

Explore the  
opportunities  
in project  
development  
and construction

# Worldwide

#3·10

SKANSKA

Profitable Growth  
The way forward

Calibrating the  
ethical compass

Page 6

Solar  
powered

Page 10

Royal  
praise

Page 30





Photo Anders Pettersson

# Now...

The kick off of the NFL season at the 82,500 seat New Meadowlands Stadium couldn't have scored higher. The new home to the NY Giants and the NY Jets is the third largest stadium in the NFL and the first to be a 50/50 partnership between two NFL teams.

The New Meadowlands Stadium will host the 2014 Superbowl

as well as numerous concerts and events year round. Pre-season activity, including concerts with Jon Bon Jovi and the Eagles, started four months early due to a successful Skanska blitz and early handover of the facility.



# Looking ahead to 2015

Typically, a magazine is about yesterday – but this Worldwide is different. It's about tomorrow. Or Skanska's next five years to be more precise.

It was perhaps 10 years ago that a member of the Board of Directors told me that Skanska should be One of the Ten (Big Ones) in 2010.

Now we are there - If we disregard a few Japanese and Chinese who have their own competition.

Ten years ago, Global warming was not a big issue. Today it is. Moreover, Skanska is a leader in Green construction. We could not foresee that back then.

But keeping a close eye on trends, acting smart and quick-footed gets us there. So as we now plan another five years ahead, remember that planning is good, replanning is better. Boots in the dirt and one sharp eye toward the horizon is what does it. And a quick glance in the rear mirror to know where you came from is useful too.

And the only thing we know for sure is that change is constant. It is likely that the unlikely will happen, according to a wise old Greek. Maybe today is the wrong time to look to Greece for wisdom, but you know what I mean.

Predictions are hard to make, especially about the future. Some surprises will certainly be in store in 2015. But followers of Worldwide will be updated. Promise.

alf.lindstrom@skanska.se

# 27 Breaking through

In August, a milestone breakthrough was achieved at the Hallandsås Ridge rail-tunneling project in southern Sweden. The tunnel-boring machine completed the first of the two 5.5-kilometer pipes.

# Worldwide

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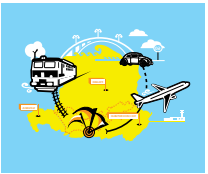
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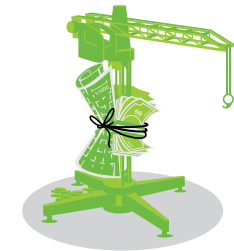
# 7 Joined forces

Cooperation in clusters gives a competitive edge, wins more business, and saves money. Skanska Poland are teaming up with Skanska Czech and Slovakia.



# 13 Skanska in 2015

In 2015, Skanska is bigger and more profitable. Going forward all four business streams will grow. Skanska in 2015 also aims to be best in class regarding margins, the safest company in the industry and the leading Green construction and development company.



# 21 Bundled services boost bottom line

When the need is high and cash is low, bundled construction is a viable solution.

# 30 Royal praise

His Royal Highness The Prince of Wales sent a message to Skanska's Management Meeting in London earlier this year. The letter expresses great affinity for Skanska's efforts within Green Construction and Development.





Hay hay it’s natural

Hay hay it’s grass on the roof and wool in the wall. Skanska combined new thinking with traditional materials for a Czech Environmental Center.

The new Environmental Education Center sits on an idyllic slope in Kladno. It’s built close to nature some 40 km away from the Czech Republic capital Prague.

Apart from a few rails and nails and the triple glazing it is nature’s material from the inside out, mostly wood. Larch tree in the façade and a variety of local wood for the the dormitory, recycled wood in the parquet. Sunburned bricks were used for a wall. About 45 percent of the material used is recycled.

Energy and water needs are minimized. The 491 sq m house is close to being a passive house. When full of people and mild outside temperatures the energy needed for heating is zero. At temperatures below minus five Centigrades wooden pellets are used in the boiler.

“We are really happy for our new center. It has improved our education and it is a good way to demonstrate a low energy building in real life,” says **Petr Starý**, teacher at the agricultural college of Radowik.

The CZK 55 M (EUR 2.3 M) project was 85 percent financed by EU and the rest by Kladno and Czech environmental fund.



Report for the future

Skanska’s new Green Urban Development Report is now available.

“The rise of urban energy communities” is the first in a series of Green Urban Development Reports from Skanska, showing trends and developments that will make our society greener.

The idea with the report is to increase the stakeholders awareness of Skanska’s ambi- tion to be the leading green development and construc- tion company in the world.

Read more at [skanska.com/greenreport](http://skanska.com/greenreport).



Seop



Jana Strážnická, Compensation & Benefits Specialist, Skanska Czech Republic: “SEOP is a unique opportunity for all employees to be part of the business, not only by working but also by sharing the financial results of the work. SEOP really makes you a part of the company and the spirit.

I hope to be gaining from my investment. Skanska is such a strong company, both here in Czech Republic and in the World. We can do so much together. I believe in Skanska, that’s why I joined SEOP.”

Reap the fruits

The first round of the Skanska Employee Ownershop Program, SEOP 1 is moving into the next phase, the Allocation years, when you will start to receive your Matching and Performance shares on a monthly basis. All participants have received additional shares, and it looks like SEOP 1 will be an excellent investment.

To be able to reap the fruits of our collective efforts and performance in years to come it is time to sign up for the next round of SEOP - SEOP 2.

In mid-December, all employees across the Skanska world will receive a personal invitation by post. You can join in January, February and September during 2011, 2012 and 2013.

Please note that you have to sign up again even if you took part in SEOP 1.

More than 7,500 Skanska colleagues joined SEOP 1. This makes SEOP members the fifth largest shareholder in the company. For Skanska, SEOP is a way to reward, keep and attract the talent we need going forward, and the ambition is to gather even more employees in SEOP 2.

SEOP 1 Tax Effects

There will be a tax effect for the additional shares you get from Skanska, three years after your initial investment was made. Shares bought in January 2008 will be taxed in Jan 2011 and so on.

If you sell shares you will be taxed on gain on sale. Your shares can be sold three years after your initial investment, make however sure that you do not sell shares before you have received your additional shares.

Participants can access their personal share savings account on [www.benefitaccess.com](http://www.benefitaccess.com).

Bridge bonanza

Gateway to Roosevelt Island Bridge nearly complete

Roosevelt Island is a unique community within New York City. It is located in the East River between Queens and Manhattan. The Roosevelt Island Bridge connects Queens to the island and it’s the only way vehicles can get on or off.

The bridge itself is only lifted for the duration of the General Assembly of the United Nations. During that time all marine vessels are forbidden from using the west channel of the East River for security reasons.

The moveable section of the bridge was no longer functioning properly and electrical & mechanical components, as well as the roadway needed replacing. Skanska Koch was awarded the USD 87 million project to reconstruct the bridge, which will be completed early next year.

One lane had to be open for traffic at all times. Removing and replacing the decking and approaches was a challenge, but Project Manager **Pat Tamburri** and the rest of the small project management team were up for the task.

“The client is located on-site which helps move things along,” says Tamburri. “Their field people are good to work with and they trust our judgement.”

“Smaller jobsites are sometimes easier to manage,” says **Dave Kulak** Project Engineer. “We have a team of eight people which makes it easy to develop good relationships with the client’s on-site staff. We also made a point of keeping the residents of the island informed about what’s going on.”

Only about 12,000 people live on Roosevelt Island and they are a very vocal group. “The client has maintained constant contact with RIOC (Roosevelt Island Operating Corporation),” said Tamburri. “We do everything we can to be upfront and open about work activities so that nobody is taken by surprise.”



**Brooklyn Bridge Project:**  
**Contract sum:** USD 508 M  
**Client:** New York City Department of Transportation  
**Start:** January 2010  
**Completion:** 2014

The Brooklyn Bridge is 5,989 feet or about 1,825 m long. The project entails de-leading and new paint on the 3,460 ft main span and the four main cables as well as all the hangers and stays. New, relined and rebuilt ramps: 38,000 sq m.

Overhauling the historic Brooklyn Bridge

The Brooklyn Bridge, an iconic part of the New York skyline since 1883, is getting a facelift. The long access ramps will be widened and strengthened. The main bridge and cables will be cleaned and a new coat of paint will brighten its image.

“This is a complex project but well within our comfort zone. We are familiar with the bridges of New York and have a long-standing relation with the client,” says **David Murawski**, Project Executive, Skanska USA Civil.

Eight feet per night. That is the speed at which renovation of the Brooklyn Bridge’s access ramps will proceed. That may not seem like much until you consider that during a few short hours, from 11 p.m. to 6 a.m., the entire eight-foot section will be torn out and replaced.

The next morning, traffic will flow on a completely new section of roadway that is wider and stronger. Repeat this every night for four years, and the total will be 1.26 kilometers of new access ramps. Traffic and bike lanes as well as a pedestrian path will be maintained throughout construction.

Historic mission for Skanska

The Brooklyn Bridge has been a recurring project for Skanska since the 1950s. The most recent project entailed installing additional support arches under an original cast iron truss section of the Manhattan Approach which was completed in the 1990s.

The original design was not made to carry today’s heavy loads. Although reinforcements have been added, it is still the only bridge in New York on which trucks are not allowed. The last truck crossed the bridge in 1922. This project is intended to increase the capacity of the access ramps and strengthen the bridge.

“We have many eyes on us,” comments **Michael Donohue**, Skanska’s Senior Project Manager, noting that the bridge’s reconstruction is a major undertaking of NYCDOT with many involved community groups. “This is a key historical site on South Manhattan that attracts both tourists and local residents. Our preplanning and execution is available for all to see.”





Christel Åkerman, responsible for the Ethics expert group within the Skanska Knowledge Network.

# Calibrating the ethical compass

What is right and what is wrong? Sometimes it is hard to judge – especially since the ethical map/landscape is constantly changing.

Text Alf Lindström Photo Holger Staffansson

“We have to calibrate our ethical compass every day. Being ethical is a moving target. The world changes, new issues arise and we have to discuss these matters all the time,” says Mats Williamson, who serves as chairman of the Skanska AB Ethics Committee as well as sponsor for the Ethics expert group within the Skanska Knowledge Network.

“We want all our people to be open, honest, and show courage and integrity. We want to encourage our people to discuss, question and reflect on dilemmas as they appear with colleagues. Only this way we can build a company culture based on trust, transparency and fairness and with people that always do the right things.”

“The reward is a strong brand and company and a good night’s sleep,” says Mats.

### Ethics on all levels

A Code of Conduct breach is a major risk for the Skanska brand. And bad news flies fast and the damage is not isolated to a single country or unit. Business Ethics is on the agenda at all levels of the company. A variety of instruments have been introduced to stimulate discussions and support an ethical behavior.

“It is very crucial that we respond and act. Only this way we can build credibility and trust, among our people as well as among clients and partners.

