



Worldwide

A MAGAZINE FROM SKANSKA
#3 2007

GOLDEN OUTPERFORMERS



now...

On September 6, 2007, Prime Minister **Gordon**

Brown visited Skanska's Bristol Brunel Academy, the first new school to be delivered by the nationwide Building Schools for the Future (BSF) program. The new academy has 1,080 places for 11- to 16-year-olds as well as 100 seniors (sixth formers) and will incorporate a leisure center as of March 2008. The Academy has been developed and is being operated by the United Kingdom's first Local Education Partnership (LEP), whose members are Skanska, Bristol City Council and Partnerships for Schools, the U.K. government body for managing BSF. Bristol LEP is also developing three more schools to open in 2008/09 and other new schools in Bristol during a 10-year period. Construction value of the initial four schools is GBP 120 million (USD 242.5 million). The operating contract is for 25 years. Skanska invested in the development and leads the consortium, which is providing construction, IT and Facilities Management services. In Skanska Infrastructure Development's school catalogue you also find schools in Bexley in Greater London, Midlothian near Edinburgh and there is more under way in Bristol.

● PHOTO: NEIL PHILLIPS

Lean and green



Some years ago, there was a restaurant in Stockholm called Lean & Green. I suppose they served mostly vegetables... to eat, I mean. I never dined there because I could not get the meat dishes that make my engine run smoothly. But the restaurant's name

could be the tag line for tomorrow's Skanska.

"Lean" because efficiency and productivity top the agenda. In Finland a systematic approach has been adopted to reduce wasted time in construction. In addition, the Skanska Xchange initiative aims at improved efficiency. For example, more than 2,000 staircase options will be cut down to about 30 versions through a more standardized approach.

"Green" because a new initiative will make Skanska green – our vehicles, equipment and how our personnel think and work. A lot of environmentally beneficial activities are already under way throughout the company. Through this green initiative, Skanska will make environmental expertise available to customers wherever we are active.

Read more about the lean and green Skanska going forward in the next few years in this issue.

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Welcome to a brave new worldwide.

You can find the entire issue at Skanska.com.
Browse the pages as you do with the printed issue.
It is always at hand, whenever you want.
Welcome to the brave new **Worldwide**.
Enjoy your reading.

Worldwide

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PRINTING AND COPYING: Alfaprint US EDITION PRINTED BY: Dolan Wohlers

Worldwide is the group magazine from Skanska AB, and is intended for employees, customers and other Skanska associates. The magazine is published quarterly in English. Subscribe free of charge by sending an application by e-mail: worldwide@strd.se, or by fax: +46-8-449 88 10. **Worldwide** is printed on environmentally compatible paper bearing the Nordic Swan environmental label. Feel free to copy pages from the magazine or to quote us, but please name the source. No responsibility is taken for unsolicited material.



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COVER: THE WINNERS OF THE GOLDEN HARD HAT AWARDS 2007. READ MORE ON PAGE 18. PHOTO: HOLGER STAFFANSSON



Why do we continue to build almost the same way we have for **100** years?

Is it **possible** to develop and sell more homes in a **slowing** market?

Why do house prices continually **rise** while prices for other things such as automobiles and electronic devices **drop** year after year?

Dear colleagues and partners,
When your sons and daughters grow up and want a car, they'll probably be able to afford it, at least with a little financial support. Thanks to productivity improvements the auto industry has been able to offer better value for money over time.

But when it's time for them to buy their own home, the situation is quite different. Steep price increases in the housing market make it very hard for first-time buyers to enter the market.

Fortunately for Skanska, housing prices have increased to such an extent that they have covered the costs of our present construction methods.

But now the cost/price curves are on a collision course. Home prices are dropping or flat, but the construction costs keep rising!

Materials, suppliers and labor cost more all the time. And the gap between cost and selling price – our margin – is shrinking. That puts us in a vulnerable situation.

But we want to grow the residential business. And we have to do it in a profitable way.

That is why we started Skanska Xchange, an initiative with the mission to change the way we work, the way we design, the way we procure and the way we build homes.

We must standardize a greater part of residential buildings, pre-fabricate components and use our purchasing power to a greater extent. On-site work will become more assembly based.

The Nordic construction units along with Residential Development Nordic are combining their competence and experience to create a set of common flexible platforms. The design will reflect customers' demands, and the platforms will incorporate more efficient building processes.

Our aim is to reduce costs in all parts of the development process.

Design – Create a variety of platforms like the auto industry with options for the customer.

Production – Produce as much as possible off-site in controlled environments to achieve better quality, increased efficiency and less waste.

Construction – Pre-fabricate easy-to-assemble components, and there will be fewer people on-site. It saves time and money, reduces risk and enhances safety.

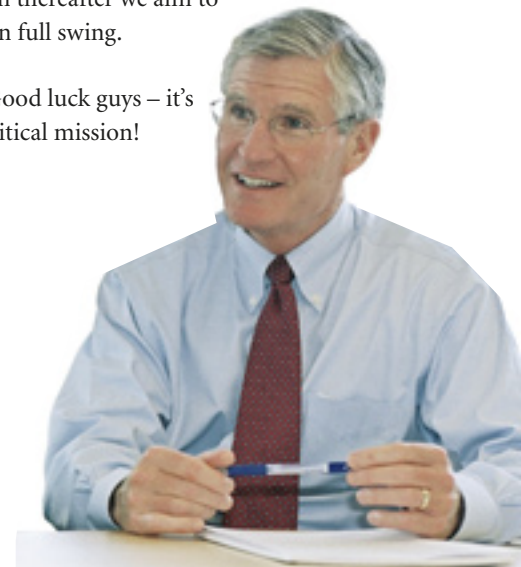
Procurement – Imagine the purchasing power we have when we buy standardized components for thousands of residential units.

We already have most of the knowledge within the company. Skanska Xchange's mission is to find, measure and develop our methods and products so we can benefit from that knowledge.

Our plan is to increase the number of residential units sold by 50 percent during the next three years, to cut construction costs, increase productivity, and keep our customers satisfied.

Skanska Xchange will change the world of construction – at least in Skanska. We will see the first results by next year and soon thereafter we aim to be in full swing.

Good luck guys – it's a critical mission!



COURTHOUSE IN SOLLENTUNA

STOCKHOLM

Skanska will be responsible for the development and construction of a new courthouse for Sollentuna District Court, north of Stockholm, Sweden. Construction contract value: USD 38.3 million. Skanska has been involved in four similar projects in Uppsala, Växjö, Flemingsberg and Malmö.

STUFFED GREEN FROG

DURHAM, NORTH CAROLINA

A stuffed green frog and the right to brag about environmental achievements. This was the prize for Skanska USA Building's Durham office when it won the U.S. daily *The News & Observer's* green office award. Skanska outgreened more than a dozen applicants. Among the winning features was the Zero Waste policy including extensive recycling, composting and phasing out disposable kitchen items. This was the bragging part: The frog can be seen in the Durham office.



JOINT RECRUITING SESSION

ATLANTA, GEORGIA

In September, USA Building and USA Civil participated in a joint recruiting effort at Georgia Institute of Technology in Atlanta, Georgia. Representatives from both business units spoke with more than 150 students – including majors in civil engineering, construction management, management/finance, marketing and computer science – about the benefits of working for Skanska. There was great enthusiasm about joining Skanska, with one student exclaiming, “Skanska is the only company I want to work for!”



Jennifer Boatright, Senior Project Manager, USB, Jessica Murray, USB, Tony DeStefano, Director of Recruiting, USC, with students at Georgia Tech.

TOP TEN

1

1 The Top Green Contractor. Skanska USA is the No. 1 Green Builder according to the U.S. trade magazine *ENR* (*Engineering News-Record*).

3 Four new logistic centers are Skanska Commercial Development's latest investment in Sweden, amounting to a total of USD 88 million.

Skanska's Annual Report 2006 is included in the 50 Top Reports according to Report Watch. Skanska, along with General Electric and Walt Disney among others, received a ***(*) rating.

II State of California chose Skanska for the USD 181 million design-build contract to upgrade the state's central utility plant in Sacramento. The project encompasses measures for energy savings.

Four Zeros are now Five Zeros as Zero Defects is added as a core value aimed at improving the bottom line and increasing customer satisfaction.

Skanska achieved eighth place in U.S. construction magazine *Engineering News-Record's* annual ranking of the top 225 global contractors. The ranking is based on total company contracting revenue. (The list includes state-owned Chinese companies.)

Three very grateful clients and municipal officials sent their thanks to Skanska Latin America's Peru office after the company's relief actions in connection with the earth-quake that hit the Pisco area earlier this year.

Hanne Rønneberg, who was the first woman in Skanska Norway's Management Team, is now Skanska's first green SVP. She will head Green Construction, which is part of the strategic focus Green Initiative.

Recently, about 600 Skanska leaders gathered in Oslo for the Management Meeting, which was made “carbon neutral.” Traveling to the conference generated 274 tons of CO₂ which Skanska offset through a U.K. government-approved agency. The offset was split between a German coal mine methane capture initiative and an Indian wind farm project.

9 Worldwide welcomes three new business unit Presidents: Mike McNally, Skanska USA Building, Anders Kupsu, Skanska Commercial Development Nordic, and Jonas Spangenberg, Skanska Residential Development Nordic.

ROYAL OPENING

OSLO

Their Majesties, King Harald and Queen Sonja of Norway recently participated in the official opening of the Ormen Lange North Sea gas plant.

Skanska's assignment included construction and civil engineering work above and below ground at the land-based gas terminal in Aukra on the Norwegian west coast. The terminal was completed in the summer of 2007 after a three-year construction period. In total, Skanska was involved in three contracts worth approximately NOK 2.76 billion.



HM Harald and Queen Sonja at the opening.



PHOTO: GETTYONE

SOLAR CELLS IN BOKLOK HOMES

COPENHAGEN

A Danish Skanska consortium is testing built-in solar cells in newly produced homes. This means BoKlok (LiveSmart) homes could incorporate solar cells in the future.

BEST NORDIC DEVELOPER

STOCKHOLM

For the third consecutive year Skanska Commercial Development Nordic has been granted the Best Developer Award by **Euromoney**. This year's award was the for best developer in Nordic & Baltic region, Sweden, Denmark and Norway.

TOP POSITIONS IN U.S. AND EUROPE

NEW YORK

Skania is the second largest contractor in the U.S. market and third largest in the European market according to the U.S. construction magazine **Engineering News-Record**.

