

Corporate governance report of Skanska AB (publ) for 2008 and the Board of Directors' report on internal control

Corporate governance report

This corporate governance report for 2008 plus the Board of Directors' report on internal control have not been reviewed by the Company's external auditors. The reports are not part of the formal annual account documents.

Corporate governance

Skanska AB is a Swedish public limited company. Skanska AB's Series B shares are listed on the NASDAQ OMX Stockholm. Skanska AB and the Skanska Group are governed in accordance with the Articles of Association, the Swedish Companies Act, the NASDAQ OMX Stockholm rule book for issuers and other applicable Swedish and foreign laws and ordinances.

Skanska applies the Swedish Code of Corporate Governance ("the Code"). Skanska is reporting departures from the Code for 2008 as noted below under "Departures from the Code."

Articles of Association

The Articles of Association are adopted by the shareholders' meeting and shall contain a number of mandatory disclosures of a more fundamental nature for the Company. Among other things, they shall state what operations the Company shall conduct, the size and registered office of the Board of Directors, the size of the share capital, any regulations on different types of shares, the number of shares and how notice of a Shareholders' Meeting shall be provided. The complete Articles of Association are available on Skanska's website.

Shareholders' meeting

At the shareholders' meeting, the highest decision-making body, Skanska's shareholders decide on central issues, such as the adoption of the income statement and balance sheet, the dividend to the shareholders, the composition of the Board, discharging the members of the Board of Directors and the President from liability for the financial year, amendments to the Articles of Association, election of auditors and principles of remuneration to

senior executives. Shareholders who are listed in the register of shareholders on the record date and 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 shareholders' meeting. Well before notice of the meeting is issued, the Company's website provides information on how shareholders shall proceed in order to have an item of business dealt with.

The 2008 Annual Shareholders' Meeting

The Annual Shareholders' Meeting was held on April 3, 2008 in Stockholm. At the Meeting, a total of 438 shareholders were present personally or through proxy, representing about 49.5 percent of the total voting power in the Company. The Meeting re-elected Jane Garvey, Finn Johnsson, Sverker Martin-Löf, Sir Adrian Montague, Lars Pettersson and Matti Sundberg as members of the Board of Directors. It elected Johan Karlström and Bengt Kjell as new members of the Board. The Meeting re-elected Sverker Martin-Löf as Chairman of the Board. The employees were represented on the Board by Inge Johansson, Gunnar Larsson and Alf Svensson as members, with Richard Hörstedt, Jessica Karlsson and Ann-Christin Kutzner as deputy

members. Effective on August 1, 2008, Gunnar Larsson was replaced by Roger Karlström as a Board member.

Among other things, the Meeting approved a dividend to the shareholders totaling SEK 8.25 per share, of which SEK 5.25 as a regular dividend and SEK 3 as an extra dividend.

Thirteen of a total of fourteen members of the Board and the Company's auditors were present at the Annual Shareholders' Meeting. Complete information about the 2008 Annual Shareholders' Meeting is available on Skanska's website.

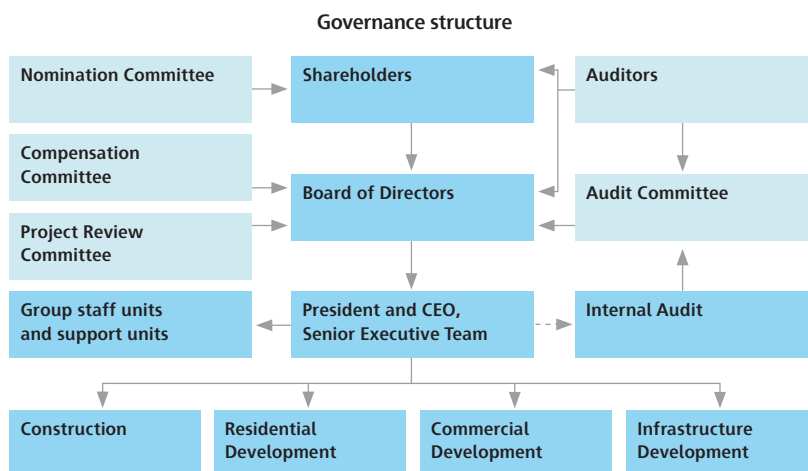
The 2009 Annual Shareholders' Meeting

The next Annual Shareholders' Meeting of Skanska AB will be held on April 6, 2009 in Stockholm, Sweden. The Meeting will take place at 4:00 p.m. at the Berwaldhallen concert hall, Stockholm.

