

Corporate governance report

This Corporate governance report for 2015 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 as required by 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 according to 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 – the highest decision-making body – and are required to contain a number of mandatory 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 a shareholders' 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, and 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 (AGM) Skanska's shareholders decide on key issues, such as adoption of income statements and balance sheets, dividend to the shareholders, the composition of the Board of Directors, discharging the members of the Board and the President and CEO from liability, amendments to the Articles of Association, election of auditors and principles for 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 AGM. Well before notice of the meeting is issued, the Company's website provides information on how shareholders are to proceed in order to have items of business dealt with.

The 2015 Annual General Meeting

The Annual General Meeting was held on April 9, 2015 in Stockholm. At the AGM, a total of 996 shareholders were present in person or by proxy, representing about 58 percent of the total voting power in the Company. The AGM re-elected Stuart Graham, Johan Karlström, Fredrik Lundberg, Charlotte Strömberg, John Carrig and Nina Linander as members of the Board, and elected Pär Boman and Jayne McGivern as new members.

The AGM 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-Olov Johansson, Gerardo Vergara and Thomas Larsson as deputy members. Thirteen 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 AGM. The AGM re-elected KPMG as auditor.

Among other things, the AGM approved a dividend to the shareholders totaling SEK 6.75 per share. Complete information about the 2015 Annual General Meeting and the minutes of the meeting are available on Skanska's website.

The 2016 Annual General Meeting

The next Annual General Meeting of Skanska AB will be held at 4:00 p.m. on April 6, 2016 Stockholm City Conference Center 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 2016 AGM.

The Nomination Committee

One of 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, ahead of each AGM, to allow each of the four largest shareholders in terms of voting power to appoint a representative to join the Chairman on the Nomination Committee. The Nomination Committee for the 2016 Annual General Meeting has the following composition: Helena Stjernholm, AB Industrivärden, Chairman of the Nomination Committee; Mats Gulbrand, L E Lundbergföretagen AB; Bo Selling, Alecta; Hans Ek, SEB Funds & SEB Trygg Life Insurance; and Stuart Graham, Chairman of the Board, Skanska AB.

Information has been provided on Skanska's website on how shareholders can e-mail proposals to the Nomination Committee. The Nomination Committee plans to publish its proposals no later than in the notice of the 2016 Annual General Meeting. These proposals and an explanatory statement will be available on Skanska's website.

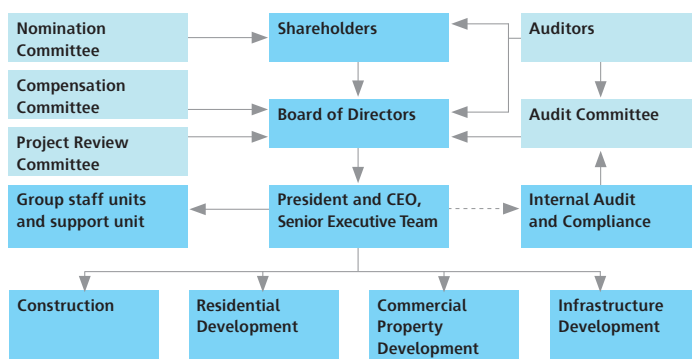
Nomination Committee 2015

Representatives on the Nomination Committee in preparation for the 2016 Annual General Meeting	Representing	December 31, 2015 % of voting power
Helena Stjernholm	AB Industrivärden	24.1
Mats Gulbrand	L E Lundbergföretagen AB	11.8
Bo Selling	Alecta	4.8
Hans Ek	SEB Funds & SEB Trygg life Insurance	2.1
Stuart Graham	Chairman of the Board, Skanska AB	-

The Board of Directors

The Board of Directors makes decisions concerning overall issues relating to the Parent Company and the Group, such as the Group's strategy, publication of interim and annual reports, major construction projects, investments and divestments, appointment of the President and CEO and the organizational structure of the Group.

Governance structure



The members and deputy members of the Board

Member	Position	Born, year	Nationality	Elected, year	Audit Committee	Compensation Committee	Project Review Committee	Independent in relation to the Company and SET	Independent in relation to major shareholders
Stuart Graham	Chairman	1946	USA	2009	■	■	■	Yes	Yes
John Carrig	Member	1952	USA	2014	■	■	■	Yes	Yes
Johan Karlström	President and CEO	1957	Sweden	2008			■	No	Yes
Nina Linander	Member	1959	Sweden	2014	■		■	Yes	No
Fredrik Lundberg	Member	1951	Sweden	2011			■	Yes	No
Charlotte Strömberg	Member	1959	Sweden	2010	■	■	■	Yes	Yes
Pär Boman ¹	Member	1961	Sweden	2015	■		■	Yes	No
Jayne McGivern ¹	Member	1960	UK	2015			■	Yes	Yes
Richard Hörstedt	Employee Representative	1963	Sweden	2007			■	-	-
Roger Karlström	Employee Representative	1949	Sweden	2008				-	-
Gunnar Larsson	Employee Representative	1953	Sweden	2014				-	-
Pär-Olow Johansson	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 From April 5, 2015.