The Code of Conduct is the book of rules for all Skanska employees as well as all other parties involved in a Skanska project. The rules are clear. Corruption, bribery, unfair anti-competitive activities, discrimination and harassment of any kind are not tolerated.

Since it was introduced in 2002, several thousand people have been involved in discussions and training sessions. The aim is to calibrate the ethical compasses on doing business the Skanska way - strictly ethically.

Ethical Committees have been introduced in each market where Skanska operates. Moreover, there are 15 ethical experts in the Knowledge Network. But ethical issues are not only for committees. Everyone is responsible for making the right decisions, every day, everywhere. “All Skanska employees are obliged to act if they become aware of breaches of the Code of Conduct. Typically, employees should contact their manager, local HR, Legal department or the local Ethics Committee,” says Christel Åkerman, responsible for the Ethics expert group within the Skanska Knowledge Network.

### Code of Conduct Hotline

“But most important are our managers. You should always be able to talk to your boss. If this is not possible - alert your manager’s manager or

“We want to encourage our people to discuss, question and reflect on dilemmas as they appear with colleagues.”

the Ethical Committee,” says Christel.

In some instances, it may be difficult to notify local colleagues. To enable employees to take action in such circumstances, the confidential Skanska Code of Conduct Hotline has been established. More info can be found on the local Skanska websites [www.skanska.com](http://www.skanska.com).

“The hotline is the last resort if nothing else works. It can help us track a bad apple but it is not the solution. It is how we act that counts.”



## How is your ethical compass working?

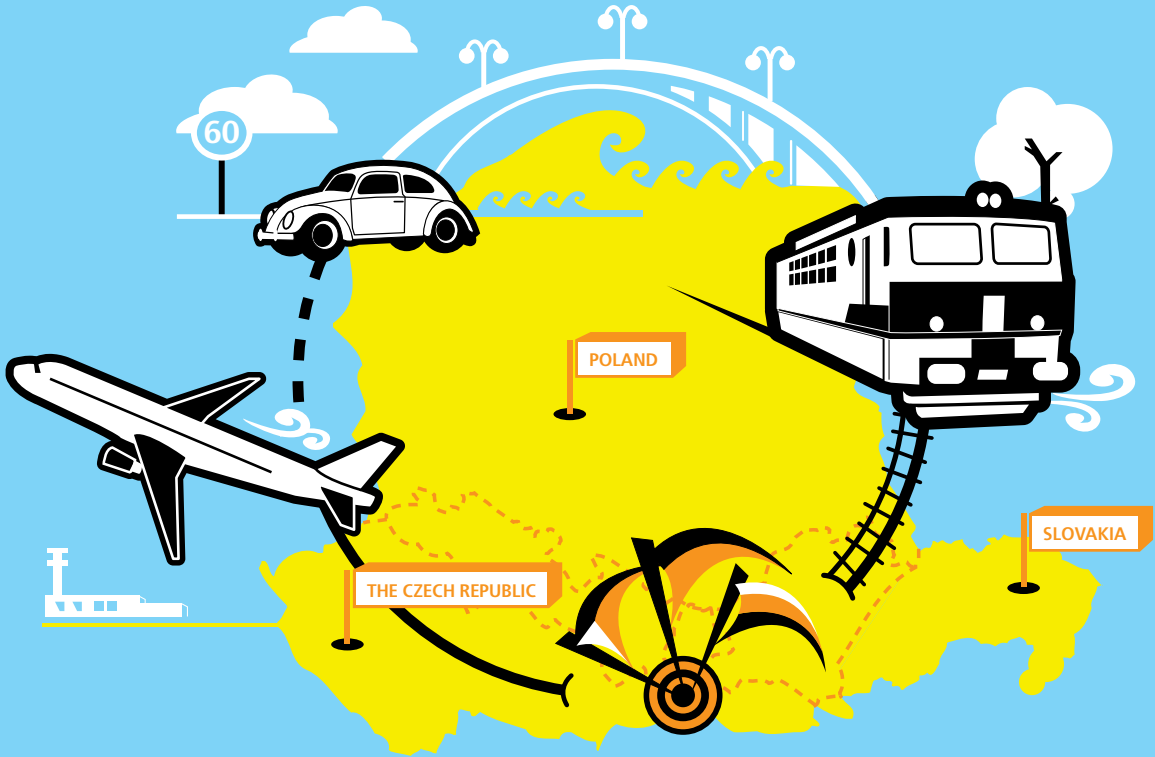
? Take a minute to reflect on these dilemmas, discuss with your colleagues and calibrate your compasses. These matters are complex and therefore it is necessary to nurture an honest and open atmosphere that encourages discussion.

? You are working on a schools project for a municipality. Your manager asks you to do some minor construction works at the private home of one of the top employees in the municipality. What do you do?

? A colleague of yours is being negatively commented on by another of your colleagues. The comments are related to her ethnic background and religion. What do you do?

? On a Skanska project you notice an employee of a subcontractor who is not using the safety equipment when working at a high height. What do you do?

? It comes to your knowledge that a client demands that certain hazardous chemicals which Skanska has decided to phase out should be used at the client’s project. What do you do?



## A stronger cluster Poland, Czech and Slovakia join forces

Cooperation in clusters - joining forces - gives a competitive edge, wins more business and saves money. Skanska Poland are teaming up with Skanska Czech Republic and Slovakia – together they have submitted their first joint tenders for road, airport and railroad projects.

Text Alf Lindström Illustration Anne Holmberg

“We see a great growth potential working together in Poland. For example, our Czech colleagues have leading edge expertise in railroad construction, one of the fields where we want to grow. Together we will be stronger,” says Krzysztof Andrzejewicz, President Skanska Poland. “In Czech and Slovak we want to benefit from Skanska Poland’s strengths in water treatment and other hydro projects,” says Dan Ťok, President Skanska Czech Republic and Slovakia.

The Polish rail market is growing, Czech is slowing. In Poland, Skanska has less rail expertise, in the Czech Republic, Skanska has a great number of world class specialized people and equipment. Moreover, EU funding for infrastructure is expected to flow the Polish way the next few years.

“We definitely have great opportunities going forward,” says Roman Wieczorek, Executive Vice President of Skanska AB and a member of Senior Executive Team responsible for construction operations in Central Europe. Roman Wieczorek is also heading the steering committee for the Pole-Czech-Slovak cluster.

“The reasons for cooperation are obvious – together we are 12 thousand employees and

achieving sales of almost 2 billion Euros. It is a huge potential which we have not yet exploited very much. I am convinced that this will enhance each unit’s strength in its own market as well.”

Naturally, there are language or cultural differences. But neither Poles, Czech or Slovak people see this as a major obstacle. To be on the safe side the cluster teams are headed by both Czech and Polish people.

“Thanks to the cluster project, we really feel that we are not Poles or Czech or Slovak. We are One Skanska and the cluster concept brings great opportunities for all of us,” says Lucie Novakova, head of Communications in Skanska Czech and Slovak.

The similarities are manifold. In fact, the Czech and Polish languages share a lot of the vocabulary.

### Historical ties

Czech Republic and Poland share a common border of nearly 800 kilometers. The fates of the Czechs and the Poles have been closely tied since a thousand years.

A medieval Czech legend has it that the ancestors of the Czechs and the Poles were two brothers, called Čech and Lech, who migrated north from the Balkan area in the seventh century.

On a hill outside Prague, Čech decided that this was to be the land where he would settle, while Lech headed off to the north to find Poland. The story is pure fairy tale, but it is true that medieval Czech and Polish history intertwine again and again, and until the twelfth or thirteenth centuries, the two languages would have been indistinguishable.

During World War II both countries’ legal governments cooperated in exile in London. And before the Berlin wall fell dissidents met secretly in the mountains on the Czech-Poland border.

### The Central European cluster groups span the following areas:

- Roads & Bridges
- Railways
- Marketing/Customers/Building
- Procurement
- IT
- HR
- Controlling / Treasury
- Safety
- Communication

These groups both concern business and support functions.



# Green is the better bargain

If you're successful at the Empire State Building you'll capture the world's attention.

Text **Gary Fabbri** Photo **Skanska**

**This is what the owner, Anthony E. Malkin**, President, Malkin Holdings was told when he was planning to refurbish the building, originally completed in 1931, to make it more Green and energy efficient.

"It shows that you can achieve fantastic results without compromise," says Malkin. "What Skanska and the Empire State Building are doing with moderate increased investment gives significant pay back and yield over time. Not just a return of the investment but a return on the investment."

"When Skanska came to us we were in the planning stages of the Empire State Building rebuilding program. They had a vision. They saw not what we had done, but what we were doing, not where we were, but where we were going. And they were able to give us some incredible insights about what to do inside the tenant spaces," continues Malkin.

Skanska achieved LEED® Platinum for their offices on the 32nd floor. The enhanced utility of the space leads to happier workers, fewer headaches, fewer complaints about the temperature and a longer lasting work environment.

The work combined a Green suite of business practices, such as installing low flow toilets and recycling all tenant and construction debris, with optimizing energy efficiency.

"The costs of not being Green are not really priced into things right now, so the fact that you can break even on them is great," says Malkin. "What really proves the economic value is increasing energy efficiency. That's really the game changer."

"If you look at the eight things that we've done in terms of energy efficiency, none has more than a six percent impact...there's no one silver bullet. It's just a lot of incremental steps."

"There's about a four year payback on the Skanska space and there's a three year payback for the Empire State Building. But the net present value of the equation is unbelievably positive to the tune of about ten percent return of money invested by Skanska. For us it's even more because we're going to own the building for a long time."

"To me it's all about getting the best economic result, because if you want to change the world, change Wal-Mart. If you want to change the world, go to where the money is and deliver people a better bargain. But a truly better bargain, not something that is cheaper, something that is better with a better economic return."

"This has really set the tone for how we deal with tenants when they come into the Empire State Building. We show them the Skanska office. We say, look at what this tenant did and look at what the results are."



"It shows that you can achieve fantastic results without compromise."



Anthony E. Malkin, President Empire State Building Company



Cecilia Fasth, Skanska's Green Business Officer.

## The journey for Deep Green offices

The journey for Deep Green office refurbishments is gathering momentum. The aim is to future-proof old offices using Skanska's Green expertise. Skanska's Deep Green offering is currently being developed for the world-class refurbishment of offices.

Text **Alf Lindström** Photo **Holger Staffansson**

**The Green offering** will include solutions for improved energy and water efficiency. And, subsequently, a potential energy performance guarantee. Initially, the Skanska Green Business will target investors and property owners in the Nordics, the UK and the U.S. "We see the opportunities and major potential in the Green refurbishment of existing offices. We have the expertise to plan and execute refurbishment and integrate all systems. We can transform any old building or office into a Deep Green facility," says **Cecilia Fasth**, Skanska's Green Business Officer.

