö Live in Malmö.

The more important issues the Board dealt with during the year included monitoring the restructuring of the Residential Development units in the Nordic countries, Skanska's progress in the U.S., the discontinuation and sale of the Latin American operations, updating and following up the Group's 2014–2015 business plan, monitoring measures implemented in the Czech Republic, succession planning, internal control and risk management. A major focus area has been safety and sustainability.

The Board's committees

In its Procedural Rules, the Board has specified the duties and decision-making powers that the Board has delegated to its committees. All committees report orally to the Board at each meeting in accordance with the mechanisms that are stipulated in the Procedural Rules. Minutes of all committee meetings are provided to the Board.

Audit Committee

The main task of the Audit Committee is to assist the Board in overseeing financial reporting, reporting procedures and accounting principles, as well as monitoring 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 Company's external auditors are present at all Audit Committee meetings. At least once per year the Committee meets the auditors without senior executives being present. The Audit Committee comprises Sverker Martin-Löf (Chairman), Stuart Graham, John Carrig, Nina Linander, Charlotte Strömberg and Pär Östberg. In 2014 the Committee held six meetings. Important matters addressed during the year included writedowns in Skanska Latin America, monitoring operations in the Czech Republic, handling and ending major disputes, risk management and reporting of suspected Code of Conduct breaches.

Compensation Committee

The main task of the Compensation Committee is to prepare recommendations for Board decisions on appointing the President and CEO and other members of the Senior Executive Team, and salary and other compensation for the President and CEO. The Committee makes decisions on remuneration, pensions and other terms of employment for other members of the Senior Executive Team.

The Committee prepares recommendations for Board decisions on general incentive programs and examines the outcomes of variable salary components. In 2014 the Committee evaluated Skanska's variable remuneration programs for the Senior Executive Team and monitored and evaluated the application of the principles for remuneration to senior executives, as well as the existing remuneration structure and remuneration levels.

During the year the Committee also evaluated principles for reducing variable remuneration in the event the Code of Conduct is breached. The Committee consists of Stuart Graham (Chairman), Sverker Martin-Löf and Charlotte Strömberg. The Committee held six meetings in 2014.

Project Review Committee

The Project Review Committee has the Board's mandate to make decisions on its behalf regarding individual projects in Construction, Commercial Property Development and Residential Development, investments in and divestment of infrastructure projects 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 comprises Stuart Graham (Chairman), John Carrig, Johan Karlström, Fredrik Lundberg, Sverker Martin-Löf, Sir Adrian Montague, Pär Östberg and Richard Hörstedt. The Committee held twelve meetings in 2014.

Evaluation of the work of the Board

The work of the Board is evaluated yearly through a systematic and structured process aimed, among other things, at gathering good documentation as a basis for improvements in the Board's work.

The evaluation is partly carried out individually through the completion of a questionnaire, and partly through discussions at Board meetings. The evaluation provides the Chairman of the Board with information about how the members of the Board perceive the effectiveness and collective competence of the Board, as well as the need for changes in the Board. When evaluating the work of the Chairman, the Board is led by a specially designated member. In addition, the Chairman is evaluated by all the other members by way of a written questionnaire. The Chairman of the Board and a designated individual inform the Nomination Committee of the evaluation results.

Fees to the Board of Directors

Total fees to the Board members elected by the Annual General Meeting were approved by the 2014 Annual General Meeting in the amount of SEK 6,875,000.

The Chairman of the Board received SEK 1,875,000 in fees and other Board members received SEK 625,000 each.

In addition, in accordance with a decision by the Annual General Meeting, members elected by the Annual General Meeting and serving on the Board's committees each received SEK 100,000 for their work on the Compensation Committee, SEK 200,000 for work on the Project Review Committee, and SEK 125,000 per member of the Audit Committee and SEK 150,000 to its Chairman. For more detailed information, see Note 37, "Remuneration to senior executives and Board members."