POLISH RECYCLING FESTIVAL



KRAKOW, POLAND

For the fifth consecutive year, Skanska's Kraków office arranged the city's recycling festival, the largest event in Poland promoting the idea of recycling. During the event, tons of recyclable materials were collected – glass, paper, bottles, cans and batteries. Participants also created a picturesque model of the Kracow Barbican using recyclable materials.

Barbican mock-up made of 40 000 aluminium tins.

On-Site Insight: Mandatory Competence Checks



NIELS. FALK @SKANSKA.DE 2007



AWARDS

LATIN AMERICA'S MOST PRESTIGIOUS SAFETY AWARD

CHILE

Skanska Latin America's safety effort has been recognized with the ALASEHT (Latin American Safety Association) Latin American Safety Award. ALASEHT is the most important Safety and Health organization in South America.

Skanska Latin America President Hernán Morano and the unit's Quality, Health, Safety and Environmental Manager Alfredo Andrade recently received the award at the ALASEHT continental meeting in Chile.



PETROBRAS AWARDS SKANSKA SAFETY

RIO DE JANEIRO, BRAZIL

Skanska Latin America received an award from Petrobras, in recognition of the 2.7 million hours worked (2006) without lost-time accidents at the Unidad Coque Project in the REDUC refinery, in Rio de Janeiro, Brazil. "By March 2007, we had accounted for 3.5 million duty hours with no accidents." The Petrobras Award is called "Outstanding Merit in Safety, Environment and Health by means of Control, Monitoring and Execution in the Field."

MOST VALUABLE

WARSAW

Skanska Poland is topping the charts in many respects. The unit is the highest ranked construction company in Corporate Social Responsibility according to German business publication **Manager Magazin's** Good Company Ranking 2007.

In **Newsweek Polska** magazine's ranking of "The 100 most valuable companies in Poland" Skanska Poland is listed as the most valuable general contractor. The company also is the second most desired employer among engineers in Poland. To top it off, Skanska Poland is the country's general contractor with the highest economic value added (EVA) in 2007, according to the Polish daily **Rzeczpospolita**.

A DREAM EMPLOYER

OSLO

According to a survey conducted by employer branding specialist Univer-sum Communications, Skanska is the dream employer among construction/engineering students in Norway.

TREE FOR LIFE

PRAGUE

Skanska Czech Republic won the Company Profile Via Bona Foundation's special award for "Innovative ways of donorship" for the cooperation on the "Tree for life" program, which cares for the environment through treeplanting. The President of Skanska Czech Republic Zdenek Burda received the price.



IT'S GOOD TO BE FTSE4GOOD

LONDON

Skanska has once again passed the scrutiny of the FTSE4Good index, a **Financial Times** and London Stock Exchange index of companies whose performance in terms of sustainability, social responsibility, human rights, labor standards and business ethics is exceptional.

CARIBBEAN SAFETY AWARD


PUERTO RICO

The Puerto Rico Manufacturers Association has recognized Skanska USA Building's Caribbean Operations with an award for its work to reduce risk in the workplace, aimed at eliminating workplace injuries.

URBAN HARMONY

SOLNA, SWEDEN

Filmstaden, a new city residential district with workplaces and restaurants in Solna, Sweden, has received the City Council's annual urban environment award. According to the Council, Filmstaden is an excellent example of how to successfully harmonize old and newly developed buildings.

A full-page photograph showing a rescuer in a red suit and helmet standing in the rubble of a collapsed building. A sniffer dog is also visible in the debris. The building's structure is severely damaged, with exposed rebar and broken concrete. The scene is set against a clear blue sky.

Truckloads of food, water and blankets from Skanska Latin America eased the suffering of thousands in earthquake-stricken Peruvian cities. Skanska personnel were among the first to bring emergency aid to the people of Pisco, Chicha and Cañete.

A rescuer works with a sniffer dog.

LIFESAVING RELIEF ACTIONS IN PERU

TEXT: LUCAS GARCÍA HAYMES

PISCO, PERU

On August 15, 2007, an earthquake of 7.9 magnitude on the Richter scale struck numerous Peruvian cities. Pisco, a coastal city about 300 kilometers (186 miles) south of Lima, was devastated.

The cities of Chicha and Cañete also suffered serious damage. Thousands of people lost their homes and spent the following nights outdoors, lacking shelter, food, warm clothing, lighting and drinking water. The hospitals in the area were heavily damaged, as were the communication systems.

Skanska has been active in the Pisco area on the Camisea gas project. After completion, Skanska is now in charge of plant maintenance. The Skanska Latin America business unit has about 75 employees in the Pisco area.

Gustavo Nagel, Skanska's country manager in Peru, took immediate action on day one. The unit's Crisis Committee formed for situations of this nature was soon involved. The first action was to ensure that the company's employees and their families were safe. The second was to start checking the condition of the plant. While the plant was inspected, a rescue expedition was organized for the suffering citizens of Pisco. Because of looting on the highways that connect the city with Lima, all shipments were made in closed trucks.

"The following day, a group of coordina-

tors equipped with satellite telephones traveled by land and by air to Pisco," Gustavo Nagel relates. "By afternoon, we had already located most of the Pisco personnel and determined the condition of their families. We then started to gather the Skanska personnel together in an emergency center to be transferred later to a more comfortable camping facility.

"On that same day, we delivered food, potable water and warm clothes to the Skanska workers' families and many of their neighbors. We also provided lighting for

the Pisco town square and the airport. Meanwhile, we prepared our plant to be restarted. It took us five days to get the plant fully operable again."

Gustavo Nagel wishes to acknowledge the efficient manner in which the supplies were delivered.

"Everyone involved made a tremendous effort, which

was demonstrated in concrete actions, with no thought of personal recognition. This unselfish work provided welcome aid to Skanska's and the customer's families. Dedication, hard work and compassion were the engines that ensured results during these difficult moments we have had to endure! Thank you very much!"



Skanska personnel on-site after the Pisco earthquake.

I can tell you more

Gustavo Nagel
gustavo.nagel@sadeskanska.com.pe



PISCO GAS FRACTIONING PLANT FACTS

PISCO, PERU

Skania was contracted to build the coastal installations for the Camisea Project, located 240 kilometers (150 miles) south of Lima, near Pisco, Department of Ica, Peru on the Pacific coast. The works constituted the final plant necessary to complete the first stage of the Camisea Project.

The project involved a gas plant for separating liquefied natural gas (LNG) from the raw material fed from the Malvinas Gas Plant built by by Skanska LA.

This provided the Peruvians with cleaner and less contaminated energy, who likewise benefited from the possibility of developing a variety of industries using LNG as the raw material for diverse products.

The plant carries out liquid fractioning and includes a distillation unit of about 5,000 cu m (6,540 cu yd) of liquid fed daily from the Malvinas Plant. The natural gas liquids are separated to become such quality commercial products such as propane and diesel. These products are shipped to export markets. Skanska LA is also in charge of the gas pipeline used to load the ships and to store the gas in cistern pools for domestic consumption.

Scope of the work: Engineering, procurement and logistics, construction, start-up and maintenance of the plant. Skanska LA is currently providing maintenance services for the gas-fractioning plant.

Project name: Pisco Gas Fractioning Plant, EPC2

Client: Pluspetrol Peru Corporation

Location: Near Pisco, Department of Ica, Peru

CUSTOMERS EXTEND THANKS FOR HELP

Letters of thanks and appreciation have been received from customers in the Pisco area.

"Thank you for the effective, appropriate and supportive response you provided not only to your staff at our plant but also to their families, when Pisco city suffered from the earthquake," reads the letter from Esileo Bouza, Operations Manager, Pluspetrol Peru.

"I thank you once again for the important and effective support in the aftermath of the disaster. The lending of equipment and personnel enabled the short-term demolition of six damaged schools. Therefore, we could start with the early rebuilding of these institutions, so students could resume their classes in the short term," writes Victor Raúl Díaz Chavez, Vice Minister for Education, Ministry of Education, Peru.

Skanska provided a CAT 320 excavator and operator for the demolition of six schools in the area.



RENOV FOR A

The United Nations (UN) Headquarters in Manhattan, New York, is one of the world's best-known building complexes. Since the early 1950s, world leaders have met there to create a better world together. The UN has turned to Skanska for the buildings' current need for renovation.

TEXT: PETER GIMBE
PHOTO: PER-ANDERS PETTERSSON

Teaming up for United Nations Capital Master Plan (CMP) renovation and upgrading of the international agency's headquarters in New York City. The Skanska USA Building team, left to right: Richard Christ, Susan Jenkins, Steven Pressler, Daniel Kolakowski, Susanna Catalano and Jack Raff.

ATING THE UN BETTER WORLD

NEW YORK

It is easy to understand that this is a unique project. Most of the six buildings of the UN Headquarters were built during the 1950s and have not been thoroughly renovated since. Such work must be carried out so as not to disrupt UN operations during the construction period. Also, tough security requirements must be adhered to.

The project involves the UN's largest-ever investment. The value of Skanska's share of the project could exceed USD 1 billion. The renovation will be executed in phases through 2014, when it is expected to be complete.

The project represents a significant challenge. The renovations will have a distinctly "green" character, entailing asbestos abatement and extensive measures to reduce energy consumption. For example, the well-known glass facades on the 41-story Secretariat Tower will be replaced with modern, energy-efficient facades, with no change in their appearance.

"We are extremely proud of the opportunity to work together with the UN in creating a modern and environmentally friendly headquarters for leaders and employees," says **Mike McNally**, President, Skanska USA Building.

"We are determined to work in the

spirit of the UN. For example, our project team consists of selected individuals from a number of different countries, and we will also be cooperating with international suppliers."

It is no coincidence that Skanska USA Building emerged from negotiations victorious. The selection process was extremely thorough, and the UN placed great emphasis on Skanska's Code of Conduct and how it has been adhered to throughout the world.

Other important factors for success were the international team drawn from different Skanska units and custom-tailored for this project, and the fact that Skanska has been involved in the UN Global Compact initiative for many years. The company's long and varied experience with large, complex projects and its expertise in connection with sustainable development also played a significant role.

This is not the first time that Skanska has earned the trust of the UN. Skanska USA Civil was involved in the initial construction of the Headquarters, and Skanska has had the honor to carry out construction projects on behalf of the UN on a number of occasions throughout the years. Examples include a center for UNEP, the UN's environmental program, in southern Norway and refugee facilities in Kenya.