"The technology is developing rapidly and going forward, we want to extend our services to secure high-quality energy performance. We want to stay in touch after handing over the building, providing assistance in the operational phase," says Cecilia.

And there's no time to lose. We know there is an environmental rationale. But few are aware that being non-green will involve costs. Already, carbon taxes are a reality. And they won't disappear. In addition, energy taxes will increase, not to mention energy and water prices.

Not being green will make you less attractive for tenants and the new generation. Moreover, by 2020, regulations will be so much stricter that even today's best-performing buildings will lag behind. In short, not taking action will put brand and finances at risk.

Skanska has a long track-record of projects that exceed regulatory demands in such areas as energy, water and material use.

"Location and design have long defined the value of a property. A new parameter is now entering the scene – the green dimension. Going forward, green qualities will be essential for the value of properties. It's now time to future-proof your assets," says Cecilia.

"When the neighboring office is Green, your old and non-green office will be less attractive for tenants, for employees as well as for investors. The value of your property will be at risk. A green dividend is gained in the form of increased value, improved rental rates, as well as higher occupancy and productivity. Can you afford not to go Green?," asks Cecilia.

### Facts Three different types of action

**1. Full refurbishment**  
Core and shell upgrade including facades, windows, roofs, HVAC, tenant space, etc.

**2. Tenant fit-outs**  
Renovation and upgrading of tenant areas.

**3. Optimization**  
Optimize, adjust and fine tune M&E installations, replacing old light bulbs with new low energy bulbs, electrical and water fittings, etc.

GE or The General Electric Company, (NYSE: GE), an American multinational corporation that is one of the world's largest companies. GE has more than 300,000 employees around the world. GE's divisions include GE Capital, GE Energy, GE Technology Infrastructure, NBC Universal and GE Home & Business Solutions. GE participates in a wide variety of markets including the generation, transmission and distribution of electricity, lighting, industrial automation, medical imaging equipment, motors, railway and aircraft engines.



From left to right  
**Gerry Heimbuch**  
 – VP from The Solar Center  
**Bob Koch**  
 – President, Skanska Koch  
**Mayor Dan Rieman** from the  
 Borough of Carteret  
**A.J. Powell**  
 – Assistant Chief Engineer  
**Steve Koch**  
 – Chief Engineer  
**Paul Koch**  
 – Vice President



# Plugging in to the solar system

There's a lot of talk about going Green but the Skanska USA Civil's Koch facility in Carteret, N.J. has gone Green.

Text **Gary Fabbri** Photo **Skanska USA Civil**

Over 1600 solar panels cover the roof of the assembly shop and will produce 426 kilowatts of power, enough to take care of approximately 85 percent of their electrical needs.

“At Skanska, going Green isn't just a tagline,” states Skanska Koch President and CEO, **Robert Koch**. “We are committed to contributing to a more sustainable environment, and will continue to pair sustainable-power delivery, like solar power, with smart energy-saving behavior to make the biggest impact possible.”

The new solar panel system, installed by The Solar Center based in Rockaway, N.J., is also expected to reduce annual carbon dioxide emissions by the equivalent of burning more than 38,000 gallons of gasoline.

“We're investing about 2 million USD and with the energy savings and the credits for solar power and renewable energy in New Jersey we should be able to pay this off in three to four years,” says **A.J. Powell**, Assistant Chief Engineer, “We've installed the panels because we're adamant about

being a Green contractor and want to lead by example, but it also works for us economically because we'll now be getting a large chunk of our electrical bill paid by the sun.”

**Dan Wells**, Project Engineer, who is responsible for overseeing the day-to-day installation says, “One of the best things about this project is the impact it's having on the community. All of the neighbors have been coming in, checking it out, asking for tours and trying to find out how they can get started. The city hall is ecstatic about it. They pushed our permits right through.”

“I hadn't had any experience with solar panels,” continues Dan. “It excites me to see the positive impact on the environment. I encourage anyone else within Skanska to give us a call if they want to find out more.”

“It's not only smart business,” concludes Bob Koch. “It's great for the morale of our employees. And it's going to help our relationship with our clients. They know that we are trying to be sound stewards of the environment and they want to do business with people like that.”

Over 1,600 solar panels cover the roof of the assembly shop and will produce 426 kilowatts of power, enough to take care of approximately 85 percent of their electrical needs.





# Green is big for today's hotel guests

Truly sustainable thinking is nothing new for Elite Hotels of Sweden, and Skanska's work on a new hotel for them will take the group of 23 hotels to a new level of Green because they are going for LEED Gold.

Text Gary Fabbri Photo Holger Staffansson

When we meet Bicky Chakraborty, who founded the company in 1980 under the name of SSRS holding AB, we were sitting in the lobby of the Elite Stockholm Plaza. This hotel, originally built in 1878, was completely renovated and reopened in 1984 and is currently rated as climate neutral.

"We want to preserve heritage buildings and reconfigure them into modern hotels. We aim to provide a complete experience in an environment where tradition, quality and flair are guiding principles," says Bicky. "The green issue is a big one for today's hotel guests."

"For us, initial contact with a guest is essential, a good place to sleep and a good breakfast are also important. But, it's also more and more common for guests to choose an environmentally friendly hotel. People want to feel good about where they stay."

## Going for LEED Gold

Just a few hundred meters away, across a park called Humlegården in central Stockholm, stands a hotel that Skanska is renovating for Elite Hotels. "We plan to achieve LEED Gold on that one. A first for us," says Bicky. "It's important to think progressively because our customers appreciate it. It also makes economic sense as long as you have the money to invest now. Investment in sustainability and energy efficiency will pay itself off within a few years."

"We have always been sustainable," smiles Bicky motioning to the chair that he is sitting on which is from the 50s. "We re-use furniture, renovate and restore cultural buildings and at the same time turn them into comfortable modern spaces. When you're in an Elite Hotel you can feel that you're in a home away from home."

"The green issue is a big one for today's hotel guests."



Bicky Chakraborty

Profitable  
Growth  
2011-2015

## Profitable Growth In 2015 Skanska is bigger and more profitable

Going forward all four business streams will grow. In construction Skanska will win market shares and grow more than the market while improving profitability. Project development businesses will grow even more. The company will use its financial synergies to expand residential, commercial property and infrastructure development (PPP) businesses. Skanska in 2015 also aims to be best in class regarding margins, the safest company in the industry and the leading Green construction and development company. >>>

Text Alf Lindström Photo Holger Staffansson Illustrations Elias Awada, Anne Holmber



# Safer, greener, bigger and more profitable

The new Business Plan for 2011 – 2015 outlines the future for Skanska. Profitable growth is the way forward. Skanska is ready to grab the opportunities. Expansion and acceleration based on the Company's strengths - benefitting from internal financial synergies, green expertise and strong commitment to Zero Accidents goal and business ethics. Enhanced focus on operational efficiency, risk management as well as recruiting and developing outperforming people are key success factors.

Text Alf Lindström Photo Holger Staffansson Illustration Anne Holmberg

## This is Skanska in 2015.

- Grow construction. Do more in more places. And do it profitably.
- Grow even more within project development. Use the financial strength to expand residential, commercial property and infrastructure development (PPP) businesses.
- Grow through cluster cooperation.
- Best in class regarding margins.
- Safest in the industry - the leading green company.
- A most attractive employer.

**Johan Karlström**, Skanska's President and CEO, points out the direction for the next five years.

"The past year's consolidation phase was completed successfully. We are profitable. We have strict risk management procedures in place at both Group and Business Unit levels. We have strong finances and a solid operational platform."

"And we know it works. We stood the stress test after the financial turmoil 2008. Overall, we came out more profitable and financially stronger than before the down turn."

"We are guided by our common values and our increasingly collaborative culture. We can take advantage of the expertise within the Company. This gives us a unique strength. It is a very strong platform to grow from. All in all – we are now ready to grow."

### What businesses will grow?

"Both construction and project development businesses. We want to achieve a better balance between the four streams. Based on our financial strength we can expand within resi-

dential and commercial as well as infrastructure development, PPP, both in numbers and regarding new markets.

"But it has to be profitable. Businesses that haven't got a profitable track record will not be allowed to grow."

### Growing usually also means more risks?

"Yes, I must stress the importance of risk management and continual controlling."

"It is a major challenge to grow profitably AND improve our execution. The use of BIM and similar project execution tools can help improve productivity."

"All this we must do while improving safety and always follow the ethical compass we have in our Code of Conduct. There's no room for compromises."

### Skanska is ready, but will the market allow growth?

"The new business plan is based on thorough analysis of global trends. Populations and cities are growing in our markets. Urbanization and growing population result in scarcity of energy and water and it calls for new and expanded transport and social infrastructure as well as homes, offices, schools and hospitals. All of which are core businesses for us."

"Existing schools, hospitals and other facilities are not up to date, especially when it comes to energy performance. In addition, the need for water and waste water treatment is increasing."

### But many countries and cities are still facing financial difficulties.

"Yes, that's right. And we think that we can turn this into an opportunity for us. The societal needs are often bigger and more acute than public finances can manage. This will lead service-minded authorities in the PPP-direction. Public Private Partnership projects are fast forward to better public services within education, health care and communications."

"Based on our financial strength we can also broaden our offer. We can lend a helping hand by offering a temporary



"We are guided by our common values and our increasingly collaborative culture."

financial bridge to clients. We call it Bundled Construction. It has been successful in Sweden for many years and we can capitalize further on this. We use our financial strength to help customers start their projects earlier. We take on a limited risk since the idea is to sell the project before groundbreaking."

"But this being said, of course financial difficulties may affect growth opportunities within construction in particular."

### Is growth within Construction possible in all markets?

"No, only units or divisions with a profitable track record shall grow. First a solid profit, then growth. That's the way to go. And of course we have to aim for the right client, the right place and have the right people before we start expanding."

## "Green refurbishment of old commercial property is a tremendous opportunity."

### Will growth be organic or...?

"Yes, mainly organic. I strongly believe we still have the capacity to do more of what we already have and that the market will

allow for this. In many markets we don't use our entire line-up so there is room to expand our services. Skanska USA Civil is going West and South based on their East Coast track record and through benefitting from the presence and experience of Skanska USA Building. And similarly in Poland, where civil and building construction join forces in many cities with great opportunities. Also, we can capitalize further on our good reputation and the steady growth in Brazil."

### What about acquisitions?

"Of course, we will also consider bolt-on acquisitions, but to

a limited extent. Acquisitions within the core businesses can help us expand our presence and offer in certain markets."

### Do we have enough people for a massive expansion?

"No we need to recruit. It is a major task for every unit to attract, recruit and develop people that will create high performing teams. To fulfill the plan, deliver on our promise and to compensate for the retirees we need to recruit a great number of new, and more diverse, people in the next five years. In 2015 we will be a larger and a more diverse company."