Attendance at Board and committee meetings

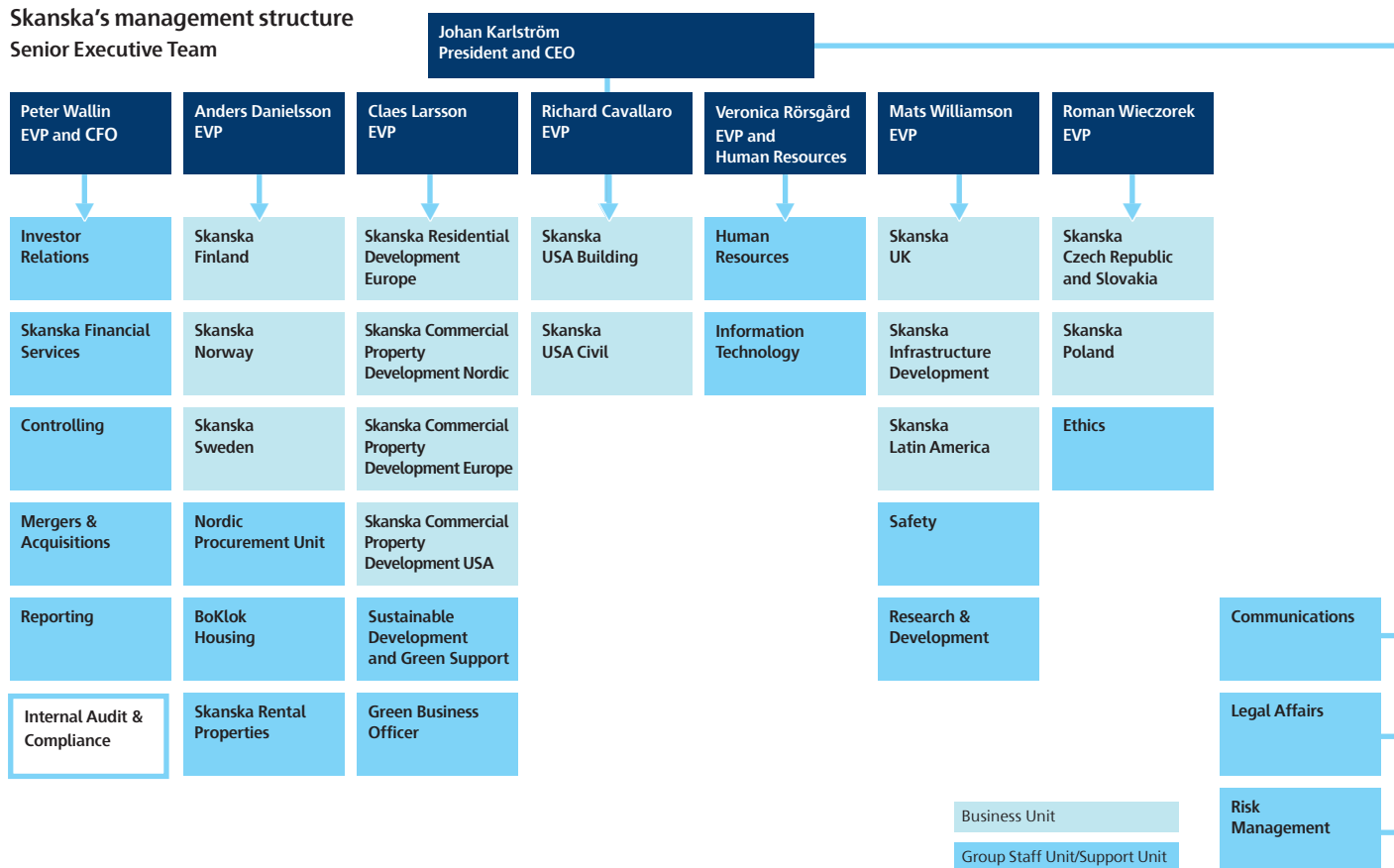
	Board meetings	Audit Committee	Compensation Committee	Project Review Committee
Number of meetings	7	6	6	12
Member				
Stuart Graham	7	6	6	12
Johan Karlström	7			12
Fredrik Lundberg	7			12
Sverker Martin-Löf	6	6	6	12
Sir Adrian Montague	7			11
Charlotte Strömberg	7	6	5 ¹	
Matti Sundberg	7			
Pär Östberg	7	6		8
John Carrig ¹	6	2		8
Nina Linander ¹	5	5		
Richard Hörstedt	7			8 ¹
Roger Karlström	7			
Gunnar Larsson ¹	6			
Pär-Olow Johansson ¹	6			
Gerardo Vergara	6			
Thomas Larsson	7			

1 As of April, 2014

The Board's communication with the Company's auditors

As mentioned above, the Company's external auditors participate in all meetings of the Audit Committee. According to its Procedural Rules, the Board of Directors meets with the auditors twice a year. On these occasions, the auditors orally present the findings of their auditing work. At least once a year, the Board meets the auditors without senior executives being present.