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 2009 Annual Shareholders' 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 2008 Annual Shareholders' Meeting gave the Chairman of the



Board a mandate to allow the three to five largest shareholders in terms of voting power each to appoint a representative to comprise, together with the Chairman, a Nomination Committee in preparation for the 2009 Annual Shareholders' Meeting. The Nomination Committee has the following composition: Carl-Olof By, AB Industrivärden, Chairman of the Nomination Committee; Håkan Sandberg, Svenska Handelsbanken AB and the Handelsbanken pension funds; Peter Lindell, AMF Pension; Bo Selling, Alecta; and Sverker Martin-Löf, Chairman of the Board, Skanska AB.

Information has been provided on Skanska's website on how shareholders can

submit their own proposals to the Nomination Committee by sending an e-mail to the Nomination Committee. The proposal of the Nomination Committee will be published in the notice of the 2009 Annual Shareholders' Meeting. At the same time, the Nomination Committee's report on how it has pursued its work will be available on Skanska's website.

The Board of Directors

The Board of Directors makes decisions concerning overall issues about 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:

- The Audit Committee
- The Compensation Committee
- The Project Review Committee.

These committees are described in detail below.

The members of the Board

The Board of Directors consists of eight members elected by the Annual Shareholders' Meeting without deputies plus three members and three deputy members appointed by the employees. The President and CEO is a member of the Board. At the 2008 Annual Shareholders' Meeting, Board members Curt Källström and Anders Nyrén resigned, as did Stuart Graham, a Board member as well as President and CEO. Johan Karlström and Bengt Kjell were elected as new members of the Board. In conjunction with the Annual Shareholders' Meeting, Johan Karlström assumed his new position as President and CEO, succeeding Stuart Graham.

The Nomination Committee, 2009

Members of the Nomination Committee, 2009	Representing	December 31, 2008 % of voting power
Carl-Olof By	AB Industrivärden	26.8
Håkan Sandberg	Svenska Handelsbanken AB and the Handelsbanken pension funds	4.6
Bo Selling	Alecta	4.6
Peter Lindell	AMF Pension	3.8
Sverker Martin-Löf	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
Sverker Martin-Löf	Chairman	1943	Sweden	2001	■	■	■	Yes	No
Jane F. Garvey	Member	1944	USA	2003				Yes	Yes
Finn Johnsson	Member	1946	Sweden	1998	■	■		Yes	No
Johan Karlström	President and CEO	1957	Sweden	2008			■	No	Yes
Bengt Kjell	Member	1959	Sweden	2008	■		■	Yes	No
Sir Adrian Montague	Member	1948	UK	2007			■	Yes	Yes
Lars Pettersson	Member	1954	Sweden	2006		■		Yes	Yes
Matti Sundberg	Member	1942	Finland	2007			■	Yes	Yes
Richard Hörstedt	Employee Rep. (Deputy)	1963	Sweden	2007				-	-
Inge Johansson	Employee Representative	1951	Sweden	1999			■	-	-
Jessica Karlsson	Employee Rep. (Deputy)	1975	Sweden	2005				-	-
Roger Karlström ¹	Employee Representative	1949	Sweden	2008				-	-
Ann-Christin Kutzner	Employee Rep. (Deputy)	1947	Sweden	2004				-	-
Gunnar Larsson ²	Employee Representative	1953	Sweden	2002				-	-
Alf Svensson	Employee Representative	1960	Sweden	2007				-	-

¹ From August 1, 2008
² Until August 1, 2008

■ = Chairman ■ = Member

For more detailed information about individual Board members and deputy members, see page 156. Seven of the Board members elected by the Shareholders' 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 active in the management of the Company.

The work of the Board in 2008

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 its meetings. All documentation is formulated in the English language.

During the year, the Board held nine meetings including its statutory meeting. At its September 2008 meeting, the Board

visited the business units in Poland, Skanska S.A. and Skanska Commercial Development Europe. The Board also discussed Skanska's strategy plan, among other topics. In conjunction with this meeting, the Board made a work site visit to the Atrium City project. Among the more important issues that the Board dealt with during the year were Group strategy, internal control, governance of operations, risk management and employee health and safety. During the year, the Board examined the relevance and timeliness of all legally mandated instructions.