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 eight 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, see page 160.

Seven 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 independent in relation to the Company's largest shareholders. Only one Board member (the President and CEO) is actively involved in the management of the Company.

The work of the Board in 2015

The work of the Board of Directors follows an annual agenda established in the Board's Procedural Rules. In preparation for each Board meeting, the Board receives reports and documentation compiled according to established procedures. The purpose of these procedures is to ensure that, in advance of all Board meetings, the Board receives the relevant information and documentation on which to base decisions. All documentation is drafted in English.

In 2015 the Board held nine meetings including its statutory meeting. For the September 2015 meeting the Board members visited Skanska in the UK and met with the Skanska UK management team. They also visited the site of the Monument Building project in London.

The more important issues dealt with by the Board during the year included updating and monitoring the operations, writedowns on construction projects in the U.S., divestment of the Latin American operations, the Group's new business plan for 2016–2020, investigations in the Czech Republic and Brazil, succession planning, internal control and risk management. An important emphasis was safety and sustainability.

The Board's committees

In its Procedural Rules, the Board has specified the duties and decision-making powers delegated by the Board to its committees. All committees report orally to the Board at each meeting in accordance with the routines 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, and to monitor the auditing of the accounts for the Parent Company and the Group. The Committee also evaluates the quality of the Group's reporting, internal auditing and risk management, and reviews the reports and conclusions of the Company's external auditors. The Company's external auditors are present at all Audit Committee meetings. At least once a year the Audit Committee meets the auditors without senior executives being present. The Committee consists of Charlotte Strömberg (Chairman), Stuart Graham, John Carrig, Nina Linander and Pär Boman. The Committee held eight meetings in 2015. Important matters addressed during the year included writedowns on construction projects in the U.S. and Skanska Latin America, revision of the Group's Financial Policy, appointment of auditors, investigations in the Czech Republic and Brazil, handling and ending larger disputes, risk management, compliance 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 the appointment of the President and CEO and other Senior Executive Team members, and on the salary and other remuneration 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 2015 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. The Committee submitted a proposal for the continuation of the Skanska Employee Ownership Program, Seop 4, for the period 2017–2019. The Committee consists of Stuart Graham (Chairman), John Carrig and Charlotte Strömberg. The committee held six meetings in 2015.

Project Review Committee

The Project Review Committee has the Board's mandate to make decisions on its behalf regarding individual projects within the Construction, Commercial Property Development and Residential Development business streams, investments and divestments within Infrastructure Development and certain project financing packages. Projects that involve especially high or unusual risks or other special circumstances may be referred to the Board for a decision. The Project Review Committee consists of Stuart Graham (Chairman), John Carrig, Johan Karlström, Fredrik Lundberg, Nina Linander, Charlotte Strömberg, Pär Boman, Jayne McGivern and Richard Hörstedt. The Committee held twelve meetings in 2015.

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 information as a basis for improving the Board's work processes. The evaluation is done partly through individual questionnaires and partly through discussions at Board meetings. It provides the Chairman of the Board with information on how the members of the Board perceive the effectiveness and collective competence of the Board as well as the need for changes. Evaluation of the work of the Chairman is led by a specially designated member. The Chairman is also evaluated by all the other members in a written questionnaire. The Chairman and the specially designated person inform the Nomination Committee of the evaluations at a committee meeting when the results from the questionnaire and the board discussion is presented.

Fees to the Board of Directors

Total fees to the Board members elected by the Annual General Meeting were approved by the 2015 AGM in the amount of SEK 8,200,000.

The Chairman of the Board received SEK 1,950,000 in fees and other Board members received SEK 650,000 each.

In accordance with a decision by the AGM, members elected by the AGM and serving on Board committees received an additional SEK 100,000 for work on the Compensation Committee, SEK 200,000 for work on the Project Review Committee and SEK 125,000 for work on the Audit Committee per member and SEK 150,000 was paid to the Audit committee chairman. For more detailed information, see Note 37, "Remuneration to senior executives and Board members."