MORE UN PROJECTS

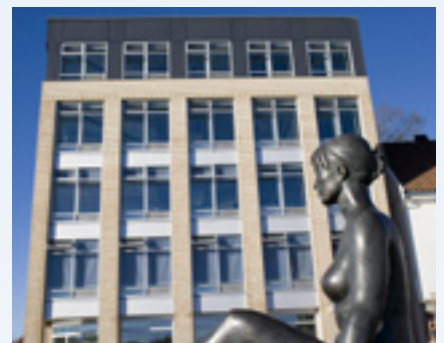
For the United Nations, Skanska has conducted several assignments through the years.



In northern Kenya Skanska assisted the UN in establishing infrastructure, for example service facilities, roads and water, for refugee camps in the early 1990s.



Also in the 1990s Skanska helped provide the UN peacekeeping forces with a local office in the war-torn Somalia capital Mogadishu.



In Norway Skanska last year completed the new center for United Nations Environment Programme, UNEP/GRID-Arendal in the Oslo area.



VISIBLE LEADERSHIP ON SAFETY WEEK

STOCKHOLM

Skanska Safety Week was held October 22–28. For the third consecutive year, the goal remained zero accidents across all business units. In Safety Week 2006, six lost-time accidents were reported during the seven million hours worked.

“We must make every effort to achieve zero accidents,” says **Neil Moore**, health and safety coordinator for Skanska’s European operations.

Since 2004, Skanska has had a goal of zero accidents throughout all projects at all times. Some improvements have been achieved, but the goal has yet to be reached.

“This year Safety Week had a two-fold focus: safety when working at heights and visible safety leadership. Falls from heights were responsible for the fatal accidents in 2006 and three of the five fatalities this year. Safety leadership is required to ensure that we plan our work activities, identify the

safety risks and put the correct controls in place. Visible leadership on-site is needed to ensure that we are working safely,” says **Hendrik van Brenk**, Senior Vice President, SH&E with the Group and Skanska USA Building.

“This safety leadership is also required to ensure that our subcontractors are able to meet our safety standards. Working closely with them is a necessity for achieving zero accidents,” van Brenk concludes.

Keep up to date on performance during Safety Week through the Skanska web at www.skanska.com/safetyweek

We can tell you more

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WORLDWIDE INPUT

SOLNA, SWEDEN

Your own PC may have suffered from a computer virus. PCs in Skanska and elsewhere are constantly under attack. Most probably you also have received unwanted e-mail (“spam”) and harmful mail (such as those in which somebody is trying to get access to classified information). Skanska IT constantly puts a lot of effort into achieving a sustainable level of security to fend off threats against the IT environment.

“We have not suffered any serious virus attacks since the famous Nimda in the beginning of 2001,” says **Thomas Keisu**, IT Security Manager at Skanska IT. “The layered defense mechanisms enable us to get rid of most of the spam (believed to be approximately 95 percent of all e-mail circulation on the Internet), viruses and harmful e-mails, to make the environment as hassle-free as possible for Skanska’s employees, suppliers, partners and customers.”



GRAPHICS: THOMAS PALMBÄCK

SAFE EXPANSION

STRÅNGNÄS, SWEDEN

Skanska Sweden and Skanska USA Building are expanding Pfizer’s biotech plant in Strängnäs, Sweden. Safety is a top priority, of course. Earlier this year, 100,000 injury-free hours were achieved. **Lars-Inge Österman**, representative from Liab (Skanska’s subcontractor), accepted the award as safest contractor of the month, from **Mike Okuniewicz**, the project’s safety manager. The team is now rapidly approaching 250,000 injury-free hours.

The foundation is in place. Streamlined and with a strong core business and home market focus, Skanska now has a solid platform to build on.

Years of improved performance in construction is the base for pursuing higher targets. And growing gains in the development business streams call for essentially higher investments in years ahead.

Skanska is gearing up for the future – outperform phase II starts in 2008.



GEARING UP » FOR THE FUTURE »

OUTPERFORM PHASE II

Raise outperform targets and increase investments and value creation in development businesses. That is Skanska's way forward 2008–2010. The company will also become a Green City Builder.

STOCKHOLM

The 2005–2007 business plan, the Outperform Strategy, has resulted in significant improvements. Starting in 2008, Outperform Phase II is aiming at higher results and increased investments

and value creation in development businesses.

Skanska will also focus on “green” construction and take advantage of the core competence in development and construction in the growth of cities.

Several business units have surpassed their targets in the current business plan. The Outperform Strategy – higher margins, the Four Zeros – have proven successful. We also improved profitability in





Residential Development and created enormous value in Commercial and Infrastructure Development.

The operating margin in Construction has increased, from 1.4 percent in 2004, to 3.3 percent for the nine months of 2007. At the same time earnings in Residential Development have increased by 60 percent, Commercial Development has continued to outperform and the value of the Infrastructure Development portfolio has substantially increased.

Skanska has intensified its focus in its four core values (Zero Loss-Making Projects, Zero Accidents, Zero Environmental Incidents and Zero Ethical Breaches) and made important achievements in avoiding loss-making projects and reducing workplace accidents.

The new business plan, for 2008-2010, will continue on this path and take the outperform concept to the next level.

The main elements of the plan are:

- Continued focus on margin improvement and cash flow in the Construction business stream.
- Significant increase of the investment in Skanska's Development business streams (Residential Development, Commercial Development and Infrastructure Development).
- Capitalization on urbanization trends in Skanska's home markets.
- A green initiative internally and externally.
- Addition of a fifth Zero – Zero Defects – as a core value aimed at improving the bottom line and increasing customer satisfaction.

"The achievements we have made in Skanska the past three years in terms of building our core values and enhancing profitability are substantial. We now raise our ambitions further – in areas such as quality and environmental performance as well as in profitability in construction and investment volumes in our development business", says **Stuart Graham**, President and CEO of Skanska.

Going forward Skanska has set new financial outperform targets for the period through 2010 for all of its business streams.

FINANCIAL OUTPERFORM TARGETS PER BUSINESS STREAM:

Construction	2007	2010
Operating margin, %	3.3	4.0
Residential Development	2007	2010
Operating margin, %	10.0	12.0
ROCE, %	18.0	18.0
Commercial Development		
Value creation per annum, SEK	500-700 mn	
Invest annually, SEK	4-5 bn	
Infrastructure Development	2007	2010
ROCE*, %	16.0	16.0
Committed capital 2010	SEK 6 bn	
*Adjusted ROCE including unrealized development gains and change in market value		
Group	2007	2010
Return on equity, %	18.0	20.0

Raise the margins in the construction business stream. Margins and cash flow are targeted ahead of growth. The 3.3 percent target will be raised to 4.0 percent. Market outlook indicates there will also be opportunities to grow profitably.

"First, let me clarify that we have more than a three-year horizon. Focus on profitability is forever," says Stuart Graham.

How can raised margins be achieved in construction?

"It starts with zero loser projects. Our risk management has improved and should be even better in years to come. It's all about the right people, right location and right customer.

"Adding on improved efficiency, for example through better planning, industrialization and procurement, will boost our results even further.

"We will now add a fifth zero target for quality – Zero Defects. Doing things right the first time will also improve our results.

"Several units reached their outperform targets already last year: Sweden reached 4.6 percent, Norway 4.2, Poland 3.9, the U.K. 3.3 and Latin America 4.5 percent. The strategy works."

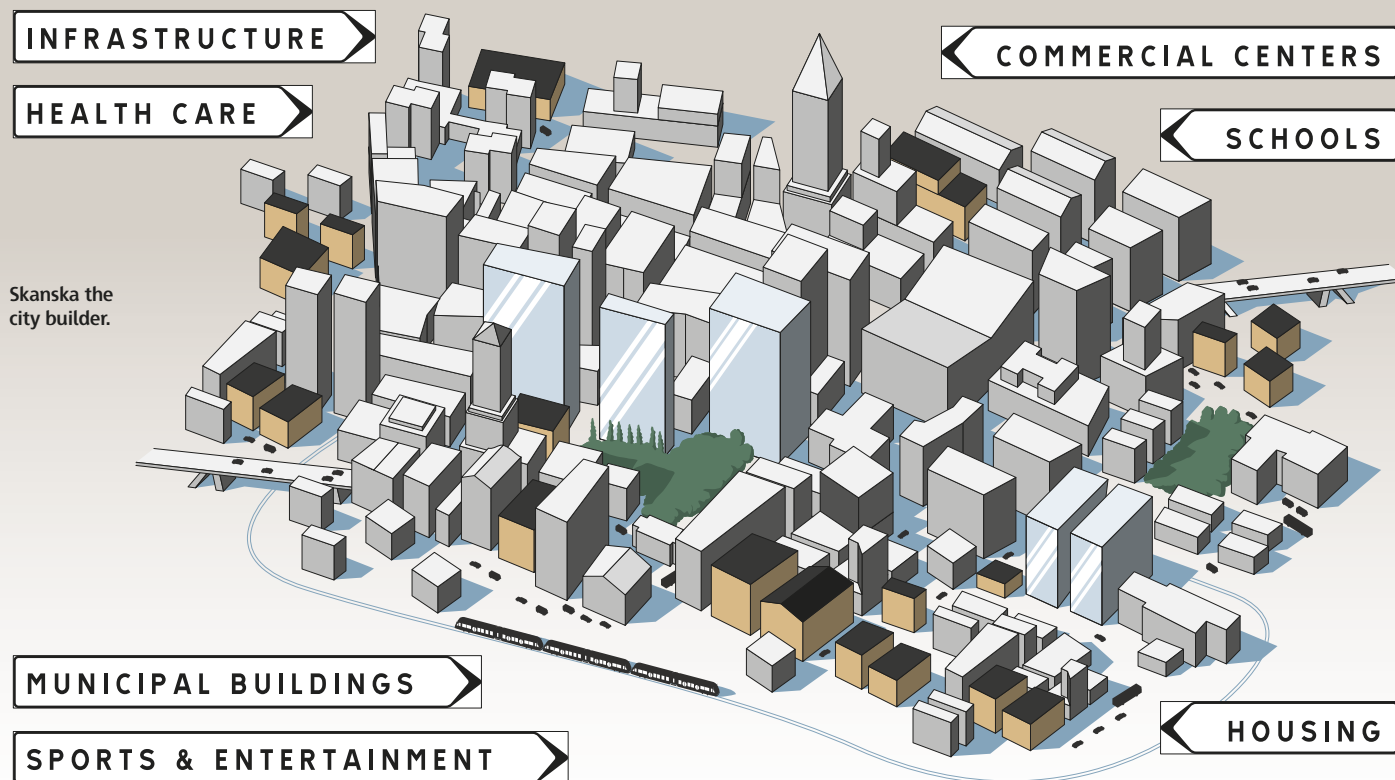
The plan for the next three years includes a goal to increase the investments in the development business streams. By 2010 about SEK 25 billion (USD 1.2 billion) will be invested in commercial, residential and infrastructure development projects, compared to SEK 15 billion today.