### Operational efficiency, is it all about people?

"Yes and no, it is also crucial that we apply a systematic approach. There is clear evidence that execution is improved when we create great teams and use the tools we have developed – estimating, risk management, scheduling and planning etc. Outperforming individuals are good, but outperforming teams with the right tools are better."

### What new product opportunities are there?

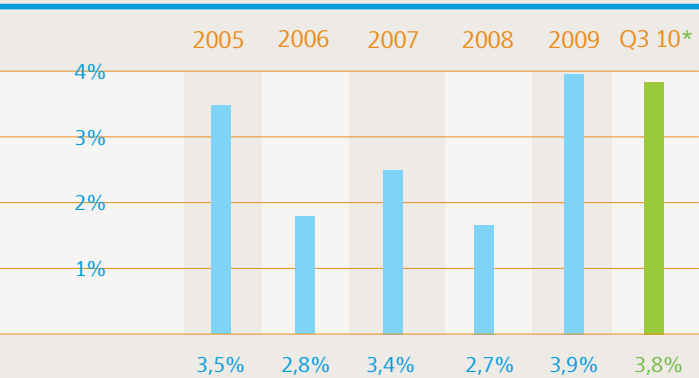
"There is an increasing demand for Green construction and refurbishment. And we are in pole position to capitalize on this trend. We have an impressive Green track record. We can build energy neutral homes and offices, we can half energy need in old buildings."

"Green refurbishment of old commercial property is a tremendous opportunity. Regulations get stricter every day and more and more tenants demand green facilities. 99 percent of all buildings are old and not green enough to be future-proof."

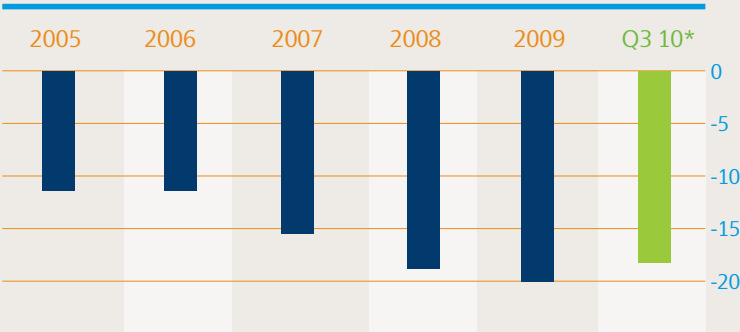
"But we still have way to go since many clients are not >>>



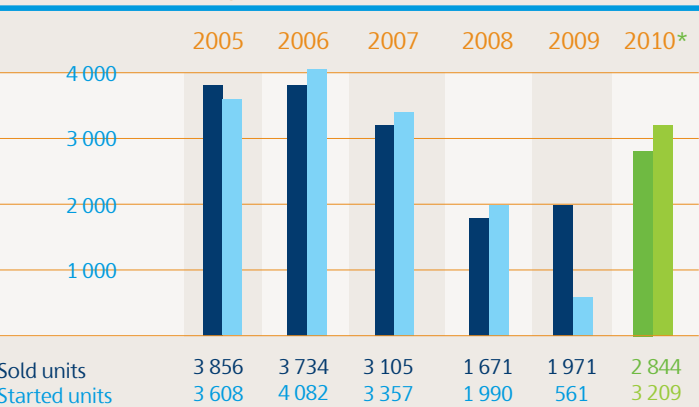
Construction Operating Margin



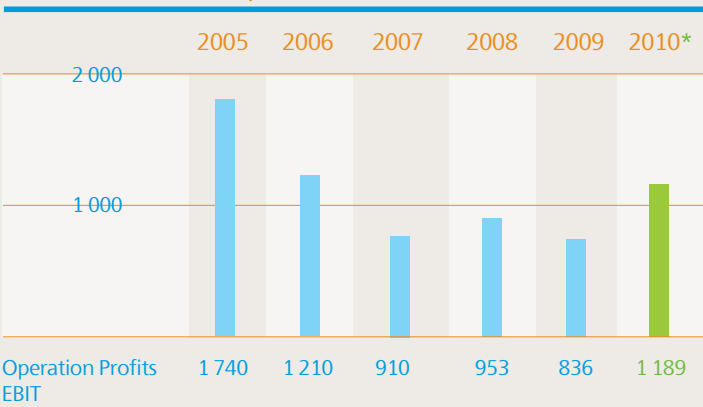
Working Capital in Construction SEK billion



Residential Development Nordic



Commercial Development



\*Rolling 12 months, Oct 09 - Sep 10

aware of what we can accomplish. Go out and spread the Green message.”

“Also health care will bring more opportunities. Aging and growing populations will result in an increasing need for hospitals. We have established a global Center of Excellence for Health Care. The dream team that we put together to win New Karolinska Solna proves that this is the right medicine.”

**The Business Plan also aims for better balance between Construction and the Development Businesses. How will that come about?**

“We will increase our investments in order to maximize our successful development cycle – invest, build, sell. We will have to chip in more money to get more land for new residential and commercial projects.”

“The demand for new homes will be strong and Residential Development will be able to grow along the established lines in the Nordics. We are currently also evaluating the potential in the residential markets in the UK and Poland.”

“We will also increase this stream through better and more customized products, a more industrial production and through our Green offer. Imagine the bang when we launch the first energy neutral home!”

“The Commercial Development way of multiplying investments as shown in Sweden for decades will be transferred to other markets. We are already on our way into selected cities

in the U.S., Polish regional centers like Lodz, Katowice and Gdansk along with Oslo and Helsinki. But we won’t stop there.

We will continually evaluate more opportunities. ”

“The Public Private Partnerships markets have a great potential. The need is there, it is growing and we have the skills and capital. We have an impressive track record within hospitals, schools and roads. The aim is to grow within new sectors like waste to energy and within new markets, both in the U.S. and in Central Europe. It is only a matter of time when this will start to flourish.”

“Another important aspect is the way this also benefits Construction. Growing Commercial Development, Residential Development and Infrastructure Development will also give a boost to construction units.”

**How will the expansion of RD, CD and ID businesses be financed?**

“We will continue to build on the capital efficiency in construction and focus on positive cash flow in our projects. We will also take advantage of our financial position and, in addition, be prepared to go to zero net debt.”

**How can we expand the business while competition is increasingly harsher?**

“First we must make better use of our global expertise. We can leverage in many ways, through joining forces in bidding,



**“We will increase our investments in order to maximize our successful development cycle – invest, build, sell.”**

through sharing services and through connecting to our Expert Groups in the Knowledge Sharing Network.”

“Close collaboration within cluster co-operations like the ones established between Skanska Poland and Czech Republic units and

between U.S. construction units give momentum. The Nordic units co-operate in sharing people and services, for instance within procurement, asphalt, industrial production, IT and leasing of equipment.”

“Secondly, we must be innovative in finding new technical solutions to be more successful in both the bidding phase and in the execution of a project. We must also be innovative in how we compete. We must know and keep close to our customers and make them aware of how we can serve them better. We can never rest in this.”

**If you should point out one area that is of special importance. What would that be?**

“Safety is the single most important area because it is about life. But there are several areas where we can not relax – operational efficiency, risk management, business ethics, environmental concern and of course in developing and recruiting our future leaders. We are good today, but we can do even bet-

ter, especially when it comes to safety. And we must improve also when we are growing. We shall grow business and reduce accidents at the same time.”

“Safety is most crucial going forward. We are constantly improving, we have halved the Lost Time Accident Rate in five years but we have not yet reached our Zero Accident target. Still our people and subcontractors risk their lives. It is simply not acceptable.”

“And we can not grow our business if it means that people will suffer. Who would want to work for us? Who would want to contract us?”

“As an industry leader we have a great responsibility. We must act to improve safety in the entire industry by being the good example and by sharing our experiences. The systematic approach to learn from fatalities will now be extended to severe incidents. We must increase the learning from mistakes to be able to improve and become safe.”

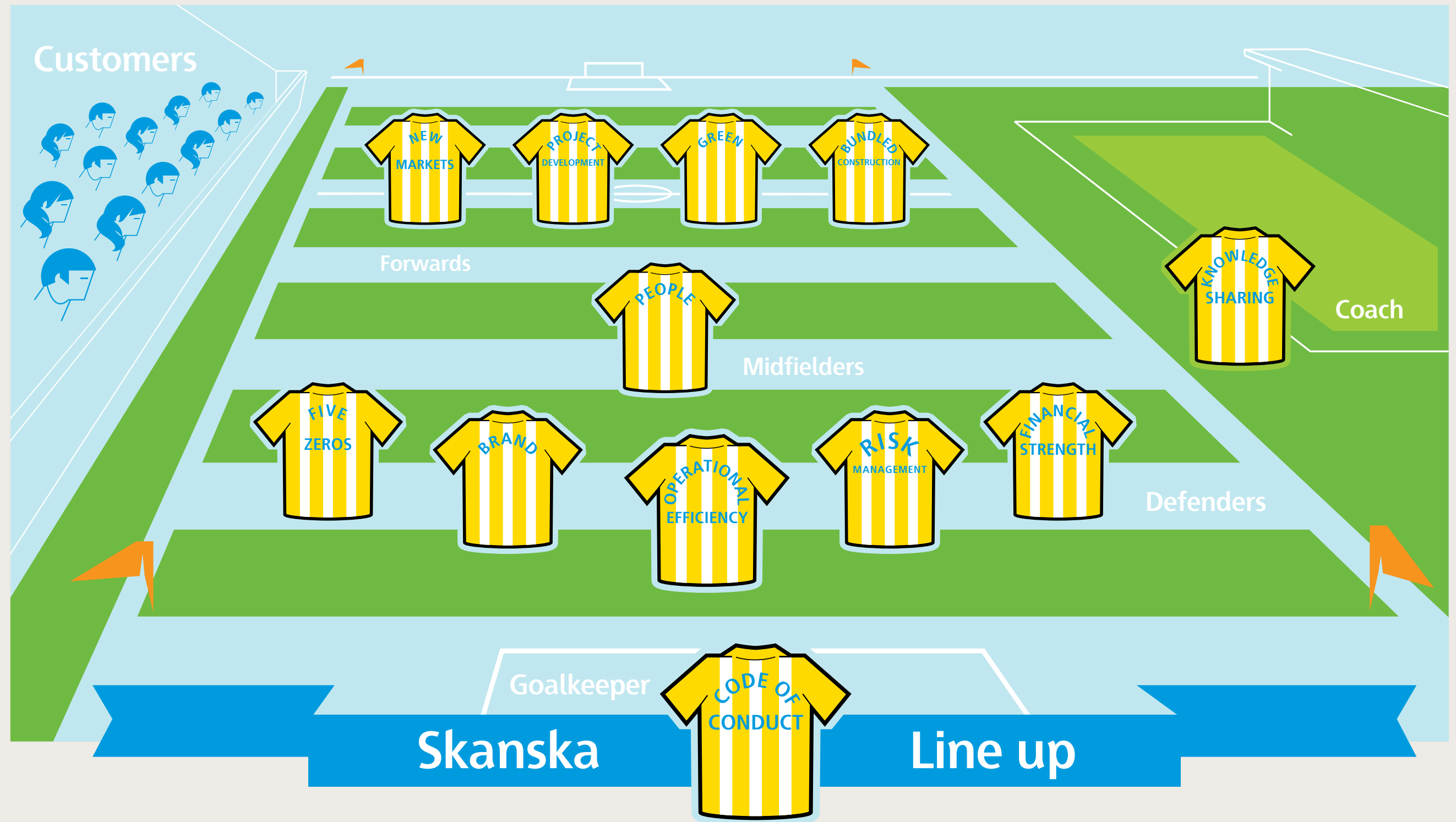
“I know we can grow, I know we will be profitable. But the biggest victory would be to celebrate that we have reached the Zero Accidents goal!