Attendance at the Board and Committee meetings

	Board	Audit Committee	Compensation Committee	Project Review Committee
Number of meetings	9	8	6	12
Board member				
Stuart Graham	9	8	6	12
Johan Karlström	9			12
Fredrik Lundberg	9			12
Nina Linander	9	8		8 ¹
John Carrig	9	8	5 ¹	12
Charlotte Strömberg	9	8	6	8 ¹
Pär Boman ¹	8	6		8
Jayne McGivern ¹	8			7
Gunnar Larsson	9			
Richard Hörstedt	9			12
Roger Karlström	8			
Gerardo Vergara	4			
Pär-Olov Johansson	9			
Thomas Larsson	9			

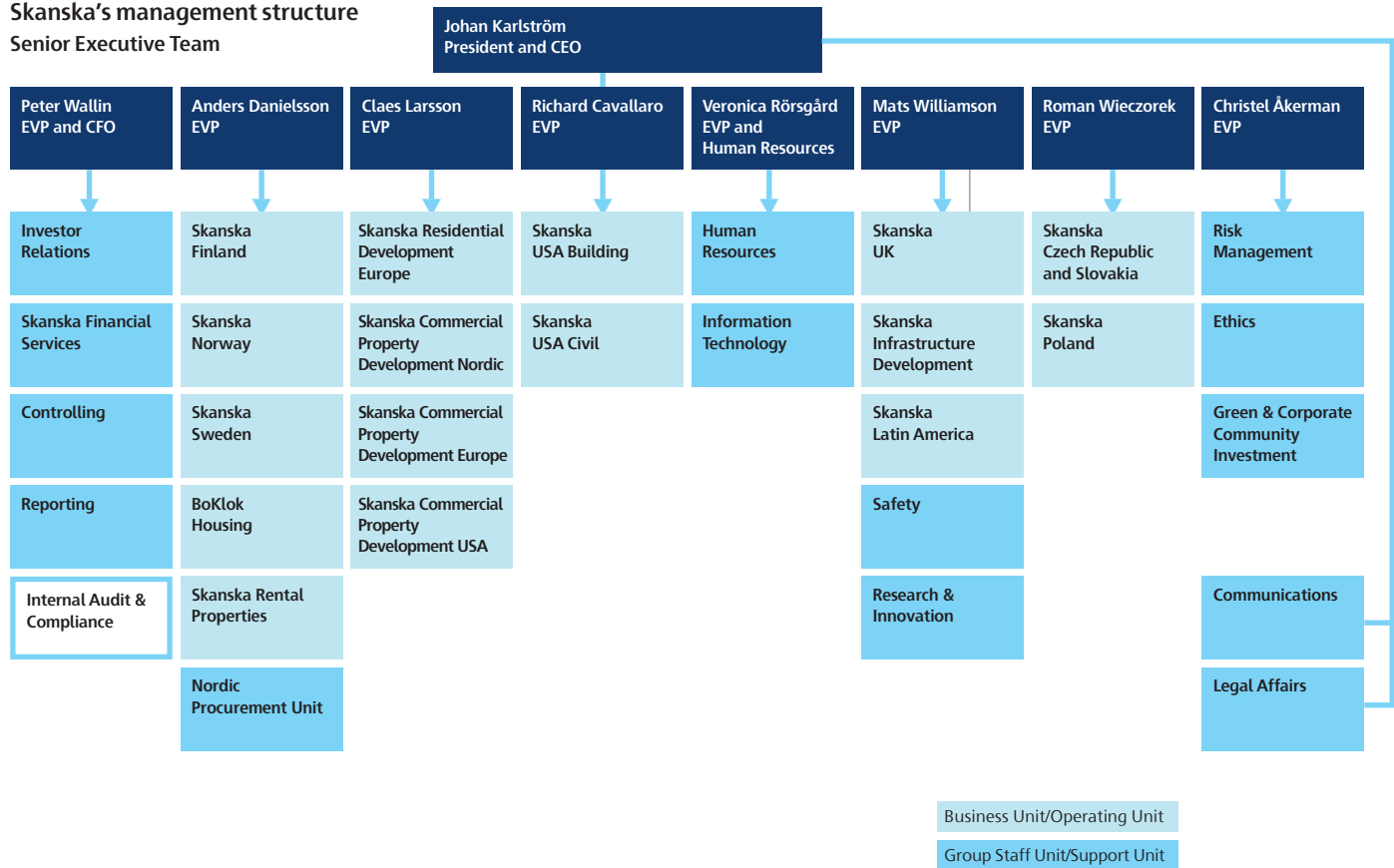
¹ From April 9, 2015.

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 three times

Skanska's management structure

Senior Executive Team



a year. On these occasions, the auditors orally present their audit findings. At least once a 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 Company'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 eight 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 members of the Senior Executive Team can be found on page 158. The President and CEO has no business dealings of any significance with Skanska AB or its Group companies.

Corporate departments and support unit

Corporate departments and the support unit, Skanska Financial Services AB, are based at the Group headquarters in Stockholm. The corporate departments and support unit assist the President and CEO and the Senior Executive Team on matters relating to corporate functions, coordination and oversight.

They also provide support to the business units. The head of each corporate department reports directly to a member of the Senior Executive Team. In addition, the head of the Internal Audit and Compliance unit reports directly to the Board by way of the Audit Committee. A presentation of the corporate departments and the support unit can be found on page 159.

