

Corporate governance report

This corporate governance report for 2012 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, in compliance with Chapter 6, Section 6 of the Annual Accounts Act. According to the latter section, the corporate governance report shall include certain specific disclosures. These are provided partly in the running text below. Other mandatory information has been gathered under the heading, "Other mandatory disclosures in compliance with Chapter 6, Section 6, Annual Accounts Act".

Corporate governance principles

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"), which is available at www.corporategovernanceboard.se. The Group's most important governing documents, in addition to those based on laws or other statutes, are available on Skanska's website, www.skanska.com.

Articles of Association

The Articles of Association are adopted by the Annual Shareholders' Meeting and shall contain a number of disclosures of a more fundamental nature for the Company, among other things what operations it 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 and conversion of shares, number of shares and how notice of a Shareholders' Meeting shall be provided. The complete Articles of Association are available on Skanska's website.

Annual Shareholders' Meeting

At the Annual Shareholders' Meeting, Skanska's shareholders decide on central issues, such as adoption of income statements and balance sheets, the dividend to the shareholders, the composition of the Board, discharging the members of the Board of Directors and the President and CEO from liability for the financial year, 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 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 2012 Annual Shareholders' Meeting

The Annual Shareholders' Meeting was held on April 13, 2012 in Stockholm. At the Meeting, a total of 712 shareholders were present personally or through proxy, representing about 55.3 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, Lars Pettersson, Josephine Rydberg-Dumont, Charlotte Strömberg and Matti Sundberg as members of the Board of Directors.

The Meeting elected Stuart Graham as the new Chairman of the Board. Employees were represented on the Board by Inge Johansson, Roger Karlström and Anders Fogelberg as members, with Richard Hörstedt, Jessica Karlsson and Thomas Larsson as deputy members. Fourteen members and deputy members of the Board as well as the Company's auditors were present at the Annual Shareholders' Meeting.

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 ¹	Chairman	1946	U.S.	2009	■	■	■	No	No
Johan Karlström	President and CEO	1957	Sweden	2008			■	No	Yes
Fredrik Lundberg	Member	1951	Sweden	2011			■	Yes	No
Sverker Martin-Löf ²	Member	1943	Sweden	2001	■	■	■	Yes	No
Sir Adrian Montague	Member	1948	U.K.	2007			■	Yes	Yes
Lars Pettersson	Member	1954	Sweden	2006		■		Yes	No
Josephine Rydberg-Dumont	Member	1955	Sweden	2010				Yes	Yes
Charlotte Strömberg	Member	1959	Sweden	2010	■			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			■	-	-
Gerardo Vergara ³	Employee Rep. (Deputy)	1963	Sweden	2012				-	-
Jessica Karlsson ⁴	Employee Rep. (Deputy)	1975	Sweden	2005					
Roger Karlström	Employee Representative	1949	Sweden	2008					
Thomas Larsson	Employee Rep. (Deputy)	1969	Sweden	2011				-	-
Anders Fogelberg	Personalrepresentant	1951	Sweden	2011				-	-

■ Chairman ■ Member

¹ Chairman as of April 13, 2012; Deputy Chairman through April 13, 2012.

² Chairman through April 13, 2012.

³ Effective April 13, 2012.

⁴ Through April 13, 2012.

Among other things, the Meeting approved a dividend to the shareholders totaling SEK 6.00 per share. Complete information about the 2012 Annual Meeting plus minutes of the Meeting are available on Skanska's website.

The 2013 Annual Shareholders' Meeting

The next Annual Shareholders' Meeting of Skanska AB will be held at 4:30 p.m. on April 11, 2013 at Berwaldhallen 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 2013 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 2012 Annual Shareholders' Meeting gave the Chairman of the Board a mandate to allow the four 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 2013 Annual Shareholders' Meeting. The Nomination Committee has the following composition: Carl-Olof By, AB Industrivärden, Chairman of the Nomination Committee; Mats Guldbbrand, L E Lundberg-företagen AB; Bo Selling, Alecta; Lars-Åke Bokenberger, AMF Pension & Försäkring; and Stuart Graham, 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 Committee. The Nomination Committee plans to publish its proposals no later than in the notice of the 2013 Annual Shareholders' Meeting. At the same time, these proposals and an explanatory statement will be available on Skanska's website.

