

## **Principles for salary and other remuneration to senior executives**

### **To the Board of Directors' proposal to be decided by the Annual Shareholders' Meeting 2014**

Remuneration to the senior executives in Skanska AB shall consist of fixed salary, variable remuneration, if any, other customary benefits and pension. The senior executives include the CEO and the other members of the Senior Executive Team. The combined remuneration for each executive must be market-related and competitive in the labor market in which the executive is placed, and distinguished performance should be reflected in the total remuneration.

Fixed salary and variable remuneration shall be related to the senior executive's responsibility and authority. The variable remuneration shall be payable in cash and/or shares and it shall be capped and related to the fixed salary. Distribution of shares shall have a vesting period of three years and be part of a long-term incentive program. The variable remuneration must be based on results in relation to established targets and be designed to increase the community of interest between the executive and the shareholders of the company. The terms for variable remuneration should be structured so that the Board, if exceptional economic conditions prevail, has the possibility to limit or refrain from paying variable remuneration if such a payment is considered unreasonable and incompatible with the company's responsibility in general to the shareholders, employees and other stakeholders. For annual bonus there should be a possibility to limit or refrain from paying variable remuneration if the Board considers that this is appropriate for other reasons.

To the extent that a Board member performs work for the company, besides the Board membership, consultant fee and other remuneration may be granted for such work.

In the event of employment termination, the normal period of notice is six months, combined with severance pay corresponding to a maximum of 18 months of fixed salary or, alternatively, a period of notice of maximum 24 months.

Pension benefits should be either defined-benefit or defined-contribution schemes, or a combination of these, and should entitle the executive to the right to receive a pension from the age of 65. However, a pension at age of earliest 60 years may be granted in individual cases. For defined benefit plans years of service required for fully earned benefits shall normally correspond to the years of service required for general pension plans in the same jurisdiction. Variable salary shall not be included in pensionable salary except when it follows from rules under a general pension plan (like the Swedish ITP plan).

The Board of Directors may under special circumstances deviate from these principles in individual cases.

Matters related to remuneration to the CEO is prepared by the Compensation Committee and decided by the Board of Directors. Matters related to remuneration to other senior executives are decided by the Compensation Committee.

Solna, February 2014

The Board of Directors of Skanska AB (publ)

*Information on what the company's commitments of variable remuneration may cost to the company is enclosed as exhibit 1.*

### **Costs for variable remuneration to the CEO and other senior executives 2013**

Depending on the ability to reach the published targets the total variable remuneration may vary each year and there is no minimum variable remuneration guaranteed.

If all targets are met and a maximum variable remuneration would be granted to the CEO and other senior executives the cost would amount to:

SEK <sup>\*)</sup> 66.606.000

The cost for the preliminary variable remuneration to the CEO and other senior executive amounts approximately to:

SEK <sup>\*)</sup> 58.868.000

\*)

- a) Costs related to the short-term incentive program are based on 2013 performance year.
- b) In the current long-term incentive program (SEOP) the cost for the performance year 2013 is in accordance with IFRS distributed over the three vesting years which includes the performance year.
- c) Social insurance costs are included.