Let us all join forces for safety and for profitable growth.”



## Road map for Profitable Growth 2011 - 2015

- Organic Growth: Leverage Skanska's core businesses, market positions and customer relationships to generate growth through new products and expanded services such as Green, Bundled Construction and Health Care
- Regional Growth: Expand the marketing of Skanska's services to underserved regions, including U.S. and Central and Eastern Europe cities.
- Clustering: Teaming up cross border and/or cross unit expertise to gain strength, share knowledge and expand customer and market outreach.
- Operational Efficiency: Improve the company's performance regarding productivity, quality and safety through the use of risk management, better planning, using tools like BIM and increased industrialized production.
- Project Development: Use the Company's financial strength to increase investments in new commercial property and residential projects as well as in Public Private Partnerships.
- Strategic Acquisitions: Consider acquisitions that can be bolt-on to existing profitable units and thus expanding geographic footprint in selected growth regions.





# Entering the UK home market

For home buyers in the UK, Skanska is not a household name. But it soon will be. Decades of successful residential development in the Nordic region are set to be replicated in UK.

Text **Alf Lindström** Photo **Holger Staffansson**



Alan Gillman, Jason Collard, Magnus Andersson and Youssef Kadiri are starting up Skanska Residential Development UK

Skanska is also aiming at the Polish residential market. "The market is there and we have the potential to be profitable," says Tor Krusell, Executive Vice President, Skanska AB.

"We are establishing a cluster together with Skanska Residential Developers in Czech Republic and Slovakia in order to benefit from synergies. However, we are not targeting the same high volumes as in the UK."

Groundbreaking for the first new Polish residential project is still some time away. The customer segments and cities to go for need to be analyzed and decided. We will have a very strict focus and we will make use of the local expertise we already have in Poland."

**A Skanska task force**, led by **Magnus Andersson**, has analyzed the UK residential market during the last year, including the opportunity for Skanska to enter the market. As a result, a new Residential Development unit is currently being set up in the UK – RD UK.

"Our quality, design and green agenda will definitely attract British home buyers. The potential volume in this market is a great opportunity for us. Today, there is a huge need for new homes in the UK and the output is on record low levels as a result of the financial crisis" says Magnus Andersson, who heads up the new unit.

"We must differentiate from the rest of the competition. Our energy-efficient homes in nicely designed living areas will give us a unique position in the British market. The new, stricter government demands on energy performance will benefit us and our Green homes."

## Why UK, why now?

"Firstly, we want to grow our residential development business. Secondly, we have long been aware of the potential in the UK, but this market has been hard to enter. However, following the financial crisis, there is a need for new developers and the entry barriers have been lowered," says **Tor Krusell**, Executive Vice President, Skanska AB.

"The price for suitable land is decreasing, which gives us the momentum to enter now. Moreover, we don't have the

"Our quality, design and green agenda will definitely attract British home buyers"

heavy negative backpacks that UK developers have after extreme write-downs in the value of their land banks."

## What areas are Skanska considering?

"We are identifying land in outer London growth areas, within one to two hours' commuting from the City. We are looking for large-size plots, where we can apply a holistic approach and have a real impact on the master planning and community building aspect," says Magnus Anderson. We will target second-time buyers that are attracted by our values and have the ability to pay for our products."

## You mention quality, isn't that a given?

"For example, we noticed a real high-end project that was marketed as highest quality and where one of the customers thought it was great because there was no draught from the windows. For us, providing better quality, not only in the materials but in everything we do, will help us differentiate. Our home buyers must take this for granted."

## What volumes are you targeting?

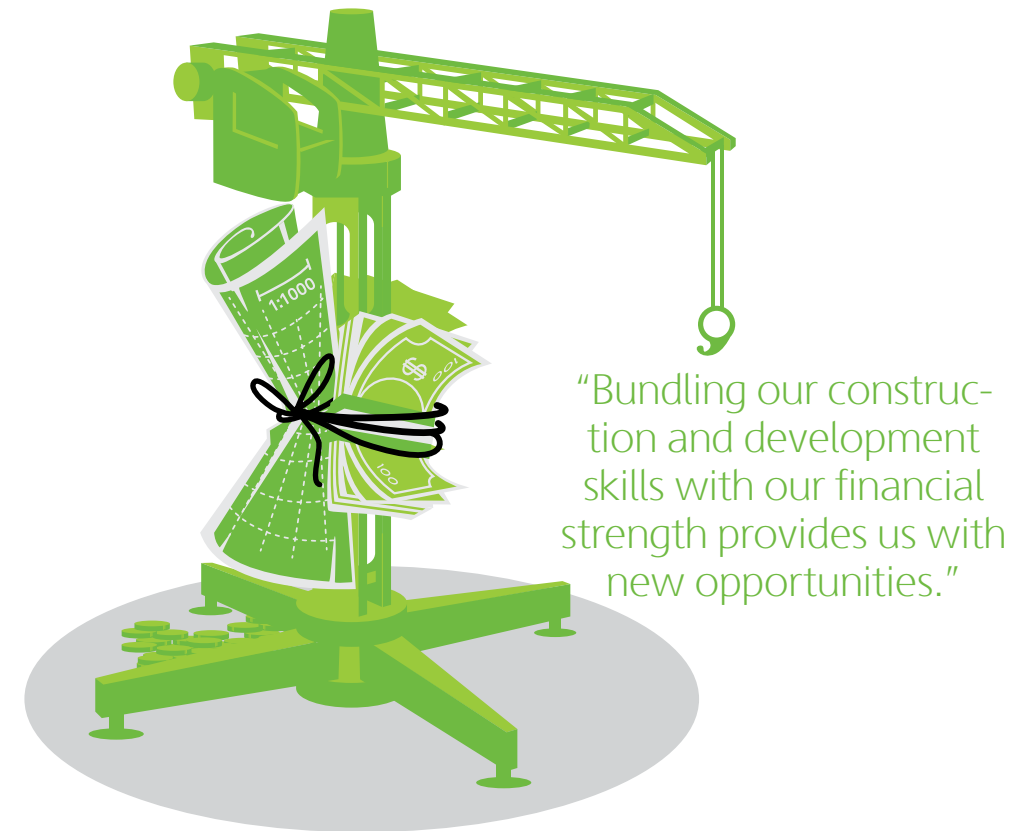
"We believe we can produce about 800-1000 units per year from 2015."

The plans for Skanska Residential UK include single-family homes, terraced homes, as well as some residential apartment buildings. The ModernaHus concept developed in Sweden and adopted by Skanska UK will be the solution for residential apartment building. ModernaHus are energy-efficient and industrially manufactured buildings.

In the affordable homes segment, the joint Skanska IKEA concept BoKlok (Live Smart) has a potential pole position, an opportunity which is currently being investigated.

## What is going on right now?

"We are getting organized, concluding our business plan and are building up a land bank in order for us to get our first projects going next year," concludes Magnus Anderson.



"Bundling our construction and development skills with our financial strength provides us with new opportunities."

# Bundled services boost bottom line

When the need is high and cash is low, Bundled Construction is a viable solution.

Text **Alf Lindström** Illustration **Anne Holmberg**

**A touch of** development skills and/or financial muscle adds a competitive edge to Skanska's offering - and public agencies can move to modern, tailor-made facilities faster than a taxman's wink. "Bundling our construction and development skills with our financial strength provides us with new opportunities," says **Claes Larsson**, Executive Vice President, Skanska AB.

"Bundled Construction gives us an edge that few competitors can match. Moreover, we can achieve better margins, since we assume greater responsibility and add more of our expertise and services. Looking ahead, we can use our financial muscle to enhance construction."

The opportunities arise when a public customer is in urgent need of a new facility, but does not have the necessary public funding – although there is a willingness to lease.

## Bundled Construction offers a solution in which Skanska plays many roles:

**Financing:** offers to finance construction  
**Development:** provides or locates a site  
**Construction:** takes on responsibility for design/build  
**Divesting:** identifies an investor to take ownership of the facility.

Moreover, there is always a long-term leasing contract with the user. This, or basically the underlying need for a new facility, is the prerequisite that triggers the project.

## It's a triple-win scenario

**1** The user, typically a public authority, obtains modern and functional facilities without having to wait for public funding.  
**2** The buyer of the facility acquires a fully leased, high-class building with a long-term tenant.

**3** Skanska secures a large design/build contract, a gain on investment and sometimes a gain on the sale of land.

"At first glance, Bundled Construction may seem similar to Commercial Development (CD) or a Public Private Partnership (PPP). However, Bundled Construction is generally applied to special facilities, such as a courthouse or a detention center. Furthermore, there is no lease risk at all, since the "tenant" is secured upfront. It is very seldom a regular office project and if it is, it should certainly not be in an area where Skanska Commercial Development is active," says **Claes Larsson**.

"Unlike Commercial Project Development, we don't take any long-term risks as owners in Bundled Construction. The project has a long-term tenant and typically, we have sold the project already before groundbreaking. For us, there are no exit risks. However, it may include development components, such as securing necessary land, getting city planning in place and the design of the project.

"Bundled Construction also differs from PPP. For example, we are not involved in the operation of the building after completion and the client has signed up for a lease, which is something different compared to a concession contract.

"Basically, we create a financial bridge that allows the user to obtain a new facility without arranging its own financing. And our risk is limited in terms of size and time."

Bundled Construction has a proven track record in Sweden. Over a period of many years, Skanska Sweden has been able to provide public customers with new, tailor-made facilities – typically courts, detention centers or police buildings. Although the details of each project may differ, recent police buildings include Växjö and Uppsala, Courthouse Flemingsberg (Stockholm) and Sollentuna (Stockholm). Bundled Construction has sometimes been applied to hotels (Marriott Courtyard Stockholm) or homes for the elderly (Burlöv and Uppsala).