Will there be enough capital to increase investments in development businesses almost 100 percent?

"Yes. The construction business generates more cash the better we perform. The sale of properties generates cash to reinvest, and our cash position is already strong. This is one of the great synergies that we must make the most of.

"Residential Development will grow by 50 percent from 4,000 units. To do this we have to capture market share. There will always be a demand for affordable homes such as BoKlok. And we have to reduce costs.

"There is a great potential in Skanska Xchange that is now developing standard products, standard designs and standard components. This will also make it possible to leverage our procurement." (See also the Letter from the CEO, page 4, and Skanska Xchange article, pages 22-23.)



Skanska the city builder.

“In Commercial Development, fortunately, we are in a very favorable environment for new development. The investor market for buying our projects is also very strong. Our CD units have outperformed for some time. Still, we can make more of this opportunity.

“In addition to our traditional markets, we are now expanding our Commercial Development operations to Helsinki, Finland, Wrocław, Poland, and Ostrava, Czech Republic and perhaps further expansion in the next three years.

“In Infrastructure Development we still have great opportunities in the United Kingdom. We hope that the right conditions soon will emerge in the United States and maybe in Sweden and Slovakia, too.”

The Outperform Strategy with the core business focus and the home market concept was outlined in 2005. But the world changes and so must a business that will continue to be successful. Two new initiatives will start.

- The Green initiative. The aim is first to be a green company and then to offer

expertise for green construction to clients.

“Our green expertise will increase opportunities. Customers want to do business with a green builder and they will want green buildings.

“Johan Karlström (EVP Skanska AB) will head the efforts to combine the strengths we already have and develop them further to be able to offer our clients green services in an economical way. Skanska AB will set

aside SEK 100 million (USD 15.6 million) annually for

“There is simply no outperforming without achieving the Five Zero goals.”

developing our expertise.” (Read more on page 32–33.)

- The City Builder. Expand-

ing development and construction in the infrastructure, housing, education, health-care, commercial centers, sports & entertainment and municipal buildings sectors in metropolitan areas.

“Half of the population will soon live in metropolitan areas. They need services and want modern homes and modern facilities.

We have the core competence to meet these needs. There is room for expansion due to urbanization in all home markets.

“There are also a number of cities within our home markets in which we are not active – yet.

“Once we are better at transferring expertise between home markets, we can offer a wider range of city-building services in more cities.”

Of course, also non-city sectors, like roadwork in the Rocky Mountains or in rural Nordic areas and in the energy sector in Latin America, will continue to be an

important part of Skanska’s operations – and profits.

The operations are not only measured in financial terms. The “Four Zeros” will now be “Five Zeros.”

“Our values as expressed in the FiveZeros are very important for our brand. When recruiting students, they are as interested in values as in the career opportunities we can offer. The Five Zeros are also a very good measurement on how we treat our people and our customers.

“There is simply no outperforming without achieving the Five Zero goals.”





BUSINESS PLAN 2007 – ANALYSTS' COMMENTS:

HOW SKANSKA IS DOING 2007

- "Healthy earnings growth."
 "Strong sales and solid earnings in residential development."
 "Stellar performance in property development."
 "We continue to see margin improvements – and we like it!"

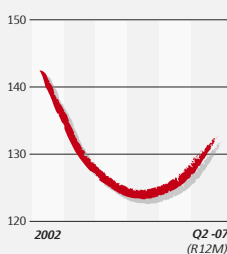
STOCKHOLM

These comments from analysts testify that Skanska is advancing in the right direction – but has still not maximized its full potential. *Worldwide* asked the Carnegie investment bank's financial analysts **Fredrik Skoglund** and **Erik Granström** to comment on Skanska's performance in recent years. Here is what they say about Skanska's past few years and their expectations for the future.



Carnegie investment bank's financial analysts Erik Granström and Fredrik Skoglund.

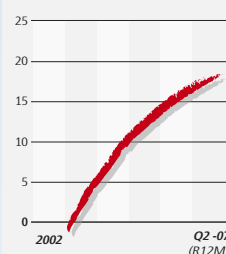
Group Revenue
SEK bn



“Skanska has consciously increased its focus on risk and earnings performance during the past five years. Following a number of divestments, the number of active home markets has decreased and the direct effect has been lower top-line figures. However, as we continue to see

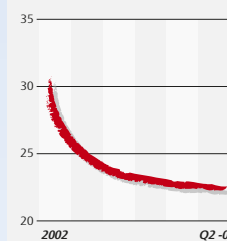
margin improvements – we like it!”

Return on Equity
Percent



“The Skanska return on equity has been on a high level the last few years. With the new business plan in place and focused operations, we expect it to continue to stay high.”

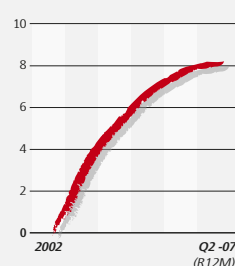
Group Capital Employed
SEK bn



“During the past couple of years, large property divestments have been made. At the same time capital efficiency in all businesses has increased and low yielding assets have been divested. The result is a dramatic drop in capital employed and a corresponding

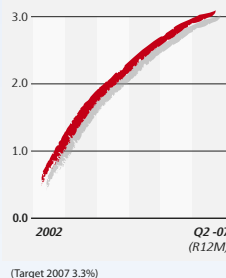
increase in return on capital employed. The strong focus on capital employed and operational control has enabled Skanska to show very strong return on capital employed.”

Earnings per share
SEK



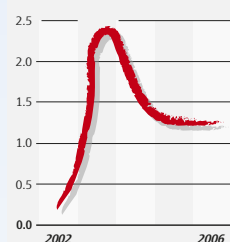
“The underlying improvement in earnings per share is more dramatic than seen in the numbers. Results from property and company divestments during 2003-2004 were a major part of the earnings. For 2005 and 2006, the lion's share of the improvement in earnings was derived from the underlying operations.”

Construction
Operating margin Percent



“The construction operating margin is now close to 3% and given the continued improvements witnessed so far in 2007, we would not be surprised to see the target of 3.3% achieved by year-end. We expect to see even higher margin targets ahead since there should be even more potential in the future.”

Commercial Development
Gain on sale of properties SEK bn



geographical markets is looking strong ahead, we hope to see more of this.”

“The Skanska commercial project development team has always shown stellar performance, and an annual capital gain of SEK 1.4 billion the past five years is no exception. And, considering that the current rental market in its

GRAPHICS: TOMAS ÖHRLING

FOCUS ON CORE BUSINESS

STOCKHOLM

After a period of expansion Skanska in the early 2000s decided to focus on the core business – development of commercial, residential and infrastructure projects and construction – and the home market concept. Therefore divestments were made where Skanska was not a leading player or where business was not core to Skanska.

A stream-lining process was initiated that resulted in the exit of certain markets – for example China and India where Skanska could not be a leading company – and certain non-core product segments.

As a consequence Skanska exited the U.S.

residential market and the construction markets in Hong Kong, Latvia, Lithuania and India. Skanska also left the construction market in Hungary but remains within development of properties (Commercial Development).

Non-core exits

Also telecom and building construction outside home markets (International Projects) were closed down. Whessoe, active in gas operations, and the mining operations in South Africa and Canada were divested.

The non-core businesses within concrete (Contiga) and components like kitchens, windows and wooden floors (Nobia, Myresjökök, Myresjöfönster, Kährs) and single-family homes (Myresjöhus) were divested as were a number of specialized companies in Sweden, such as Raise Boring and Temporent. The operations within facilities management, Services, were divested, too.

Bolt-on expansion

In order to strengthen the Company's presence in certain growth markets and segments, Skanska acquired a number of well run operations that were bolted on to the existing operations in the United States, United Kingdom and Czech and Slovak Republics.

BFW – now Skanska USA Building's Texas office specialized in school projects

Yeager – now Skanska USA Civil West

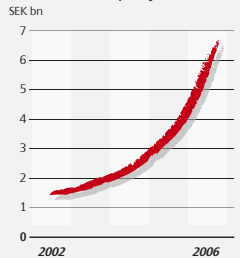
Klimavex – Czech and Slovak specialist in installations bolt on to the Czech operations strengthening the unit within mechanical and electrical installations.

Stamart – Czech and Slovak construction company

Banske Stavby – tunneling specialist in Slovakia

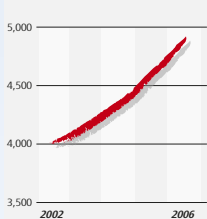
McNicholas – U.K. utilities specialist company.

Infrastructure Development
Market value per year end
SEK bn

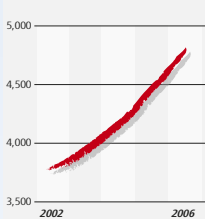


“Skanska's unique infrastructure project portfolio has grown steadily since 2002. The U.K. has posted the most projects, but the value creation has come primarily from the Autopista Central project in Latin America.”

Residential Development
Sold units*



Residential Development
Started units*



* Excluding Russia and Myresjöhus

* Excluding Russia and Myresjöhus

“The Nordic residential market has recovered quickly since 2002 – driven by strong demand for new housing in most areas and low interest rates. Skanska has taken full advantage of the improving conditions and increased the number of housing starts – which has resulted in strong sales and solid earnings for Residential Development.”

“

In general, the decision by Skanska to leave certain markets and businesses has been well received by financial markets. Previously, operations were somewhat scattered and thus difficult to comprehend. With the formulation of the “home market” concept and the divestment of certain business streams, Skanska has moved towards its core operations in regions where the company has a substantial market presence.

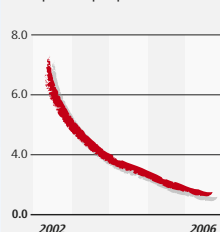
Expansion through bolt-on acquisitions in areas designated as home markets reinforces the view that Skanska is looking to become the leading company in the region. This should enable the company to enjoy the benefits of a strong market share, such as good pricing power and client knowledge. During the past few years, financial markets have gained confidence in the company's ability to control projects, which

is vital to earnings growth and consequently shareholder value.

Going forward, Skanska is in a good position to further strengthen its position in certain home markets. Continued bolt-on acquisitions in the United States (where Skanska has a strong position but modest market share) are likely to be well received by the market because it points to further growth and earnings potential.