Skanska's management structure Senior Executive Team



Operational management and internal control

The President and Chief Executive Officer (CEO) is responsible for day-to-day management and oversight of the Group's operations. 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 and the seven Executive Vice Presidents form the Senior Executive Team (SET). The Company's Procedural Rules stipulate that the Chief Financial Officer (CFO) will take over if the President and CEO cannot fulfill his or her duties. If the CFO cannot take over, the Executive Vice President with the longest period of service in this position will take over instead. Information on the President and CEO and the Senior Executive Team can be found on page 194. The President and CEO has no business dealings of any significance with Skanska AB or its Group companies.

Group staff units and support unit

Group staff units and the support unit, Skanska Financial Services AB, are based at the headquarters in Stockholm in 2014. The Group staff units and support unit assist the President and CEO and the Senior Executive Team on matters concerning Group-wide functions, coordination and oversight.

They also provide support to the business units. The head of each Group staff unit reports directly to a member of the Senior Executive Team. In addition, the head of Internal Audit and Compliance reports directly to the Board by way of its Audit Committee. A presentation of the Group staff units and support unit can be found on page 195.

The business units and their governance

The organizational structure of the Skanska Group is characterized by clear decentralization and a large measure of delegation of authority and responsibility to the business units. Each business unit is headed by a president and has its own staff units and other resources in order to conduct its operations effectively.

Aside from the business units' day-to-day operations, items of business addressed include matters relating to the strategic development of the units and concerning their strategic investments and divestments. These items are addressed by the management team of each respective unit and are then referred to the Senior Executive Team or to Skanska AB's Board of Directors for a decision, depending on the magnitude of the matter. The Boards of Directors of the business units consist of representatives from Skanska AB, individuals from other business units as well as of the respective business unit's own management team.

The Chairman of the Board of each business unit is a member of Skanska's Senior Executive Team. Where appropriate, employee representatives are included.

Each business unit follows a structured, step-by-step risk management procedure. Depending, among other things, on the size, type and geographic location of projects, a structured risk management report must be submitted to the appropriate decision-making level before final decisions are made.

In addition to the Board's governing documents, the Senior Executive Team has adopted more detailed guidelines for the Group. These policies and guidelines are available to all business units on Skanska's intranet and are updated regularly to reflect changes in operations and new requirements. The Board's Procedural Rules state what items of business will be decided by the Board of Skanska AB, by the President and CEO/Senior Executive Team or at the business unit level. The threshold levels for decisions stated in the Procedural Rules are further broken down in the business units' own decision-making rules. The business units provide regular, systematic feedback to the Senior Executive Team on compliance with the more important governing documents, such as the Financial Policy and the Code of Conduct.

Remuneration to the Senior Executive Team

The 2014 Annual General Meeting approved principles for the salaries and other remuneration to senior executives. These principles, as well as the Board's proposal for new principles to be approved at the 2015 Annual General Meeting, are presented on page 101. Information about salaries and other remuneration to the President and CEO and the other members of the Senior Executive Team, as well as outstanding share award and share-related incentive programs are found in Note 37.

The Company's auditors

The 2014 Annual General Meeting elected the accounting firm KPMG AB as auditor of Skanska AB. This assignment runs until the 2015 Annual General Meeting. The auditor in charge is Authorized Public Accountant George Pettersson. For information on fees and other remuneration to KPMG, see the table below.

Fees and other remuneration to the auditors

SEK M	2014	2013
Audit assignments	51	52
Tax advisory services	10	12
Other services	8	8
Total	69	72

Internal control

This account of internal control has been prepared in compliance with Chapter 6, Section 6, Paragraph 2 of the Annual Accounts Act and includes the most important elements of the Company's internal control and risk management systems in connection with financial reporting.