The new combined congress, concert hall and hotel facility in Malmö is a good recent example. One of the reasons that Skanska chose to assume responsibility for the development of the congress and hotel facility was that this meant securing the construction contract for the concert hall. Moreover, Skanska acquired building rights for offices and homes as part of the deal.

"The recent Malmö case is a very good example of the power of One Skanska. We can offer a package deal that meets the client's needs and gives us considerable opportunities, such as several design/build contracts as well as development opportunities for both commercial development and residential development," says **Anders Danielsson**, President, Skanska Sweden.



# Celebrating the best of the best

Outperforming people from around the world and Skanska services ranging from adding pixie dust and value in homes for sale to huge public bridge construction projects were praised, fan-fared and rewarded at Skanska's recent Management Meeting in London. "We have thousands of successful projects and outperforming people. But the ones we acknowledge here are truly the best of the best," said Johan Karlström, Skanska's President and CEO.

Text Gary Fabbri Photo Holger Staffansson



**Hana Majerová, Czech Republic, Estimator**  
Hana's colleagues tell us that her success comes from her long experience and loyalty to the company, from her conscientious, ethical and hard working approach to the whole bidding process, and from her willingness to share her knowledge with her team. That may be true, but Hana tells me that her success, especially with clients, comes from a smile. "Smiles let clients know that they are important to me and that I want to do the best work that I can for them," she says.



**Torbjörn Nohrstedt, Poland, Project manager**  
Infrastructure Development  
Attention to detail and empowering his team pave the way for Torbjörn's success on the A1 highway project in Poland. "We are working on a very public project here," he says. "Our clients see us as professionals providing high quality infrastructure. Our philosophy is to find what is uniting us more than what separates us and concentrate on that." "What I very much appreciate with people is ambition and will to do something," he says. "You can gain experience along the way, but what's important for me is that people are engaged, interested and driven, then I just let them perform", says Torbjörn.



**Ari Ahlqvist, Finland, Production manager**  
Ari has two daughters who play volleyball and he coaches their team. He sees team spirit, co-operation and aiming for a common target as the keys to making a project and a volleyball team run smoothly. "I like to interact with people," he says. "The teenagers that I coach remind me of my team at work. It doesn't matter if you're dealing with adults or teenagers on a sports team it all comes down to communication," says Ari.



**Valdir Varella, Brazil, Project manager**  
The people that work with Valdir see him as a leader who cares. He is open-minded, he energizes them and he protects them. It doesn't matter if you're a helper, a blue-collar worker or a safety manager - his door is always open. "I believe it's important to be organized and to plan our work. That's crucial to working safely and delivering a successful project," says Valdir. "But one thing that I really work on is communication. I try to constantly improve how I communicate and to be open." "Listening makes managing people a lot easier."



**Pernilla Ehlenberg, Madeleine Sjöstedt, Anna Sedin, Skanska Residential Development Nordic Staff Employee**  
The three winners in the Staff Employee category turn houses into homes for Skanska in Sweden. They fill show houses with life so that when customers come they think, "Wow! I want to live here." "The idea that we had when we started this was how to convince as many people to buy our homes as possible," says Madeleine. "Small details make a big difference," she continues. "You have 3 seconds to make a first impression whether you're meeting a new person or stepping into a new apartment for the very first time. You make your decision already in the hallway." "We become totally customer focused. I think that helps our sales team a lot."



## Kenneth has the dirtiest boots

The 2010 Dirty Boots Award is given to a manager who has a long outperforming track record and is working closely to the projects. This year it was presented to Kenneth Nilsson, Vice President Skanska Sweden, who is responsible for the Infrastructure Construction and Civil Engineering regions. "I feel very honored, although I unfortunately don't have the opportunity to visit the projects as often as I would like to," he remarks. Kenneth explains that he always tries to work as close as possible to the projects, especially the major ones, and that he participates already in the tender phase. He likes to be where the action is and highlights the fact that it is out in the projects that Skanska makes its money.



**Simon Caron, Brian Parke, Paul Mee, HMP Dovegate Prison Expansion Building, Skanska UK**  
The Dovegate prison expansion is a picture postcard of a successful building project. The prison had a population of 800 and the project involved adding another 260 places without decreasing the existing population. Concern for security and the risk for potential incidents involving inmates added to the normal demands of construction. "The team was great," says Simon Caron, Skanska UK. "We looked at everything we could do in terms of operational efficiency and standardization. Plus we needed to be defect free. That was critical. We didn't want to be coming back into this prison." "To build something that effects every aspect of this environment, without causing consternation, without causing incidents, without causing safety concerns, makes this a huge success," says Wyn Jones, HMP Dovegate.



**Ryan Clayton, Terry Daly, Tony Taddeo, Newark Drawbridge, New Jersey, Skanska USA Civil**  
The Newark Drawbridge in New Jersey is over 100 years old and was in dire need of renovation. The biggest challenge for the Skanska team was to find a way to carry out the work with the least disruption to the rail service. "We spent 7 months of planning and preparing," says Ryan Clayton, Skanska USA Civil. "We

mobilized in the 8th month, utilized the tools that we put together in the pre-planning stages and accomplished the work in just over a year." "We needed to accomplish our work and they needed to maintain service. We did both," concludes Clayton.



**Jonas Green, Mattias Jansson, Annika Palmér, Max Juhlin, The Northern Link, Health & Safety, Skanska Sweden**  
The Northern Link is one of Stockholm's busiest traffic intersections. The project is a great example of One Skanska with an international team from Skanska Sweden, Slovakia and Norway. Their secret to safety success is pre-planning and finding innovative solutions to simplify the construction process. "We managed to get the commitment of everyone on site when it comes to working safely," says Annika Palmer, Skanska Sweden. "The secret is communication and providing information so that everyone understands the real importance that we place on safety."



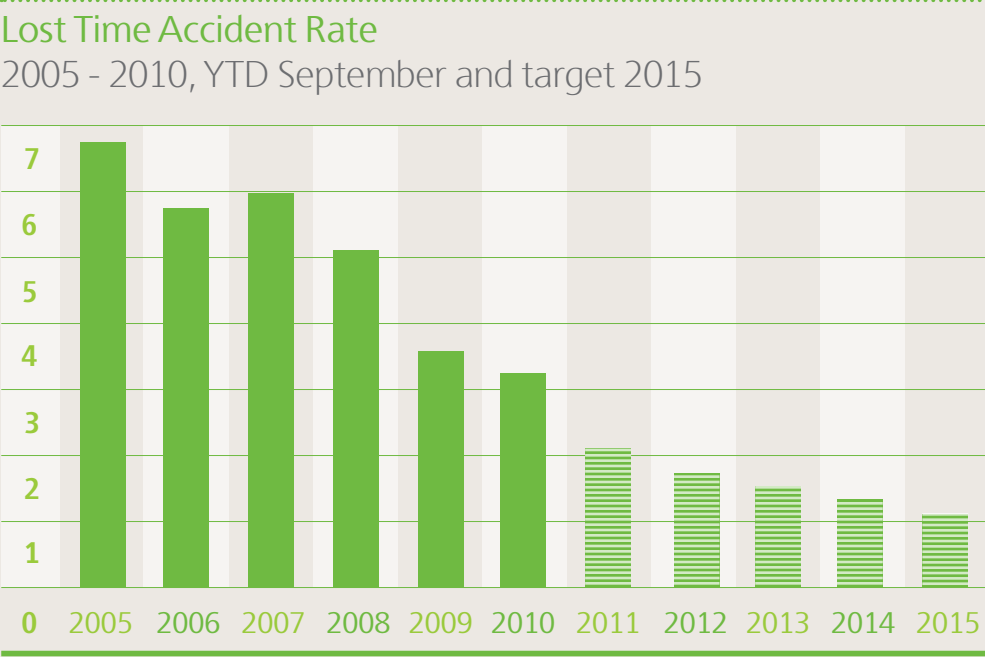
**Alistair Cook, Mark Humphries, Peter Caldwell, Waste Water Treatment Works for Anglian Water, Green Solution, Skanska UK**  
The Skanska team found a series of existing technologies from around the world and put them together to create a sustainable, low energy, efficient sewage treatment process for Anglian Water. It's already been installed on four sites and is now available as a standard product ready for installation.

"The sewage that comes in is a feed material, carbohydrates and proteins for micro-organisms - bugs," says Peter Caldwell, Skanska UK. "They live on that waste and we provide the oxygen to help them grow. At the end of the process the water is clean enough to go out into the local environment." "If we can find ways to treat more sewage and use less energy then we help move Anglian Water forward as a company," concludes Peter. "We also move forward in terms of the environment."



**Nicklas Lindberg, Grzegorz Strutynski, Deloitte House, Poland, Project Development and Services, Commercial Development Europe**  
Deloitte House was the first green building in Poland. It's the first time any office has been LEED certified in Poland. And it's a great example of One Skanska - seamlessly integrating Skanska Commercial Development Poland with the Skanska Poland Construction unit. "It's a great example of the right people, the right timing and the right product," says Niklas Lindberg. "Price is one thing, safety is one thing and the environment is one thing. You need all three to be successful."





## Targeting Zero Accidents

Halved since 2005 and an even tougher target for the next five years. Skanska's safety efforts are crucial in the new Business Plan for profitable and safe growth. And for leading the way for the industry.

Text **Alf Lindström**

**Zero workplace related** accidents are one of Skanska's zero visions. Reaching Lost Time Accident Rate (LTAR) of 1.0 is a major step towards the zero accident target.

The target and the focused efforts on safety have made a difference. LTAR for employees has been halved since 2005. But the current LTAR for the Skanska Group of 3.4 (coming down from 6.8 since 2005) is still too high.

"Safety will be even more important now as we are entering a growth phase. The challenge is to keep a sharp focus on safety while growing. We must reduce accidents and improve safety. This is not optional - profitable growth is good, but safety is a must," says **Johan Karlström**, Skanska's President and CEO.

"We are determined to be the industry leader for safety. By being the good example and sharing the lessons we learn."

While focusing on safety, a number of initiatives have been introduced in Skanska. The Global Safety Stand Down taking a learning leap from experiences from tragic fatal accidents. On every work site, in every office or depot, Skanska people as well as partners on a given moment have stopped work to show respect, learn about and discuss fatal accidents.

It's time to spread learning's throughout the global Skanska company also from severe incidents – those incidents that were near to cause a fatality and definitely have caused suffering and also those near misses that could have been serious if someone had been standing close to where it happened.

"We must learn from these just as we are learning from Global Safety Stand Down. We must continue our efforts to leverage our safety standard, says **Neil Moore**, responsible for Skanska's Global Safety Network.

The first step is to report severe incidents in a way similar to GSSDs answering questions: What happened? How could we prevent this from happening again? What can we do to prevent this from happening here?

A global reporting system for severe incidents is now being developed to be introduced Group-wide during 2011.