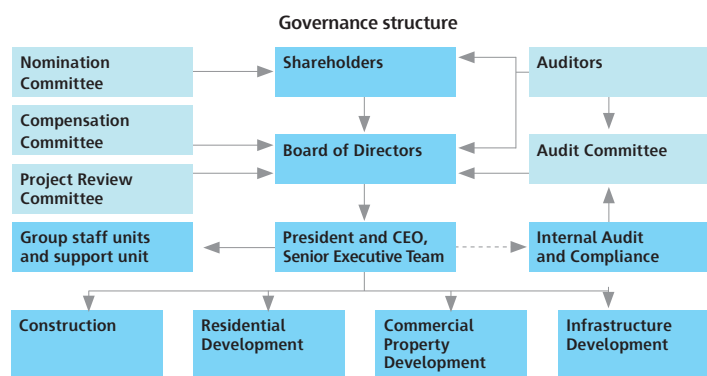
The Nomination Committee, 2012

Representative on the Nomination Committee in preparation of the 2013 Annual Shareholders' Meeting	Representing	December 31, 2012 % of voting power
Carl-Olof By	AB Industrivärden	24.9
Mats Guldbbrand	L E Lundbergföretagen AB	11.4
Bo Selling	Alecta	5.8
Lars-Åke Bokenberger	AMF Pension & Försäkring	3.0
Stuart Graham	Chairman of the Board, Skanska AB	-

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:

- Audit Committee
- Compensation Committee
- Project Review Committee



The members of the Board

The Board of Directors consists of nine members elected by the Annual Shareholders' Meeting without deputies plus three members and three deputy members appointed by the employees. The Annual Shareholders' 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 184.

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 2012

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 2012 meeting, the Board visited Skanska Finland. In conjunction with this meeting, the Board made work site visits that included a number of residential projects in the Helsinki area. Among the more important issues that the Board dealt with during the year were the restructuring of the residential development units in the Nordic countries, Czech Republic and Slovakia, impairment of projects in Latin America, as well as the follow-up of the Group's 2012–2015 business plan, internal control, governance of operations, risk management and acquisition matters. A major focus has been on health and safety issues.

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 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 functions and reviews the reports and opinions of the Company's external auditors. The Company's external auditors are present at all meetings of the Audit Committee. At least once a year, the Committee meets the auditors without anyone from Company management being present. The Audit Committee comprises Sverker Martin-Löf (Chairman), Stuart Graham and Charlotte Strömberg. During 2012, the committee held seven 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 salary and other compensation of the President and CEO. The committee makes decisions on the remuneration, pensions and other terms of employment of other members of the Senior Executive Team.

The committee prepares the Board's decisions on general incentive programs and examines the outcomes of variable salary elements. During 2012, the committee evaluated Skanska's variable remuneration programs for its management and also monitored and evaluated the application of the principles for remuneration to senior executives as well as the existing remuneration structure and remuneration levels. The committee has also issued a proposal to continue a long-term share ownership program for the Group's employees, SEOP3, for the period of 2014–2016.

The committee consists of Stuart Graham (Chairman), Sverker Martin-Löf and Lars Pettersson. During 2012, the committee held seven 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 Development and 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 comprises Stuart Graham (Chairman), Johan Karlström, Fredrik Lundberg, Sverker Martin-Löf, Sir Adrian Montague, Matti Sundberg and Inge Johansson. During 2012, the committee held twelve meetings.