The committees of the Board

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, report procedures and account-

ing principles as well as monitoring the auditing of the accounts for the Parent Company and the Group. The Committee also evaluates the Group's internal control and studies the reports and opinions of the Company's external auditors. The Company's external auditors are present at all meetings of the Audit Committee. In this way, the Committee safeguards the quality of financial reporting, whose contents have been established by the Board in its Procedural Rules. The Committee prepares proposals regarding elections of auditors in the years such elections will occur, as is the case with the 2009 Annual Shareholders' Meeting.

The Audit Committee consists of Bengt Kjell (Chairman), Finn Johnsson and Sverker Martin-Löf. During 2008, the committee held four meetings.

Compensation Committee

The main task of the Compensation Committee is to prepare the Board's decisions concerning employment of the President and CEO and other members of the Senior Executive Team, as well as the President and CEO's and the Senior

Attendance at meetings and remuneration to the Board

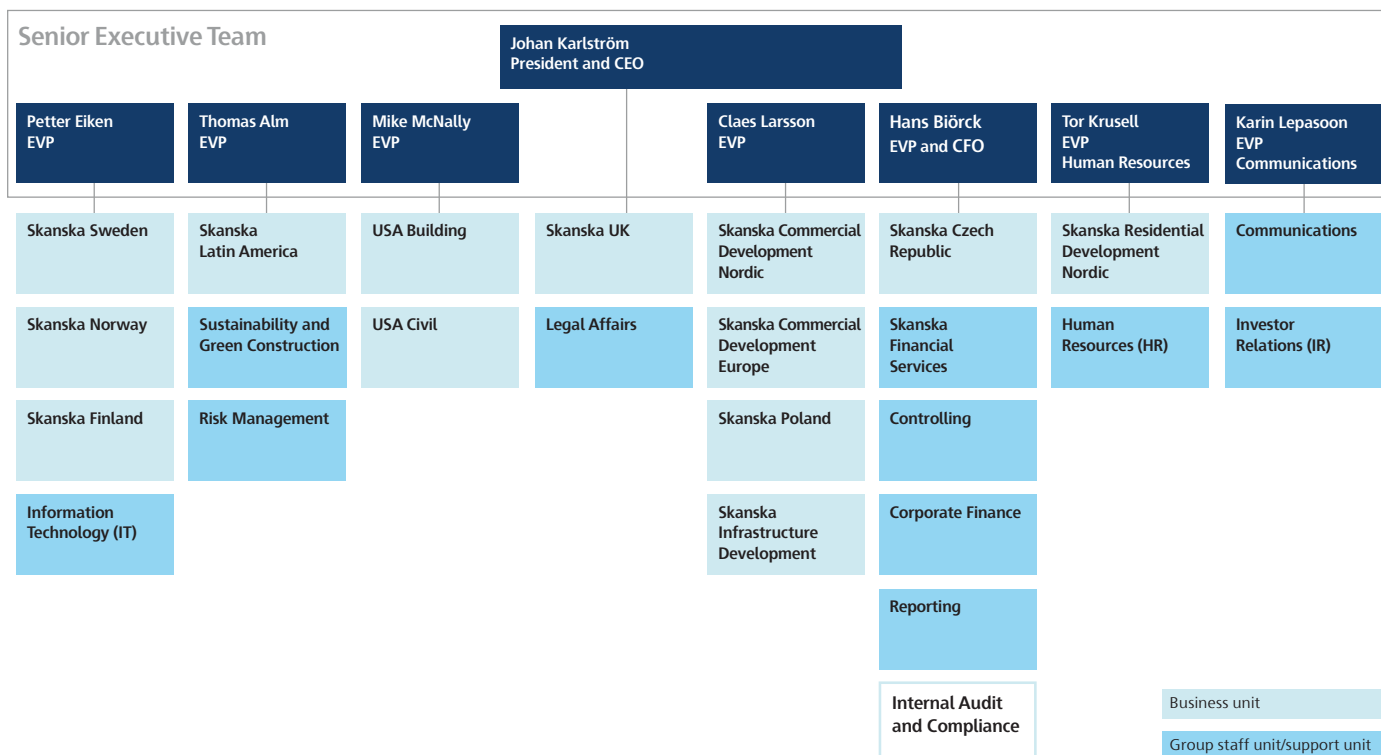
Board member	Board	Audit Committee	Compensation Committee	Project Review Committee	Remuneration, Board, SEK	Remuneration, Audit Committee, SEK	Remuneration, Compensation Committee, SEK	Remuneration, Project Review Committee, SEK	Total remuneration, SEK
Number of meetings	9	4	5	10					
Sverker Martin-Löf	9	4	5	10	1,350,000	100,000	75,000	150,000	1,675,000
Jane F. Garvey	3				450,000				450,000
Finn Johnsson	8	4	4		450,000	100,000	75,000		625,000
Johan Karlström ¹	8	4							
Bengt Kjell ¹	8	3		4	450,000	125,000		150,000	725,000
Sir Adrian Montague	9			8	450,000			150,000	600,000
Lars Pettersson	8		5		450,000		75,000		525,000
Matti Sundberg	9			10	450,000			150,000	600,000
Richard Hörstedt	9								
Inge Johansson	9			10					
Jessica Karlsson	9								
Roger Karlström ²	4								
Ann-Christin Kutzner	9								
Gunnar Larsson ³	4								
Alf Svensson	9								
Total					4,050,000	325,000	225,000	600,000	5,200,000