In the future, we expect Skanska to further increase its positive margin development. Additionally, with U.S. operations improving steadily, we would not be surprised to see strategic acquisitions in the region, which would be positive. With the valuation of the infrastructure development portfolio increasing, we look for this business segment to play a growing role in the Skanska Group with the continued addition of projects.”

Commercial Development
Carrying amount in
completed properties SEK bn



“The Swedish real estate direct market has been very strong in recent years – which Skanska has taken advantage of by divesting a large number of projects. As a result, the turnover rate has improved and the number of completed projects in the portfolio has decreased.”

This graph illustrates the Company's transition, from an asset manager with large property holdings, to a developer with limited capital tied up in properties. During the period a large number of completed properties were sold.

I can tell you more

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EAR

GOLDEN HARD HAT

This year's Golden Hard Hat award winners have all outperformed at Skanska for a number of years. They have repeatedly achieved strong financial results and have a proven track record regarding safety and environmental matters. They have been role models for younger colleagues and have the ability to deploy the right people for the right projects.

TEXT: GARY FABBRI

PHOTO: HOLGER STAFFANSSON & ERIK M SUNDT



GOLDEN HARD HAT WINNERS 2007



KRAKOW, POLAND ADAM GROTOWSKI WINNER, PROJECT MANAGER

It's impossible to drive around the city of Krakow in southern Poland and not see a project that Adam Grotowski has worked on.

His projects range from retaining walls that protect the city from the flooding of the river Vistula, to the city's highest viewing point and popular tourist destination, the Kościuszko Mound. His expertise in hydro-engineering construction was essential in creating one of the few Olympic-certified mountain kayaking courses in the world.

His reputation for creativity and technical intuition is well known in Poland. "Such ideas come with experience and an individual approach

to every project," says Grotowski. "The possibilities are always huge. I try to find unusual solutions even on the most typical sites, something that might be profitable."

"Every project that Adam has worked on in recent years has been a financial success," says Branch Manager Maciej Karwacki.

Grotowski walks along a platform above the constructed rapids of the training course. "If I had to explain why I've won," he says, "I'd say that I set high standards and goals for myself and my team. And I do everything I can to help us achieve them together."

NEW YORK, USA TONY TADDEO WINNER, ESTIMATOR

Taddeo meets all of the criteria for winning a Golden Hard Hat. But the one thing that is most impressive when you talk to his team is the way that he spots and encourages young talent.

"He's taken very young guys and developed them in his department to be very effective employees for us," says Bob Koch, President, Skanska Koch.

One young estimator, Anthony Tavormina, says, "He doesn't just give you easy work. He'll give you work that always poses a challenge and always forces you to think. And I never feel unwilling to go and seek his help for any reason."

Of course, Taddeo's not just a great guy. He's also a great estimator. Steve Koch, Vice President,

Skanska Koch, tells us why. "Tony has the analytical ability to put his arms around large, unique, complicated projects and pull the estimating process together toward a successful winning bid."

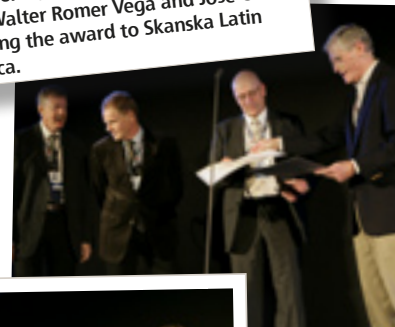
In the early evening, after work, we meet a few guys from the Skanska team at a local soccer field where Taddeo is team leader. I ask him what the secret of his success is. "You really have to coach yourself. You really have to say, what did I do today? Did I just do my job, was I just average today or was I really outstanding? You really have to ask yourself, how many times did I kick the ball today?"

MORE WINNERS

► business unit of the year
Skanska Commercial Development Nordic and Skanska Poland. Richard Hultin and Roman Wieczorek share the cup.



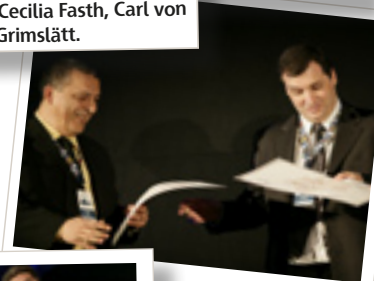
▲ Work environment and safety category
Cerro Verde, mine facilities, Arequipa, Peru. Walter Romer Vega and José Cantini bring the award to Skanska Latin America.



▲ Building construction category
Södertörn Court-house, Skanska Sweden
Mats Engvall, Lars-Göran Johansson and Carl Hellström.



▲ Project development category
BMW Regional Distribution Center, Malmö, Skanska Commercial Development Nordic
And the winners are Cecilia Fasth, Carl von Strokirch and Niklas Grimslett.



▲ Environment category
Providence Newberg Medical Center, Newberg, Oregon, USA
Skanska USA Building's Tim Baugus, Rick Hall and Ross Vroman are proud winners.

▲ Civil engineering category
El Casquete, gas plant, Neuquén, Argentina, Skanska Latin America
José Vrcic and Javier Barasich are the happy winners.

PRAGUE, THE CZECH REPUBLIC VIKTOR PETRAS WINNER, PRODUCTION MANAGER

If you're looking for Viktor Petras, there's a good chance that you'll find him underground, deep below the Czech countryside.

"He is one of our best experts in tunneling," says Anton Petko, Project Manager. "He's able to evaluate a situation and to improvise. He understands this work and he's got huge experience."

Petras, who has been digging deep for Skanska since 1988, is visibly touched to have won a Golden Hard Hat.

"It's so strange. I've finally realized what it is all about. I need to exhale, the idea that I've been picked as the best... It's a wonderful feeling." He shakes his head modestly.

"He's very communicative, not only with his colleagues and friends, but also with his workers," says Peter Balusik, Site Manager. "I can learn a lot from him and it's great for me to work with him."

OSLO, NORWAY ERIK OLSEN WINNER, PROJECT MANAGER DEVELOPMENT UNITS

We meet Erik Olsen on a cool autumn day in Pilestredet Park, a residential development in Norway's capital city, Oslo. He only has a few weeks left at Skanska before retiring after nearly 15 years with the company.

Pilestredet Park is an entire neighborhood comprised of six different projects which Erik and his team have delivered with an average operating profit margin of 15 percent. "It's really the team that's achieved the results on these

projects. This prize belongs as much to them as it does to me."

"He has a lot of experience in residential development and he's a great negotiator," says Erik's colleague, Jan Christian Ruud, Project Manager Nordic. "When he wants something he never gives up, and that makes him successful."

"He sets high goals and he achieves them," confirms Lars Berglund, Regional Manager. "And he's always ready to stand up for his team."



The four zero-tolerance goals that illustrate Skanska's values are expanding. Now the zero goals are five.

In addition to zero loss-making projects, zero worksite accidents, zero environmental incidents and zero ethical breaches, Skanska is now aiming at zero defects.

PHOTO: HOLGER STAFFANSSON & ERIK M SUNDT

HELSINKI

Similar to the "four zero" mindset, the fifth zero vision is intended to enhance performance, customer value and the company's as well as the industry's reputation. Skanska Finland has developed a way to complete thousands of residential units with zero defects, thus leading the way with a full year without a single defect.

In 2006 Skanska produced 853 apartments in southern Finland. All were delivered to homebuyers on completion without defects, all without complaints.

"Our customers are all content," says **Tuomas Särkilahti**, head of Skanska's residential construction in Southern Finland.

And this is not just lip service. Every client has inspected their new home and signed a zero-defect protocol. Customer involvement is a crucial element in the process.

Reaching the zero defects goal is a three-to-five-month process by the end of each project.

Already achieving the fifth zero: "zero defects." Kari Alakoski, Timo Kirjalainen, Jari Iso-Anttila, Tuomas Särkilahti and their team completed the 79 apartments in the Reimantorni residential tower without a single defect. And it was not the first. Since 1994, Project Manager Jari Iso-Anttila has led the completion of 3,184 apartments in more than 70 projects without defects.



AIMING AT ZERO DEFECTS

Step 1 Subcontractors' own inspection

Step 2 Skanska's control inspection

Step 3 Cleaning

Step 4 Customers' first inspection accompanied by a member of the project team

Step 5 Necessary corrections are made

Step 6 Customers' final check some weeks prior to hand-over

"Of course we try to make it correct from the beginning, and then we inspect to find any errors before the clients. For example, previously we had complaints regarding goods that we install, such as washing machines. Now we check and replace a defective machine, if necessary," says Tuomas Särkilahti.

Since the Finnish unit achieved ISO 9001 certification in 1995, zero defects has been one of the key targets. Many individual projects in Finland have reached the goal since then. But until last year, no unit had achieved that target as a whole. Over the years the neces-

sary systems have been developed, while acquired units and subcontractors have been fully integrated into Skanska's inspection processes.



Skanska Finland's Kari Nuora was awarded the Skanska Golden Hard Hat in 2005. Some of the efforts that earned him the prize were his mentoring of younger professionals and his long-standing zero-defects performance.

Särkilahti emphasizes safety and quality: "We have long-term relations with suppliers we trust. Safety and quality performance are more important than price."

Part of the success is training of the skilled workers. There is an advantage in having about 400 in-house skilled work-

ers who build on their experience. Team leaders and foremen are also adding their expertise to the planning process. Moreover, the performance of the subcontractors is crucial.

Leadership and zero-defect goals are included in the bonus plan, along with safety, environmental performance and ethical indicators. "Committed leaders are also very important," says Tuomas Särkilahti.

Happy customers are only the icing on the cake. In addition, warranties can be reduced with the zero defects procedure. Moreover, external developers are increasingly willing to negotiate contracts. Not to mention that the entire industry can benefit from an enhanced reputation for quality.

"Now we are raising the bar. Our new target will be zero defects after the first inspection!" says Särkilahti.

I can tell you more

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Skanska's residential projects are now under scrutiny. Every single detail is being dissected, developed further or rejected. The plan is to create common flexible platforms that accommodate customers' demands as well as a more industrialized building process.

THE TIMES THEY ARE XCHANGING

Tomas Ringdahl
heads Skanska
Xchange.

"I have traveled the Nordic countries and seen many good initiatives and great ways of working," says **Petter Eiken**, Executive Vice President, who is also sponsor of the Skanska Xchange program. "Our Finnish and Swedish units have

had success with single-family dwellings. We also have the Moderna Hus concept in Sweden, for example. Norway is good at building with elements, Skanska Finland is advanced in cost efficiency and zero defects and Denmark is good at architectural design."

"Skanska Xchange," is comprised of the five Nordic business units who are combining their competence and experience in a new way.