"We must increase learning and become a true learning organization, including sharing experiences made. To achieve this we must put efforts into becoming a non-blaming organization. Reporting about severe incidents is not blaming and shaming. It is caring and sharing knowledge and learning," says Neil Moore.

Since some years also the subcontractor data is reported and some, but not all, Business Units have been successful getting the information required. The target is to get both employee and subcontractors' LTAR combined reaching 1.0 in 2015.

LTAR, Lost Time Accident Rate for the Skanska Group employees, of 3,4 means 3,4 incidents that led to lost work time in one million working hours.

Skanska Safety Week 2010, held for the sixth consecutive year, was a great success. The trend is clear - the committed efforts make a difference. Year by year accidents are reduced in line with the target of Zero work related accidents. In 2010 Safety Week we had nine.

**Safety Week is the world's largest workplace safety initiative organized by a company. This year it involved 49,000 employees worldwide and thousands of subcontractors, suppliers, customers and business partners. Some of the highlights were:**

- \* A 35 percent reduction in the number of lost time accidents which compares to 14 in a yearly average week (20 average in 2009).
- \* Following our Safety Week theme "Being involved" tens of thousands of people took part in safety events worldwide, including our contractors and clients.
- \* Safety seminars and conferences attended by our clients, designers and supply chain partners was organized for us to learn "What can we do better" as in our second theme for the week.

# Seven years without accidents

The zero accident target is visionary - but a vision within reach. Skanska's Rocky Mountain District proves it – again and again. For over seven consecutive years, the division has conducted its heavy civil operations without a single lost-time accident.

Text **Alf Lindström** Photo **Skanska USA Civil**

Clark Peterson and Curtis Broughton



**What is the** trick to being safe? Year after year, the team has tried to minimize risk. Measures to improve safety include committed leadership, pretask planning and people training.

"The awareness and commitment of the people out in the field is most important. We have empowered our people to stop and rethink and find better, safer ways to conduct a task if they feel there is a risk that could jeopardize safety," says **Curtis Broughton**, Senior Vice President of the Skanska USA Civil West's Rocky Mountain District.

"We set high expectations and we lower the threshold of acceptance for risk-taking. And there are no repercussions when someone stops work for safety reasons. It is not formalized, it just happens. And what is learned is transferred from crew to crew. There is a strong sense of responsibility."

"There isn't a single trick. But it is crucial to appoint resources, safety staff, etc. We have six people who are dedicated to safety work."

The Rocky Mountain District employs 200 - 400 people in road work, services to the mining industry and development of a variety of civil facilities. A great amount of the work involves heavy equipment.

Clients include public authorities as well as corporations. Their strong safety demands and strict regulations help set targets and expectations.

### And the biggest risks going forward?

"Moving forward some of our biggest risks are on complacency and to managing our growth and the new people coming into our organization. If you were to ask an employee when the Rocky Mountain District last lost time occurred their answer would be, it doesn't matter. We have to be focused on the one we prevent today and tomorrow. It will take leadership setting clear expectations along with clear and consistent systems and processes to manage the growth of our organization in the Rocky Mountain District while maintaining our safety," says **Clark Peterson**, Environment, Health and Safety Director, Skanska USA Civil.

"Any safety system is ultimately depending on human beings that are affected by beliefs, values, misperceptions, communication, etc. We must enable our employees to make the right decision by praising the right things, being a consistent leader and making sure the employee is involved with their Safety. That enables them to have ownership over their own Safety."

"One thing I have always preached is that if we execute and go zero today, then we can do it forever. We must take every day as a new day and go out and execute. The safety record doesn't save us. Just because we were safe yesterday doesn't mean we are safe today. We have to be on our toes every day," concludes Clark Peterson.





# Breaking through ice and rock

In August, a milestone breakthrough was achieved at the Hallandsås Ridge rail-tunneling project in southern Sweden. The tunnel-boring machine, completed the first of the two 5.5-kilometer pipes.

Text Alf Lindström Photo Holger Staffansson

**The rock** is very fractured in places, which allows water to flow into the tunnel. This makes the working conditions for the tunnel boring machine Åsa very difficult and the decision was thus made to freeze a section of the rock to minus 39 degrees Celsius.

At the recent breakthrough, Skanska's foreman Johnny Schütt looked out through the cutter teeth of the drill head before placing flags for Sweden, France and the EU, symbolizing the Skanska Vinci joint venture.

The more than 200-meter-long tunnel boring machine will now be disassembled, refurbished and backed into the tunnel to start work on the second tube in spring 2011. The next – and final – breakthrough is planned for 2015.

When the two tunnels are completed, the traffic capacity between Oslo and Copenhagen will be raised to 24 trains per hour from the current level of four.



Skanska's foreman Johnny Schütt





# Royal shots fired for the largest PPP hospital

There was one Crown Princess, three shots fired, speeches, champagne and cake for all at the groundbreaking ceremony for Nya Karolinska Solna.

Text Alf Lindström Photo Tengbom and Holger Staffansson

Skanska's largest construction project ever commenced with royal flair. H.R.H. Crown Princess Victoria wished everyone the best of luck on the key project for world-class care, education and research. The Crown Princess subsequently fired three initial rounds that woke up the audience – including top politicians from the major parties, personnel from the existing Karolinska Hospital and Skanska employees, side-by-side with daycare children and a considerable media presence. Thus the 320,000 square-meter hospital project officially started. A few thousand people will be involved during the seven-year construction period. Nya Karolinska Solna is the first hospital project in Sweden to be implemented as a public-private partnership, PPP.



H.R.H. Crown Princess Victoria fired the first round at Skanska's construction of the new Swedish university hospital, Nya Karolinska Solna.







“Sustainable buildings are one of the most essential ingredients of a sustainable society.”

## Royal praise

His Royal Highness The Prince of Wales sent a message to Skanska’s Management Meeting in London earlier this year. The letter expresses great affinity with Skanska’s efforts within Green Construction and Development.

Text Alf Lindström Photo Chris Jackson/Scanpix

From one green pioneer to another, His Royal Highness The Prince of Wales urges Skanska to do more, share its green expertise and continue on the Green Journey towards the Deep Green society.

*“Sustainable buildings are one of the most essential ingredients of a sustainable society...”*

From a climate change perspective, the built environment accounts for a large proportion of greenhouse gas emissions. Some companies are, at last, beginning to take this seriously, and I know Skanska has a strong record of leadership in this field. But we need more to rise to the challenge. More fundamentally, we need, as your Chief Executive, **Johan Karlström**, has said, to aim higher, looking not just at energy use, but also minimizing waste and maximizing the recycling of materials and water in every aspect of building construction and operation. I am sure the approach you are taking will be successful and send a strong signal both to the public and to investors of what can be achieved in these technical areas,” His Royal Highness The Prince of Wales.

His Royal Highness The Prince of Wales, has long been actively working for a more sustainable development. The commitment for the environment is reflected in a number of the HRH the Prince’s own initiatives like His Royal Highness The Prince of Wales Foundation for the Built Environment.

“His Royal Highness The Prince of Wales also keeps a close watch on good initiatives within business and scientific communities. Skanska actively supports this work. In the past year or so senior Skanska executives participated in his events in Warsaw, Brussels and London where they shared their experience of developing Green Business for Skanska. Johan Karlström signed and encouraged other Nordic CEOs to sign the Copenhagen Communiqué ahead of the global Climate Change meeting in Denmark last year. Being aware of this, His Royal Highness The Prince of Wales was kind enough to send us this message, which was very much appreciated,” says **Noel Morrin**, Skanska’s Senior Vice President Sustainability and Green Construction.



## Building paves the way for Civil in the Northwest

Large building projects in Seattle, including McCaw Hall at the Seattle Center, the Amgen campus on the city’s waterfront, and Benaroya Hall have paved the way for Skanska USA Civil to make inroads in the Northwest.

Text Gary Fabbri Photo Skanska USA

Skanska’s USD 114.6 million bid for the south section of the Alaskan way Viaduct beat out five other bidders. It’s expected that about 100 workers will begin the first phase of the viaduct replacement project, from South Holgate to King streets south of downtown Seattle during the summer.

Skanska recently won the bid to replace the 0.8-mile section of elevated roadway along Seattle’s waterfront. “With this road work you haven’t heard much about, we truly intend to be players,” said **Robert Babitsky**, Skanska USA Building.

Skanska’s entry into this segment in the

Northwest brings another big competitor to a field that already includes big local construction firms such as Kiewit and Mowat Construction Co. And more competition is having an effect on bid prices.

Skanska’s bid was USD 38 million less than the state engineers had estimated. Ronald Paananen, administrator of the state Department of Transportation’s Alaskan Way Viaduct Project Team, said the state is seeing as many as eight bidders on projects, when a year ago projects might draw bids from two contractors.

**Dan Howell**, Skanska USA Civil in the North-

“We want to leverage that road-building expertise and put together a top-notch civil team based in Seattle.”

west says, “Skanska USA, has extensive experience building roads in other parts of the country. We want to leverage that road-building expertise and put together a top-notch civil team based in Seattle.”

“We have our eye on several other large, publicly funded projects,” says Howell. “And we’ve put together a statement of qualification to bid on the next phase of the 520 floating bridge replacement project and also is interested in Phase 2 of the I-90 work near Snoqualmie Pass. It’s helped considerably that Skanska USA Building already has such a presence here.”





# Where stars and bucks meet

Wrocław is one of Poland’s regional growth cities where Skanska is in pole position. Grunwaldzki Center is the first office building that Skanska has developed, built, leased and sold in the regional capital in Southwest Poland. A new project – The Green Towers - is already off the ground.

Text **Alf Lindström** Photo **Holger Staffansson**

**Wrocław is attracting** more and more international companies. For Credit Suisse, it was Skanska’s Grunwaldzki Center that tipped the scale.

“The opportunity of having a Skanska office was one of the key reasons why we chose Wrocław,” says **Wojciech Pogroszewski**, Vice President of Credit Suisse.

“We wanted modern, pleasant and flexible premises in an excellent location and we were not disappointed. We are also very pleased with the services we get.”

Credit Suisse’s Wrocław Operations Center supports the bank’s global businesses. The majority of the employees are between 24 and 26 years old - a generation known for wanting only the best. Attractive premises are a prerequisite for a successful recruitment.

“We have a top-notch building in an excellent location, right in the center of the University area. With Starbucks at the corner, it has become the new meeting point,” says **Nicklas Lindberg**, President, Skanska Property Poland.

Being a green pioneer - this is the first EU Green Building in Wrocław and LEED certifica-

tion is also under way for the Skanska office in the building – made the office building attractive to the German investment fund RREEF.

Wrocław – right in the heart of Europe and with seven universities and 700,000 inhabitants – has plenty of highly qualified young people that make the city very attractive for international companies.