¹ Elected on April 3, 2008

² From August 1, 2008

³ Until August 1, 2008

Skanska's management structure



Executive Team's compensation, pensions and other terms of employment. The committee prepares the Board's decisions on general incentive programs and examines the outcomes of flexible salary elements. The Compensation Committee consists of Sverker Martin-Löf (Chairman), Finn Johnsson and Lars Pettersson. During 2008, the committee held five meetings.

Project Review Committee

The Project Review Committee has the Board's mandate to make decisions on its behalf regarding individual construction and real estate projects, investments and divestments in infrastructure projects and certain project financing packages. Projects that include especially high or unusual risks or other special circumstances may be referred to the Board for its decision. The committee consists of Sverker Martin-Löf (Chairman), Johan Karlström, Bengt Kjell, Sir Adrian Montague, Matti Sundberg and Inge Johansson. During 2008, the committee held ten meetings.

Evaluation of the work of the Board

The work of the Board is evaluated yearly through a systematic and structured pro-

cess, among other things aimed at gathering good supporting documentation for improvements in the Board's own work. External resources are not utilized in this evaluation. The evaluation also provides the Chairman of the Board with information about how the members of the Board perceive the effectiveness of the Board.

The Chairman of the Board informs the Nomination Committee of the results of this evaluation.

Fees to the Board of Directors

Total fees to the Board members elected by the shareholders' meeting were approved by the 2008 Annual Shareholders' Meeting in the amount of SEK 4,050,000. The Chairman of the Board received SEK 1,350,000 in fees and other Board members SEK 450,000 each. In addition, in accordance with the decision of the Shareholders' Meeting, members elected by the shareholders' meeting and serving on the Board's committees each received SEK 75,000 on the Compensation Committee, SEK 150,000 on the Project Review Committee and SEK 100,000 per member of the Audit Committee and SEK 125,000 to its Chairman.

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 the 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 per year, the Board meets the auditors without senior executives being present.

Operative management and internal control

The President and CEO and the Senior Executive Team

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 specially evaluated at one 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). In the Procedural Rules it is stipulated that if the President and CEO cannot fulfill his duties, these duties devolve upon the Chief Financial Officer (CFO), or in his or her absence the Executive Vice President with the longest period of service in this position. For infor-



mation on the President and CEO and the Senior Executive Team, see page 155.

The President and CEO has no business dealings of any significance with Skanska AB or its Group companies. He owns no shares in companies that have significant business dealings with companies in the Skanska Group.

Group staff units and support units

At Skanska Group headquarters in Solna, there are Group staff units plus the support unit Skanska Financial Services AB. The Group staff units and support unit assist the President and CEO and the Senior Executive Team on matters concerning Groupwide functions, coordination and controls.

In addition, they provide support to the business units. The head of each Group staff unit, aside from the head of Internal Audit and Compliance, reports directly to a member of the Senior Executive Team. The head of Internal Audit and Compliance reports to the Audit Committee. A presentation of the Group staff units and support unit is found on page 155.

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 dedicated or shared staff units and other resources in order to conduct its operations effectively.

Aside from day-to-day operations of the business units, there are matters related to the strategic development of the units as well as matters concerning their strategic investments and divestments. These items of business are prepared by the management team at each respective unit and are then submitted to the Senior Executive Team or Skanska AB's Board of Directors for approval, depending on the size of the item of business. The Boards of Directors of the business units consist of representatives of Skanska AB, individuals from other business units as

well as of the respective business unit's management team. In each business unit, the Chairman of the Board is a member of the Senior Executive Team. Where appropriate, employee representatives are included.