"This has been a source of constant discussion with the Nordic business unit presidents over the past two years, and we have decided to consolidate the best of what we have into one shared system."

Executive Program Director **Tomas Ringdahl** heads Skanska Xchange that has





“We have to introduce a more systematic approach to what we do, almost scientific.”

TOMAS RINGDAHL

now completed the analysis of 175 residential projects. Xchange is now in the early phases of development.

“We currently have more pieces of the puzzle than we need,” Ringdahl says. “For example, we have more than 2,250 different variants of concrete stairs, and we probably don’t need that many. The aim of Skanska Xchange is to have exactly the right number of pieces. And these pieces should fit together immediately, without requiring any modifications.”

The housing of the future will be constructed on one or two platforms for single family dwellings and up to three platforms for multifamily dwellings. Design and production will be systematized, components standardized and industrialized.

There will not be an infinite number of options, as is the case today (as illustrated by “the staircase” opposite.)

“But to ensure quality and continued improvements, Skanska Xchange will also provide process descriptions,” Ringdahl explains. “That is, a cookbook for construction, training and managing change. To make sure that the progress does not stop when the program ends, a new organization for further development will be established by 2009.

“We have to introduce a more systematic approach to what we do, almost scientific. If we choose one thing above another, we have to know what this will entail. We don’t always know this at the moment, and this sometimes forces us to make changes and adjustments on-site, which costs time and money.

“Industrializing will make everything more predictable. As early as the planning

stage, we will know how much it will cost, when it will be ready and the resources that we will use. At the same time, this will provide higher and assured quality.”

In 2006, Skanska constructed approximately 5,000 residential properties with high profitability. “We are usually very successful. However, each project is unique, so we do not make use of economies of scale in either the production stage or in purchasing. So we would benefit from a standardized system,” Ringdahl explains.

Through Skanska Xchange, we will assemble and build a Skanska system of knowledge and experience.

“Only those that have detailed knowledge of the customers’ needs will be able to standardize and industrialize,” Ringdahl continues.

The initial focus is on a total of 39 different components, for example wooden floors and electrical systems. By spring 2008, a number of actual construction projects will be based on the first platforms. By the beginning of 2009, more than 80 percent of the platforms will be completed, and implementation on a broad front will begin.

“This will be the result of all employees working together and combining their knowledge,” Ringdahl concludes. “With one Nordic system it will be more efficient to build and easier to customize locally, while ensuring the quality of the product. And that will make us unique in our markets.”

We can tell you more

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**2,250 STAIR
CASES BOILED
DOWN TO 30**



GRAPHICS: TOMAS ÖHRLING

HELSINKI

Last year Skanska constructed more than 2,250 varieties of stairs! How did we manage that?

Skanska constructed approximately 100 multi-family projects in the Nordic area last year. The lack of platforms and systems led to a huge number of variations, so neither production nor purchasing could be optimally coordinated.

Do the math: Of the 100 buildings, 15 had different room heights, which immediately means 15 different stair heights. Of the 15 stairs, there are approximately 10 different widths. Then, there are three different types: straight, curved, and rounded. Taking into account the five different surfaces makes a total of 2,250 different possible variants that Skanska’s suppliers must be prepared to deliver. Result: Suboptimization of efficiency and costs.

It is possible to cut the number to 30 and still allow for customization.

If the buildings are designed for three different stair heights, one width, two types (straight and curved) and five different surfaces, we have a total of 30 different variants.

The suppliers can enhance the efficiency of production, increase volumes and reduce costs. Design and production can be simplified, and projects are more efficient.

Repeat this procedure for outer walls, windows, bathrooms and kitchens, then the potential of Skanska Xchange’s platform approach is clear.



15 MINUTES AHEAD

"Are you on schedule?"

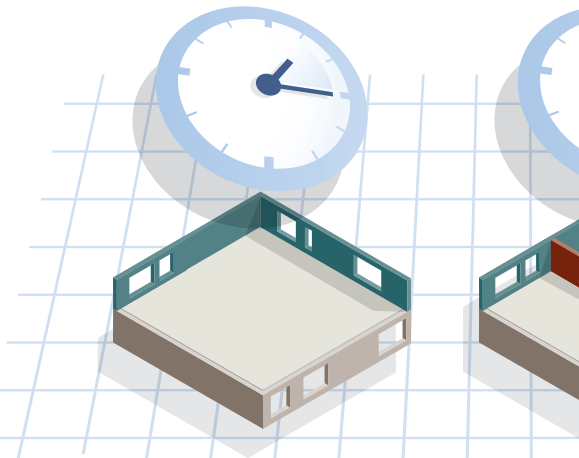
"No! We're 15 minutes ahead!"

This conversation took place at one of Skanska's Finnish residential projects in Espoo outside Helsinki earlier this year. Skanska President Stu Graham directed the question to foreman Kari Alakoski on a site visit. Needless to say, Graham was pleased with the answer.

HELSINKI

The Reimantorni project was planned with the help of a 4D model, which in this case combines a 3D model of a building's frame with scheduling data. All segments were broken up into 15-minute sections and sequenced.

The 3D animation shows the sequenced progress of construction. This is also the way Reimantorni's frame was built. Most of the 18 floors of the high-rise building are similar, so the design for one floor was multiplied. There was also plenty of scope for repetition in the process of the construction of the building's frame.



"We knew exactly what to do and in what sequence," says **Tuomas Särkilahti**, head of Skanska's residential construction in southern Finland.

4D modeling is one way of making use of Building Information Modeling (BIM), which is one of the platforms in Skanska Xchange program for raising productivity in residential construction.

BIM was used to plan the execution of the building's framework, including concrete casting, reinforcement, balconies, staircases and bathrooms, as well as the plumbing, piping and other mechanical and electrical installations.

The work progress for the 18-story residential tower with 79 apartments can be tracked on screen.

Each floor comprising 450 sq m (4,844 sq ft) was completed in five days. (The lighter 10th to 18th floors took four days each.) Fridays were dedicated to concrete casting, to allow the concrete to set during the weekend. The planning was so detailed that it even took into account that the lifting phase would require more time as the building rose above ground level. Some 315 single lifts were needed for each floor. For example, all the lifting took 18 hours for the second floor and 28 hours for the 18th floor.



The construction of New Meadowlands Stadium in New Jersey also benefits from BIM.

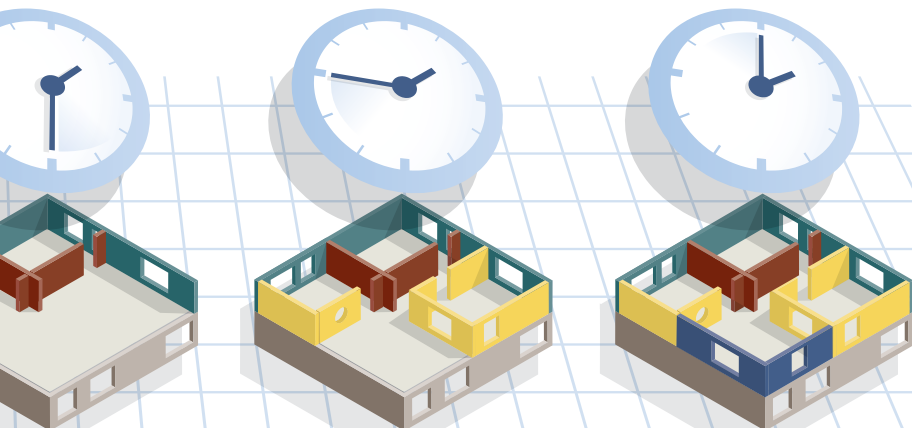
A website with best practices is also part of the project.

Among the spin-off effects is a cleaner workplace, resulting in a safer work environment. When the process has been well thought out in advance, there is simply less messing around.

Kari Alakoski participated in the planning. He added his 30 years of invaluable experience to the mounting of the elements, advising on technical issues like how to do it and in what order.

I can tell you more

Tuomas Särkilahti
tuomas.sarkilahti@skanska.fi



Construction broken up in 15-minute sections.

GRAPHIC: THOMAS PALMBÄCK

A NEW DIMENSION

HELSINKI

Building Information Modeling (BIM) refers to a design method where, instead of traditional drawings, a three-dimensional model of a building is created. This model contains design information as well as information on the components and parts needed for construction.

Using BIM offers a number of benefits.

Homebuyers can grasp better what they are about to get.

The cooperation between Skanska, subcontractors, designers and clients is facilitated, because they have a common point of reference.

Combining the architectural, structural installation models enables early detection of potential problems. For example, in the Reimantorni project, a miss in the ventilation design could potentially have occurred in 79 different places. Now it was detected, corrected and avoided in one instance – in the planning phase.

BIM makes construction attractive for the Nintendo generation, who are used to conducting their lives by a joystick.

BIM also offers great opportunities for teaching and training.



A BIM screendump, three-dimensional modeling that contains many benefits.

SITE OF THE YEAR

HELSINKI

The Reimantorni project was named the Finnish Construction Site of the Year in 2006 by **Rakennuslehti**, the largest trade magazine of the construction business in the Nordic countries.





LEANIN FOR EFF

“Productivity starts in the planning phase. And once you’ve planned – measure, learn, and plan again.”

JAN ELFVING

PHOTO: HOLGER STAFFANSSON & ERIK M SUNDT

FACTS **JAN ELFVING**

Ph.D. University of California, Berkeley, 2004. M.S. Helsinki University of Technology, 1999. Joined Skanska Finland in 2004.

Senior Vice President, Supply Chain Management & R&D and member of Management team.

It is not unusual to find operations where only about 30 percent of work time is productive. A full 70 percent is spent waiting, moving materials or looking for the right equipment.

GO ON PLANNING EFFICIENT PROJECTS

HELSINKI

Construction sites are bustling with life. Cranes swing, people scurry around. However, most of this activity is not value-adding or productive, and there are statistics to prove it. Skanska Finland's **Jan Elfving** has researched Lean Construction and earned a doctorate in it. He is now applying his findings in a number of Finnish pilot projects. Planning is the key to improved efficiency.

"In our industry, there is a lot of unreliability, and we tend to shield against this unreliability with buffer zones, for time and for resources," Elfving explains. "We do this because we lack basic trust in our own processes. We don't trust the planning, we don't trust the suppliers. There is a big deficit in liability in the industry. So before we can deal with speed, we must increase the liability. We must plan, make feasible plans, and we have to have committed people and subcontractors."

Doctor Elfving prescribes the following

cure, a different approach to planning.

- Involve skilled workers and subcontractors in planning
- Make them commit to the plan
- Measure the plan and track the results

The plan aims to increase production reliability so there is less need for buffers.