The business units and their governance

The Skanska Group has a clearly decentralized structure characterized by 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 administrative departments and other resources in order to conduct its operations effectively.

Aside from day-to-day operations, the business units deal with matters such as their strategic development, and strategic investments and divestments. Proposals are prepared by the management team of each respective unit and 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 the business units consist of representatives from Skanska AB, individuals from other business units and the respective business unit's own management team. The Chairman 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 process. Depending, among other things, on the size, type and geographic location of projects, a structured risk management report may be required to be submitted to a higher 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 which items of business will be decided upon by the Board of Skanska AB, by the President and CEO/Senior Executive Team or at the business unit level. The thresholds for decision authority stipulated in the Procedural Rules are further broken down in the business units' own decision authority 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 2015 Annual General Meeting approved principles for salaries and other remuneration to senior executives. These principles, as well as the Board's proposal for new principles to be approved at the 2016 Annual General Meeting, are presented on page 64. Information about salaries and other remuneration to the President and CEO and 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 2015 Annual General Meeting re-elected the accounting firm KPMG AB as auditor of Skanska AB. The assignment is in effect until the 2016 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 auditors

SEK M	2015	2014
Audit assignments	52	51
Tax advisory services	6	10
Other services	8	8
Total	66	69

Internal control

This description 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's 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 ensuring effective management of business risk. The Board has also adopted a number of fundamental rules of importance for internal control work. Examples of these are the Company's Risk Management Policy, Financial Policy and Code of Conduct. The Senior Executive Team reports regularly to the Board according to established procedures. The Audit Committee also presents reports on its work. The Senior Executive Team is responsible for the system of internal controls required to manage material operational risks. This includes providing instructions to people 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.

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

The Senior Executive Team and the corporate departments are responsible for managing general risks relating to strategy, macroeconomics and regulatory frameworks, while the main tasks relating to operational risks and opportunities are carried out at the local level within the Business Units.

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

Skanska uses a Group-wide procedure for identifying and managing risks associated with construction contracts, projects and investments. A specialist unit, the Skanska Risk Team (SRT), examines and analyzes projects above a certain size. The proposals are then processed by Skanska Risk Team, which issues a recommendation. The final decision on tenders or investments is made by the SET Tender Board, a part of Skanska's Senior Executive Team, and in certain cases, by the Board of Directors.

Information and communication

Significant accounting principles, manuals and other documents of importance in financial reporting are updated and information on them communicated regularly to the relevant employees. There are several information channels to the Senior Executive Team and the Board of Directors for important information from employees. For its external communication, the Group has an Information Policy to ensure that the Company meets the existing criteria for providing the market with accurate information.

Monitoring

The Board of Directors continually evaluates the information provided 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 the shortcomings revealed in internal and external audits and to implement the proposed actions.

Internal Audit

The Internal Audit and Compliance unit is responsible for monitoring and evaluating risk management and internal control processes. This includes examining compliance with Skanska's principles. The unit reports directly to the Board of Directors by way of the 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 2015 the Internal Audit and Compliance unit focused on reviewing the risks identified in the business. These examinations were conducted for projects as well as business-critical processes and the corporate departments. In total around 120 audits were conducted during the year in all business units. There was a particular focus on the operations in the Czech Republic and Latin America. The audits were performed in accordance with a uniform audit method.

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

Due to the requirements in Chapter 6, Section 6 of the Annual Accounts Act concerning certain mandatory disclosures in corporate governance reports, the following is disclosed:

- Of the Company's shareholders, AB Industrivärden and Lundbergs have a direct or indirect shareholding that represents at least one tenth of the voting power of all shares in the Company. On December 31, 2015, Industrivärden's holding amounted to 24.1 percent of the total voting power and Lundbergs to 12.1 percent of total voting power.
- There are no restrictions on the number of votes each shareholder may cast at an Annual General Meeting.
- The Articles of Association state that the appointment of Board members is to take place at the Company's Annual General Meeting. The Articles of Association contain no stipulations on dismissal of Board members or on amendments to the Articles of Association.
- The 2015 Annual General Meeting voted in favor of authorizing the Company's Board of Directors to decide on acquisitions of Skanska's Series B treasury shares through a regulated market on the following conditions:
 - A. Skanska Series B shares may only be acquired on Nasdaq Stockholm.
 - B. The authorization may be used on one or more occasions until the 2016 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 Skanska Employee Ownership Program, Seop 3 and for subsequent transfer on a regulated market to cover certain costs associated with Seop 3, primarily social insurance contributions.
 - D. Skanska Series B shares on Nasdaq Stockholm may only be acquired at a price within the applicable price interval on Nasdaq Stockholm at any given time, meaning the interval between the highest purchase price and lowest selling price.

Disclosures required in 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.