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

Governing documents

As part of the governance of Group operations, Skanska AB's Board of Directors has adopted a number of policy documents. In addition, 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. Among the more important governing documents are the Board's Procedural Rules, the Group's Financial Policy, Information Policy, Risk Management System and the Code of Conduct. The Board's Procedural Rules state what items of business shall 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 on compliance with the more important governing documents, such as the Financial Policy and the Code of Conduct, to the Senior Executive Team.

Remuneration for senior executives

The 2008 Annual Shareholders' 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 2009 Annual Shareholders' Meeting, are available on Skanska's

website. Information about salaries and other remuneration to the President and CEO and the other members of the Senior Executive Team as well as share award and share-related incentive programs outstanding are found in Note 37, page 130.

The Company's auditors

The 2005 Annual Shareholders' Meeting selected the accounting firm of KPMG AB as auditor of Skanska AB. This assignment runs until the 2009 Annual Shareholders' Meeting. The auditor in charge is Caj Nackstad, Authorized Public Accountant. For information on fees and other remuneration to KPMG AB, see the table below.

Fees and other remuneration to the auditors		
SEK M	2008	2007
Audit assignments	52	58
Other audit-related assignments	7	6
Tax advisory services	11	9
Total	70	73

Departures from the Code

As a departure from the Code's rule 10.1 there is no member of the Audit Committee who is independent in relation to the Company's major shareholders. The explanation behind this departure is the following. The members of the Committee – Bengt Kjell, Finn Johansson and Sverker Martin-Löf – are dependent on AB Industrivärden. All of them have long experience of economic and financial reporting issues from Swedish and international industry. The demands on members of the Audit Committee are especially high in a company like Skanska with decentralized global operations in a risky, project-oriented industry. The Board's assessment is that the present committee members are the most suitable for the assignment.

The Board of Directors' report on internal control

According to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for internal control.

This report has been drafted in compliance with the Swedish Code of Corporate Governance, section 10.5, taking into account the updated Guidance on the Swedish Code of Corporate Governance published by working groups from the Confederation of Swedish Enterprise and FAR SRS (the professional institute for accountancy and auditing in Sweden), on September 8, 2008. It is thus limited to internal control dealing with financial reporting.

Control environment

The Board of Directors' Procedural Rules and instructions for the President and CEO and the committees of the Board ensure a clear division of roles and responsibilities in order to foster effective management of business risks. The Board has also adopted a number of fundamental guidelines of importance to the internal control task. Examples of these guidelines are the Company's risk management system, financial policy and Code of Conduct. All these guidelines are available to all business units on Skanska's intranet. The Senior Executive Team reports regularly to the Board on the basis of 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 significant risks in operating activities. Among other things, this includes guidelines for various employees to ensure that they will understand and realize the importance of

their respective roles in the maintenance of 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. This work is limited to risks that may individually have an effect of SEK 10 M or more.

The Company has then made certain that there are policies and procedures in the Group to ensure that these risks are managed effectively.

During 2008, all business units plus Skanska Financial Services carried out self-evaluations to assess whether Group policies and procedures are being followed. 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 affected 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 that ensures that the Company lives up to the existing requirements for correct information to the market.

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 monitoring the effectiveness of the Senior Execu-

tive Team's work with internal control. This work includes ensuring that steps are taken concerning shortcomings and proposed actions that have emerged from internal and external auditing.

Internal Audit and Compliance

Internal Audit and Compliance, a Group staff unit established in 2006, is responsible for monitoring and evaluating risk management and internal control work. This task includes examining compliance with Skanska's guidelines. The Group staff unit is independent of the Senior Executive Team and reports directly to the Board of Directors via its Audit Committee. Internal Audit and Compliance plans its work in consultation with the Audit Committee and regularly reports the findings of its examinations to the Committee. The unit communicates continuously with Skanska's external auditors on matters concerning internal control.

During 2008, the Internal Audit and Compliance unit concentrated its activities on auditing the material risks that have been identified in the business. These audits have been conducted in projects as well as in the central support functions.

A total of about 100 audits were conducted during the year. These audits were carried out in accordance with a uniform audit methodology.

Solna, February 2009

The Board of Directors,
Skanska AB (publ)