"Plan the task and the duration. We need the buffer zones only where the risks are high," Elfving emphasizes. "In brief, you could say that productivity starts in the planning phase. And once you've planned, measure, learn and plan again."

At the pilot projects, all subcontractors participate in reverse-phase scheduling. It involves project management and subcontractors, at the same time, who are all busy with a thorough revision of the schedule.

"We expect to increase production reliability, from the traditional 60 percent, to above 80 percent. This results in significant cost savings, for example in labor costs for us and our subcontractors," Elfving says.

Elfving videotaped several key proce-

dures. This made it possible to find potential cuts. One such example is the mounting of windows in residential projects. It is generally executed by a two-person crew, but the video revealed

that the second part could be managed by one person alone. Conclusion: Room for improvement.

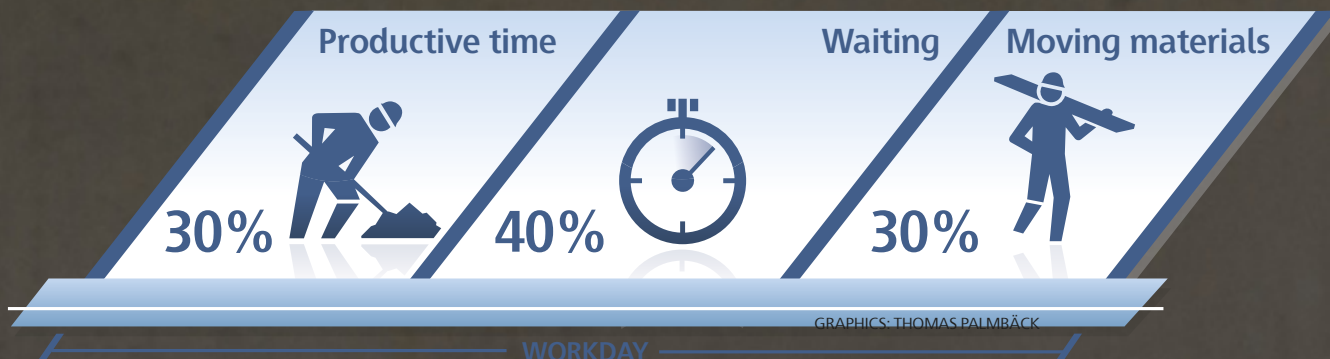
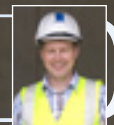
The 3D model reveals design and engineering errors that could

be corrected in the design phase before they caused defects and time lost in the production phase.

The new way of working is being tested in a number of small residential projects.

"If we can prove it works, we can transfer it to larger projects. For us in Finland, it is important that our tools and methods can be applied regardless of project size, not just in large projects where there is a tendency to have more resources for project management than on small residential projects," Elfving says. "At the same time, on small projects it is easier to create a common sense of urgency and commitment. No one wants to be the one who screwed up."

I can tell you more
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BRAND FACELIFT

A revitalized look will take the Skanska brand into the future. The greener and more diverse Skanska will be reflected in a brighter impression.



Karin Lepasoon and
Charlotta Herte with the new
selection of fresh, bright and
modern colors to accompany the blue.

A revitalized brand will better support the company going forward. “It’s time for a facelift. We want to renew the way we are perceived. The world changes, and so has Skanska. Today we are one company, single-branded, highly regarded and more focused and profitable, with loads of future opportunities. That should be reflected in the upgraded look,” says **Karin Lepasoon**, Senior Vice President, Group Communications, Skanska AB.

“We are not recognized to our true potential. The revitalized look will better harmonize perception and reality.”

An analysis confirms that the Company’s name could be more widespread, recognized and well-perceived. And its appearance in, for example, marketing or recruiting material and on-site signage could be enhanced.

“We want to retain the trustworthy and knowledge-based impression. But at the same time we also want a warmer, more personal tone of voice, reflecting where we are today and where we are heading,” says **Charlotta Herte**, Director Brand Management, Skanska AB, who is responsible for the branding efforts.

“We have great challenges ahead, for example in recruiting the people we need. And to be successful we must make a stronger impression, especially among young people and students,” she says.

A strong logotype is a fundamental requirement. The blue logotype will remain, but is now accompanied by a new selection of colors – fresh, bright and modern.

The new graphic manual, which will first be applied in the new upgraded websites, will be available on the intranet in January.

We can tell you more

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Lissi Marie and Thorleif Jacobson enjoy the last days of summer on their balcony.



SO GOOD IT CAN ONLY GET BETTER

Lissi Marie and Thorleif Jacobson are so pleased with Skanska Residential Nordic's homes that they have decided to move. But they will remain at Öresunds Strandpark, the newly developed residential area on Amager between central Copenhagen and the airport. They are just moving closer to the water.

Last time, they were not first in line so they didn't get to live right on the shoreline, though they did have a seaside view. Two and a half years later, the time came to make a move. This time they were ahead of everyone else and were able to select an apartment with a panoramic view of the Öresund strait. A property-value increase in the million range is paying for part of the upgrade.

"A nice rate of return," **Thorleif Jacobson** says.

Even if the Danish housing market is stagnant, the general view is that Öresunds Strandpark will remain attractive. This autumn, a new subway station will open right around the corner when the subway line between Kastrup and Copenhagen becomes operational. Besides Amager Strandpark, which provides a broad range of opportunities to engage in water sports, the Sundby small-boat harbor is just outside the door.

"We are so happy to be living here. We have no complaints," says **Lissi Marie**, who is also pleased with Skanska's service. "But now that we have an opportunity to move to a location nearer the shoreline, we are going to take it."

Öresunds Strandpark was one of Skanska's first and largest residential developments after the company became involved with such projects in Denmark. The first 386 apartments have been occupied for several years. Now an additional 173 are ready for occupancy. The model apartments demonstrating the three kitchen-design options are practically the only ones remaining to be sold. Work will begin on an additional 140 apartments once advanced commitments have been received for slightly more than half of the units.

Footnote: Going forward, Skanska's operations in Denmark will focus exclusively on development of commercial and residential projects.

ARTISTS ADD VALUE TO PRAGUE

PRAGUE

Oil on canvas will meet the visitors of Skanska's next property development in Prague. A large painting of a panorama of the city will become part of the architectural concept for the future Vysehrad Victoria office building.

The painting is the result of a design contest arranged by Skanska Commercial Development. Among the top 10 finalists, **Iva Skrivánková** won the competition, a cash prize and the opportunity to implement her artwork, entitled "Window." Vysehrad Victoria will provide 4,750 sq m (51,129 sq ft) of office space and is scheduled for completion by mid-2008.



Young artist Iva Skrivánková adds value to Skanska's Vysehrad Victoria development project.

MAIN ATTR

More brain power. Recruit 12,000 people! This will be one of the greatest challenges for the business units during the period from 2008 to 2010.

SOLNA, SWEDEN

A strengthened brand, increased visibility and active footwork at selected universities will strengthen the Company's power of attraction, among



engineers as well as other broader groups. Moreover, a new Mentorship Program and the international exchange program, Skanska Unlimited, will create opportunities for young talent to develop within the Company.

Knowledge and market position are not enough to ensure that Skanska will succeed in reaching its goals. It also requires new vigor. The large retirement bulge – about 30 percent of salaried employees are over 51 years of age – and increasing mobility among younger employees demand a vigorous recruiting effort, to enable the Company to continue to develop. **Anna Wenner**, manager Attract, Recruit and Diversity Skanska AB, is responsible for this intensified recruiting operation.

“The estimated need is based on the business units’ analyses and planning for 2008–2010. Increasing sales means that the units also need to recruit more. The units have also specified what

“We need to have a better exchange of our international workforce. Many people ask for opportunities to develop in international environments. And we are creating forms to be able to offer more of this.” ANNA WENNER

portion of those recruits should be graduates,” Wenner says.

Besides large quantities, it is also a question of quality. Diversity must increase.

“We cannot continue to recruit as we have to date,” Wenner explains, “partly because there are not enough traditional engineers, and partly because we need to become more

like the outside world and our customers when it comes to diversity. New blood will make us a better company.”

The business units have set recruiting goals regarding distribution by gender, ethnicity and educational background.

“Leading a diversified organization demands more of our managers. The ‘Great Boss’ concept of developing, providing feedback and reflection is a great foundation,” Wenner says. “But many people need to strengthen their skills in leading diversity. At least initially, it requires greater effort to give positive reinforcement, lead change and accelerate the learning process.”

With a hotter brand and goal-oriented recruiting activities, interest in Skanska will increase.

“We need to charge up the brand with ‘the hidden secrets’ of how exciting Skanska is, that Skanska is more about leading complex

projects than mixing concrete,” Wenner says. “And the line organization must be more visible in universities and colleges to tell our story. Students and prospective employees want the true picture from people with experience.”

Among those actions that will increase attractiveness is Skanska Unlimited, an inter-

ACTIONS

national exchange program for employees who have worked at least a couple of years in the company and are progressing in their careers.

“We need to have a better exchange of our international workforce. Many people ask for opportunities to develop in international environments. And we are creating forms to be able to offer more of this,” Wenner relates.

Now, a gradual up-shift is taking place. In 2008, 25 young potentials will get the

chance, 50 the year after that, and 100 people in 2010.

“Personal development is the main goal, but it is also important that the individuals who switch countries contribute to the operations, that they receive real work assignments and are part of a team.”

Keeping people is another important task. Young employees of today are more inclined to change jobs often. They are also afraid of “disappearing” in such a large organization as Skanska. The new Mentor-

ship Program will ensure that new and young employees receive support in their personal development and careers.

“During 2008, our BUs will develop a number of mentors who will be prepared to support young, newly employed graduates,” Wenner explains.

I can tell you more

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Anna Wenner, Lina Berndtsson, HR-specialist and Christelle Bouétard, project manager Skanska Unlimited, have designed new models for exchange, Skanska Unlimited, and mentorship, Mentorship Program together with representatives from those countries in which Skanska is active in construction and development businesses. From left Agnieszka Lisicka from Poland, Hanne Skavåsen, Norway, Mari Murto, Finland, and Fredrik Öhlén, Sweden, and Anna Wenner, Lina Berndtsson and Christelle Bouétard, Skanska AB.



GOING GREEN

When customers go green, Skanska goes greener. In a groupwide effort Skanska's green expertise in construction and residential and commercial development will be developed further.



Johan Karlström is spearheading the green initiative.

NEW YORK AND OSLO

Johan Karlström, Skanska's Executive Vice President, will be spearheading a green initiative to offer enhanced green services to the clients. Skanska AB will allocate about SEK 100 million annually for the green venture in the next three years.