Control environment

The Board of Directors' Procedural Rules and instructions for the President and CEO and the Board's committees ensure a clear division of roles and responsibilities for the purpose of fostering effective management of business risks. The Board has also adopted a number of fundamental rules of importance for internal control tasks. Examples of these are the Company's risk management system, Financial Policy and Code of Conduct. The Senior Executive Team reports regularly to

the Board according to established procedures. In addition, the Audit Committee presents reports on its work. The Senior Executive Team is responsible for the system of internal controls required to manage material risks in operating activities. This includes instructions to individuals in various positions in order to maintain good internal control.

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 results. Concerning material claims, this work is limited to risks that may individually have an effect of SEK 10 M or more. A description of the Group's risk management and risk assessment can be found on page 12.

The Company has subsequently ensured that the Group has rules in place to guarantee that these risks are managed.

In 2014 all business units and Skanska Financial Services carried out self-evaluations to assess compliance with Group policies and procedures. These self-evaluations have been reviewed by Skanska's internal auditors.

Information and communication

Essential accounting principles, manuals and other documents of importance to financial reporting are updated and communicated regularly to the relevant employees. There are several information channels to the Senior Executive Team and the Board of Directors for essential information from employees. For external communication, there is an information policy document which ensures that the Company lives up to the existing requirements for providing the market with correct information.

Monitoring

The Board of Directors continually evaluates the information supplied by the Senior Executive Team and the Audit Committee. Of particular importance is the Audit Committee's work in compliance with Chapter 8, Section 49b of the Swedish Companies Act on monitoring the effectiveness of the Senior Executive Team's internal control processes.

This includes ensuring that steps are taken to address shortcomings and proposed actions that have emerged from internal and external auditing.

Internal Audit

The Group staff unit Internal Audit and Compliance is responsible for monitoring and evaluating risk management and internal control processes. This involves examining compliance with Skanska's principles. The staff unit reports directly to the Board of Directors via its Audit Committee. The Internal Audit and Compliance unit plans its work in consultation with the Audit Committee and regularly reports its examination findings to the Committee. The unit communicates continuously with Skanska's external auditors on matters concerning internal control.

In 2014 the Internal Audit and Compliance unit focused on reviewing the control structure that exists for the risks identified in the business. These examinations were conducted for projects as well as business-critical processes and the central support functions. A total of about 110 audits were conducted during the year in all business units with particular focus on the operations in the Czech Republic and Latin America. The audits were carried out in accordance with uniform audit methods.

Other mandatory disclosures in compliance with Chapter 6, Section 6, Annual Accounts Act

Due to the requirements in Chapter 6, Section 6 of the Annual Accounts Act concerning certain specific disclosures that must be provided in corporate governance reports, the following is disclosed:

- Of the Company's shareholders, AB Industrivärden and Lundbergs have a shareholding, directly or indirectly, that represents at least one tenth of the voting power for all shares in the Company. On December 31, 2014, Industrivärden's holding amounted to 24.4 percent of total voting power and Lundbergs held 12.1 percent of total voting power.
- There are no restrictions on the number of votes each shareholder may cast at a Annual General Meeting.
- The Articles of Association state that the appointment of Board members is to occur at the Company's Annual General Meeting. The Articles of Association contain no stipulations on dismissal of Board members or on amendment of the Articles of Association
- The 2014 Annual General Meeting approved a resolution authorizing the Company's Board of Directors to decide on acquisitions of Skanska's own Series B shares via a regulated market on the following conditions:
 - A. Series B shares may only be acquired on NASDAQ Stockholm.
 - B. The authorization may be used on one or more occasions until the 2015 Annual General Meeting.
 - C. A maximum of 4,500,000 Skanska Series B shares may be acquired to secure the allotment of shares to participants in the new Skanska Employee Ownership Program, Seop 3 (2014–2016).
 - D. Skanska Series B shares on the NASDAQ Stockholm may only be acquired at a price on NASDAQ Stockholm within the applicable price interval at any given time, meaning the interval between the highest purchase price and lowest selling price.

Disclosures required for compliance with Chapter 6, Section 2a of the Annual Accounts Act

Disclosures in compliance with the Chapter 6, Section 2a of the Annual Accounts Act concerning information about certain circumstances that may affect the possibility of a takeover of the Company through a public bid for the shares in the Company are provided in Note 64, Disclosures in compliance with the Annual Accounts Act, Chapter 6, Section 2a.