Swiss Credit Suisse, Spanish Santander and HP (Hewlett Packard) are among the companies that have signed up for major leasing contracts. In addition, U.S. coffee bar chain Starbucks opened its first Polish coffee bar in the Grunwaldzki Center, also making it its Polish headquarters.

The Polish economy is growing, and has done so throughout the financial turmoil. Consequently, it is time for the next step – Green Towers – a new development project to be opened in 2012.

The Green Towers will be constructed by Skanska Poland, just like the Grunwaldzki Center. The synergies are many and cooperation is facilitated by Skanska Poland’s regional office in the Grunwaldzki building.

Wojciech Pogroszewski, Vice President of Credit Suisse.



## Wrocław

With a population of some 700,000, Wrocław is Poland’s fourth largest city. The city is a regional center for business, industry and higher education. Rents are EUR 13-15/sq.m. (Warsaw EUR 21-24/sq.m.) Wrocław in southwest Poland is right in the heart of Europe; Berlin, Prague and Vienna, as well as Krakow and Warsaw, are only a few highway-hours away. This is good in peacetime but not so good in wartime. The city, which originally went by the German name of Breslau, has been part of Saxony, Bohemia, Habsburg Austria, Prussia, Germany and, since 1946, Poland. Armies from East and West ruined the city in World Wars I and II. After Hitler made it a Nazi stronghold, British bombing and Soviet occupation, 70 percent of the city was reduced to rubble. Today, the city is famous for about 80 different miniature sculptures of gnomes placed all over the city. Wrocław was also a center for the democratic movement in the 1980s.

## Grunwaldzki Center

**Investment:** EUR 56 M

**Size:** 27,300 sq. m.

**Parking:** 400 underground spaces

**Started:** 2007

**Completed:** June 2008 and April 2009

**Leased:** 95 percent

## EU Green Building

The Center is named after the Battle of Grunwald in 1410, when Polish forces beat the German Knights of the Teutonic Order.

## Green Towers

**Investment:** EUR 22 M in the first phase

**Size:** 12,000 sq. m. (+ 12,000 sq. m. in second phase)

**Parking:** around 350 spaces (325 underground)

**Started:** May 2010

**Completion:** 2012

**Leased:** in progress

Targeting LEED Gold certification

## Skanska Poland in Wrocław

The Millennium Bridge, completed in 2004, is one of Skanska’s most remarkable constructions. The 972 m bridge in bright blue and yellow spans the River Oder on the outer ring road of Wrocław. Currently, Skanska Poland also has the Design/Build assignment for a new 5 km stretch of the same ring road, including four bridges. A major renovation of the city’s University Library is also under way.

# Heating up in Arizona

Temperatures on the Navajo Reservation, Arizona, where the Peabody Energy coalmine is located can be extreme. And with a jobsite that extends for more than 100 square miles local knowledge, experience and good contact with the local community are crucial for success.

Text **Gary Fabbri** Photo **Skanska USA Civil**



**Many mining jobs** help reclaim land, but very few have the types of arrangements and challenges found at the Peabody mine. Skanska’s Rocky Mountain District (RMD) has a long history of work on such projects throughout the desert southwest and in the region’s highland areas.

“Every job has its challenges, but these are truly unique,” says **Herschel Hampson**, Project Manager. “Navajo families still live on the land. School buses make stops along haul roads. Heavy machinery, including 300-ton haul trucks, pass by Navajos herding their sheep.”

“We work safely in spite of the challenges and keep the client’s interests first,” says Herschel. “Site specific knowledge and training give our team an advantage.”

Work starts before mining begins when trees and topsoil are removed. “The trees are piled up and Navajo residents are permitted to take as much wood as they like,” says Herschel. “They are also each entitled to as much as three tons of coal every year for heating.”

“The people working here also live here. They know how to handle the heat and they know the lay of the land.”

the most of this mine’s unique environment has resulted in a long standing relationship with Peabody Coal and the local community.

“The people working here also live here. They know how to handle the heat and they know the lay of the land,” says Herschel.

“What’s most amazing to me is that the land we reclaim is actually more productive than it was prior to mining,” Herschel stands on a brushy mound, surrounded by shrubs and grasses and looks at an entrance to the mine in the distance. “It’s hard to believe, but I’m standing on a spot that was reclaimed ten years ago.”

After coal has been extracted, our team fills in the pits and finishes with a carefully graded and shaped stock of topsoil and seeding for native plants.

The Skanska RMD team manages the reclamation work and provides reclamation equipment. Members of the Navajo Nation, who are Peabody employees, work as operators. The Skanska team’s willingness to make





## Animal aid

Skanska Beaverton operations has commenced work on a new USD 6.4 million veterinary medical center at the Oregon Zoo in Portland. The new 15,000-square foot facility will replace a 40-year-old facility that neither meets the needs of zoo animals nor can it accommodate the newest medical equipment. When completed, the clinic will include rubberized floors, adjustable air and water temperatures, and holding areas designed to suit different species. Closed-circuit monitors and viewing windows will be included so that students can observe surgeries and other procedures.

“It’s a major upgrade for the zoo, but the real benefits will be for the animals,” says Project Executive **Justin Cook**. “While most members of our community won’t ever see the clinic, we’re thrilled to know that thousands of zoo visitors will have a more enjoyable experience because animals here will be given the best care as they need it.”

The project is funded through a USD 125 million bond local voters approved in 2008. Our team worked hard to win the hard-bid contract.

“It’s a credit to the entire team and the shared experiences we have building similar facilities through the years,” Justin says. The zoo itself stands to benefit from more than healthy animals. The zoo is working to maintain its accreditation by the Association of Zoos and Aquariums, AZA. On a previous inspection, the AZA noted the inadequacy of the existing veterinary clinic.

“In many ways, this project is part of the Oregon Zoo’s plan to maintain its status as a premier wildlife study facility,” Justin says.

## Hot spots around the world

### 1. No 1 in Green building

The magazine Construction Digital has compiled a list of global construction companies who have become leaders in green building. And Skanska is number one.

### 2. In a Nobel community

Just like Nobel Lauret Mario Vargas Llosa and Colombian pop star Shakira, the President of Skanska Latin America Hernán Morano has been selected as a Referent Advisor for the International Foundation of Young Leaders (Fundación Jóvenes Líderes).

### 3. Leadership Award

Skanska has been awarded the U.S. Green Building Council’s 2010 Leadership Award for the company’s vision, leadership and commitment in promoting the development of the design and construction of green projects.

### 4. Annual report ranked 28

The Skanska Annual Report for 2009 was ranked number 28 in the world in the latest edition of the “Best Annual Reports” ranking by analysis company Report Watch.

### 5. One of the best

Skanska has been named as one of the ten best com-

panies in the Nordic region at reporting its direct and indirect carbon emissions, according to this year’s edition of the annual ranking from the Carbon Disclosure Project, CDP.

### 6. Made it in New York

New York Construction magazine recently announced the winners of its Best of 2010 awards, in which Skanska took the top prize in three categories. For Civil/Public Works, Skanska USA Civil won for its work on the Fulton Street Transit Center Foundations in New York City. For Landscaping/Urban Planning, Skanska USA Building won for its work on the Brooklyn Bridge Park. The Overall Project of the Year was awarded to the New Meadowlands Stadium, where Skanska USA Building and Skanska USA Civil joined forces. On top of this - New York Construction, named Skanska as Contractor of the year. And Crain’s New York Business magazine ranks Skanska Top NYC Construction Company.

### 7. Best in the Southeast U.S.

Skanska took a double when the Southeast Construction magazine announced the winners of its Best Of 2010 awards program. Skanska won the Award of Excellence for Tampa Museum of Art, and the Best Landscaping/Urban Planning Project: Curtis Hixon Waterfront Park, adjacent to the Tampa Museum of Art.

### 8. Green Towers

The Green Towers project in Wrocław, Poland, is now LEED Platinum pre-certified, the first project to achieve the highest LEED level in the Polish market.

### 9. Stadium awards

The Construction Association of America recently selected the New Meadowlands Stadium as the 2010 winner in the Building Projects category.

### 10. On a mission

Jake Carnemark, Head of Skanska’s Mission Critical Center of Excellence, was one of the main speakers at a recent DatacenterDynamics conference in Stockholm, Sweden. Jake delivered his message on the theme “Energy and Operational Efficiency.”

### 11. Taking the lead

Anette Frumerie takes the lead in making Skanska the leading residential developer in the Nordic region. Although Anette is relatively new to Skanska, she has 17 years of experience from housing development.

### 12. Green wave over Europe

Four new Skanska office projects that aim to achieve LEED Gold or Platinum certification have commenced in the cities of Warsaw and Wrocław in Poland, Prague in the Czech Republic, and Budapest in Hungary.

### 13. 3,000 reasons and rising

In the first week after publication, orders were received for some 3,000 free copies of the first edition of the Green Urban Development Report, with the theme “The rise of local energy communities.”



## Then ...

**BACK IN 1897**, horses were an important part of the “machine park.” The supply warehouse on Surbrunnsgatan in Stockholm – close to the first Stockholm office for Skanska on Sveavägen 106 – included a stable with coachmen and grooms. Three cows were added at a later date to ensure that Skanska employees could buy milk during the hunger crisis in the

First World War. In 1897, the company’s sales exceeded SEK 1 M for the second time and profit was 6 percent.

This image shows culvert work in progress on Birger Jarlsgatan, Stockholm. Concrete culverts comprised one of the company’s early patented specialties.



Svein Akcora enjoys his third Skanska home.  
Here with daughter Emilie Akcora.



## A third Skanska home for Svein and Emilie

**Svein Akcora** is a three time customer. For every phase of his life Svein has found the perfect match in a new Skanska home. When your family is growing like the girth range you have to move house to match the new size. Skanska in Norway can offer a home for every phase of life. When the new residential area Ramstad Gård in Bergen, Norway, was put up for sale this spring, Svein Akcora signed up for his third home from Skanska Bolig.

Already in 2000 Svein bought his first Skanska home. A small one – he was single. Soon he had a girlfriend and the couple decided for a larger one in the same area. Now, Ramstad Gård with its attractive atmosphere and good communications meet the family's new demand. Svein is a busy man – the six year old daughter starting school these days – and he is working in the offshore industry. Svein is a frequent traveler and therefore home is highly important. This

determined some important criteria when looking for a new home. "A child-friendly living environment, access to gardens and public green areas, less traffic but proximity to public transportation and the new railway in Bergen which quickly takes me to the city and the airport, is important for me. Knowing Skanska as a credible supplier of new homes, and when my preferences regarding living environment are met, this is a natural choice," says Svein, who also is happy to notice that a Skanska home also is attractive on the second hand market.

"A customer that chooses to buy his third home from us is a clear evidence that we have succeeded in creating unique selling points that matches preferences of our target group. Also that our colleagues delivering up to par," says **Tore H. Mjaavatn**, Country Manager Skanska RDN in Norway.