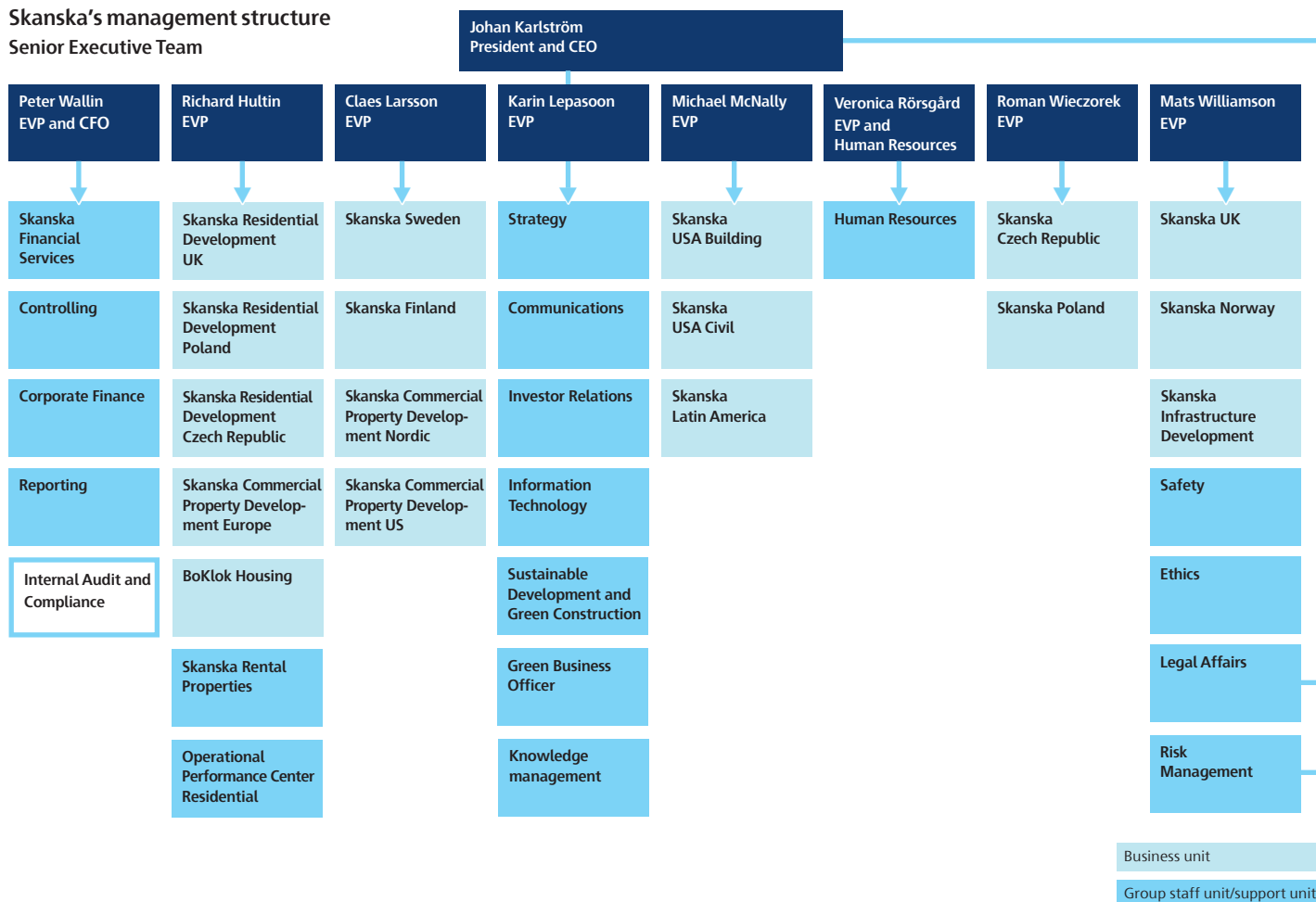
Evaluation of the work of the Board

The work of the Board is evaluated yearly through a systematic and structured process, among other things aimed at gathering good supporting documentation for improvements in the Board's own work. 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. The Chairman of the Board and the specially designated member inform the Nomination Committee of the results of these evaluations.

Fees to the Board of Directors

Total fees to the Board members elected by the Shareholders' Meeting were approved by the 2012 Annual Shareholders' Meeting in the amount of SEK 6,825,000.

Skanska's management structure Senior Executive Team



Attendance of Board and committee meetings

Member	Board meetings	Audit Committee	Compensation Committee	Project Review Committee
Number of meetings	9	7	7	12
Stuart Graham	9	7	7	12
Johan Karlström	9			12
Fredrik Lundberg	9			12
Sverker Martin-Löf	9	7	7	12
Sir Adrian Montague	8			12
Lars Pettersson	9		7	
Josephine Rydberg-Dumont	9			
Charlotte Strömberg	9	7		
Matti Sundberg	9			12
Anders Fogelberg	9			
Richard Hörstedt	9			
Inge Johansson	9			12
Jessica Karlsson ¹	1			
Gerardo Vergara ²	6			
Roger Karlström	9			
Thomas Larsson	9			

1 Up to and including April 2012
2 As of April 2012

The Chairman of the Board received SEK 1,575,000 in fees and other Board members received SEK 525,000 each. This represented an approximate increase of 5 percent compared to 2011.

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 100,000 for their work on the Compensation Committee, SEK 175,000 for their work on the Project Review Committee and SEK 125,000 per member of the Audit Committee and SEK 150,000 to its Chairman. For a further account, see Note 37, "Remuneration to senior executives and Board members."

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

Operational 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 Board meeting each year at which no senior executives are present.

The President and CEO and the eight Executive Vice Presidents form the Senior Executive Team (SET). The Company's Procedural Rules stipulate that if the President and CEO cannot fulfill his or her 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 information on the President and CEO and the Senior Executive Team, refer to page 182. The President and CEO has no business dealings of any significance with Skanska AB or its Group companies.

Group staff units and support unit

At Skanska Group headquarters in Solna, Sweden, 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 Group-wide 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 Board via its Audit Committee. A presentation of the Group staff units and support unit is found on page 183.

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 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 and depending on the size of the item of business on to Skanska AB's Board of Directors for approval. 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 own management team. In each business unit, the Chairman of the Board 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 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 and the Group's Financial Policy, Information Policy, Risk Management Policy and 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 to the Senior Executive Team

The 2012 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 2013 Annual Shareholders' Meeting, are presented on page 95. 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.

The Company's auditors

The 2009 Annual Shareholders' Meeting elected the accounting firm KPMG AB as auditor of Skanska AB. This assignment runs until the 2013 Annual Shareholders' Meeting. The auditor in charge is George Pettersson, Authorized Public Accountant. For information on fees and other remuneration to KPMG, see the table below.

Fees and other remuneration to the auditors

SEK M	2012	2011
Audit assignments	56	55
Tax advisory services	8	10
Other services	11	11
Total	75	76

Internal control

This description has been drafted in compliance with Chapter 6, Section 6, Paragraph 2 of the Annual Accounts Act and includes the most important features 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 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 rules of importance to the internal control task. Examples of these are the Company's risk management system, Financial Policy and Code of Conduct. All these rules 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 material risks in operating activities. Among other things, this includes instructions to various employees for 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.

During 2012, all business units plus 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 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 compliance with Chapter 8, Section 49b of the Swedish Companies Act, in monitoring the effectiveness of the Senior Executive 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

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 2012, the Internal Audit and Compliance unit concentrated its activities on reviewing the risks that have been identified in the business. These audits were conducted in projects as well as in business-critical processes and the central support functions. A total of about 120 audits were conducted during the year in all business units. These audits were carried out in accordance with a uniform audit methodology.

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 the corporate governance report, the following is herewith disclosed:

- Of the Company's shareholders, AB Industrivärden and Lundbergs directly or indirectly have a shareholding that represents at least one tenth of the voting power for all shares in the Company. On December 31, 2012, Industrivärden's holding amounted to 24.9 percent of total voting power and Lundbergs held 11.6 percent of total voting power.
- There are no limitations concerning how many votes each shareholder may cast at a Shareholders' Meeting.
- The Articles of Association prescribe that the appointment of Board members shall occur at the Company's Annual Shareholders' Meeting. The Articles of Association do not include any regulations on the dismissal of Board members or on amending the Articles of Association.
- The 2012 Annual Shareholders' 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. Acquisitions of Series B shares may only be made on the NASDAQ OMX Stockholm.
 - B. The authorization may be used on one or more occasions, however, not longer than until the 2013 Annual Shareholders' Meeting.
 - C. A maximum of 4,500,000 Series B shares in Skanska may be acquired for securing delivery of shares to participants in the Skanska Employee Ownership Program.
 - D. Acquisitions of Series B shares in Skanska on the NASDAQ OMX Stockholm may only be made at a price on the NASDAQ OMX Stockholm within the applicable price range at any given time, meaning the interval between the highest purchase price and lowest selling price.