"We are already the number one Green Contractor in the U.S. (according to ENR). That is mainly thanks to local initiatives and expertise. Now we will collect our strengths

to be able to offer all our clients our green building expertise and economically sound solutions," says Johan Karlström.

Hanne Rønneberg from Skanska Norway will lead the green efforts as SVP Green Construction in Skanska AB. Not only does she have a true commitment to the environment, but she also has a Master's degree in chemistry. She started doctoral studies with-in concrete technology several years ago, but missed the business life and therefore never concluded her thesis. Rønneberg began her working career in the concrete industry and for the past nine years has been working for Skanska Norway.

She is also familiar with being a pioneer in new positions. She was the first woman to be a member of the Skanska Norway management team. As Executive Vice President, she has had operative line responsibility for parts of the building and civil construction businesses in Norway since 2003.

"I am delighted to have the opportunity to develop our green expertise further," says Rønneberg. "Jointly with our clients we can make a difference for the environment - and surely for our company as well. This is definitely something that will differentiate us from the competition and also enable us to recruit people with the right attitude."

More and more customers are looking for ways to reduce energy consumption and

carbon emissions. Both the E.U. and U.S. will soon have tough CO₂ standards for all new buildings.

And already clients realize that green is the way to go. Going green enhances the brand and it will show in the bottom line too.

Karlström points out that a lot of green initiatives have been taken internally as well as for the clients. A green car policy is being implemented, equipment will be changed to green (and a maintenance program is aiming at reducing wasted energy). Skanska's own Commercial Development properties are reducing energy consumption by 30-40 percent below the average.

"Those are really good examples. And there is no reason why we shouldn't be able to offer all our clients similar projects within shortly."

"There is a massive business opportunity for us here, if we can be recognized as the green company," Johan emphasizes.

"This is more than a rewarding task. It will help us keep profits high and our customers happy - all while we are doing our part to save the planet."



Hanne Rønneberg from Skanska Norway leads the green efforts.

I can tell you more

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41-CARAT LEED®

Skanska is the No. 1 green contractor, according to the September 2007 issue of **Engineering News-Record** (ENR). To date Skanska has constructed 41 LEED certified buildings in the United States, including the first LEED Gold certified hospital in the country. The business unit's 71 LEED Accredited Professionals (APs) offer their green expertise both to clients and to the entire company. LEED, short for "Leadership in Energy and Environmental Design," is the preeminent rating system used in the United States to measure energy and environmental performance. These are Skanska's LEED certified building projects.

Project Name

Providence Newberg Medical Center Gold LEED level, Location: Newberg, OR, Client: Providence Health Care

Kelley Engineering Center (OSU) Gold LEED level, Location: Corvallis, OR, Client: Oregon State University

Hillsborough Civic Center Gold LEED level, Location: Hillsborough, OR, Client: City of Hillsborough

Shady Grove Campus Gold LEED level, Location: Rockville, MD, Client: University System of Maryland

Seattle Civic Plaza Gold LEED level, Location: Seattle, WA, Client: Triad Development

NJ Economic Dev Authority Tech Center Gold LEED level, Location: Camden, NJ, Client: NJEDA

OUC Admin Building Gold (pending) LEED level

Skanska, TI (targeting) Gold LEED level, Location: Atlanta, GA Skanska USA

Southface Eco Office Gold (Platinum pending) LEED level, Location: Atlanta, GA, Client: Southface

HCC Southshore Project Gold (pending) LEED level, Location: Ruskin, FL, Client: Hillsborough Community College

French Family Science Center Silver LEED level, Location: Durham, NC, Client: Duke University **CIEMAS** Silver Durham, NC **Duke University CDC 21** Silver Atlanta, GA Centers for Disease Control and Prevention **EPA NCC** Silver Morrisville, NC Environmental Protection Agency **Skanska Office Tenant Improvement** Silver (pending) Seattle, WA Skanska USA **Puyallup City Hall** Silver (pending) Puyallup, WA City of Puyallup **Brooklyn Children's Museum** Silver (pending) Brooklyn, NY NY Dept of Cultural Affairs **Univ of Maryland Education Center** Gold Rockville, MD University System of Maryland **Dekalb** Silver (pending) Atlanta, GA Dekalb County Juvenile Courthouse **BlueCross BlueShield** Silver or Gold (anticipated) Chattanooga, TN BlueCross BlueShield **NBBJ Office Tenant Improvement** Silver Seattle, WA NBBJ (Architecture Firm) **RC1 Lab Project** Silver Springfield, PA Johnson & Johnson **THW Office TI** Silver Atlanta, GA THW (Architectural Firm) **Forsyth County YMCA** Silver Corona Yard Maintenance Facility, New York City Transit, Queens, NY Atlanta, GA YMCA **Detroit School of Arts** Certified Detroit, MI Detroit Public Schools **Terminal A** Certified Boston, MA **Delta Airlines Univ of Washington, Johnson Hall Renov** Certified Seattle, WA University of Washington **Seattle University, Student Center** Silver Seattle, WA Seattle University **Alley 24 Office** Silver Seattle, WA Vulcan Northwest **Guggenheim Hall** Certified Seattle, WA University of Washington **Census Bureau** Certified/Silver Washington, DC General Services Administration **McGuire Center for Lepidoptera Research** Certified Gainesville, FL **Florida Museum of Natural History, Univ of Florida Medical Science Building I** Certified (anticipated) Richmond, VA Virginia Commonwealth Univ Hospital **Metwest International** Certified Tampa, FL MetLife **Mary Ann Harn Cofrin Pavilion** Certified Gainesville, FL Harn Museum of Art at Univ of Florida **Stata Center MIT** Registered Boston, MA Massachusetts Institute of Technology **University Divinity School** Registered Durham, NC Duke University **Raleigh Convention Center** Registered Raleigh, NC City of Raleigh **Swarthmore College** Registered Swarthmore, PA Swarthmore College **St. George's Ferry Terminal** Registered Staten Island, NY NYC Economic Development Corp **200 State Street** Registered (under review) Boston, MA Beacon Capital Partners **Deardorf Elementary School** Registered Portland, OR David Douglas School District **Mall at Oyster Bay** Registered Syosset, NY The Taubman Company **Corona Yard Train Maintenance Facility** Registered Queens, NY NYCTA **SUNY Plattsburg MacDonough Hall** Registered Plattsburg, NY SUNY Plattsburg **LSTB** Registered Ithaca, NY Cornell University **Parrish Medical Center** Registered Titusville, FL Parrish Medical Group **Colonial 9th Grade Center** Registered Orlando, FL Orange County Public Schools



FIRST IN LEED®

A fresh new working environment with green values. Co-workers at the new head office of the Czech bank ČSOB can take pleasure in the fact that they work in the Czech Republic's first LEED-certified office building.

PRAGUE

Among other achievements, the building in Prague was awarded LEED Silver certification during the preliminary assessment for its use of heat recovery and an advanced control system that optimizes energy usage by regulating light intensity according to outside light levels.



“We are very proud of our new building, which must be unique in Europe. The final result is very, very good, and we are very satisfied.” LUDĚK SCHOLLAR

However, energy consumption is not the sole purpose of the LEED Green Building Rating System (Leadership in Energy and Environmental Design, <http://www.usgbc.org>); energy only accounts for 20 percent of the total assessment. The LEED rating system also considers such environmental aspects as alternative transportation, site development, choice of materials and resources, quality of the indoor environment, as well as evaluating the method and quality of construction and its environmental impact.

The green nature of the building is emphasized by plants both indoors and out on

the roof. The working environment is characterized by an open landscape in which only a few people have their own offices.

The building is something of a dream project for the bank. Previously, staff and different operations were spread across Prague at 14 locations. Now, everyone is gathered for the first time.

Skanska has contributed land, design and construction work to the project. A total of 48 different proposals from different developers were examined. Skanska was able to offer seven different locations and two alternative designs for the chosen site.

The selection process was thorough. In addition to the environmental and work environment aspects, the decision took into account location, design and financing. In the end, Skanska was victorious.

“Skanska had the best total solution from all aspects. And for a large and important project like this, we really wanted to make sure to have a strong partner. That's another reason for choosing Skanska,” says **Luděk**

Schollar, Senior Manager Investment, ČSOB.

During *Worldwide's* visit, it appeared that Skanska has 2,600 happy customers, in what is now the Czech Republic's largest office building.

“We are very proud of our new building, which must be unique in Europe. The final result is very, very good, and we are very satisfied,” Schollar says.

But there is always room for improvement. ČSOB and Skanska are now working on getting LEED Gold certification for the building in the course of final LEED proceeding, and they are only a couple of points away from that goal.

All in all, it means money in the bank and a first Czech entry in the global catalogue of LEED offices.

FACTS CSOB PRAGUE

Skanska's contract: CZK 3 billion (USD 150 million), including costs for development, land, design and construction.

Area: 83,000 sq m (893,405 sq ft), five floors above ground, three floors underground, three large atrium courts, two restaurants and conference facilities

Development contract signed in 2003
Construction period 2005–2006

We can tell you more

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then...

it was 1949 and Slattery – today an essential part of Skanska USA Civil – broke ground for the foundation work for the United Nations Headquarters on Manhattan's East Side. The 18-acre site was, and still is, international territory. When the UN acquired it from John D. Rockefeller Jr. for USD 8.5 million, it was a run-down area, for slaughterhouses and light industry, with a railroad barge landing. The cornerstone was laid in October 1949, and in August 1950 the first UN Secretariat workers moved in. In 2007, Skanska is back for the massive renovation of the UN Headquarters. (See also page 10.)

● PHOTO: SKANSKA



Get moving and live longer

About 100 health “inspirers” inspire and inform their Skanska Sweden colleagues about living a healthier life.

TEXT: ELIN OTTER

STOCKHOLM

The health inspirers are regular Skanska employees who devote between 5 and 10 percent of their work time to making coworkers healthy and happy.

The impetus was a negative trend whereby increasingly fewer workers are able to work through to retirement age. Many employees quit at around 60.

However, health is not a problem restricted to older personnel. It also affects young people. Many of today’s youth are physically not as fit as those in earlier generations. “If you want to put it harshly, the entire debate, long term, involves survival,” contends

Gustaf Werner, Work Environment Officer at Skanska Sweden.

“The project is intended to increase knowledge about what happens if we do not remain active, while at the same time we increase knowledge about what happens if we are active. This is an ongoing process and it is improving successively,” says **Bo Sundström**, a member of the work environment staff.

A health inspirer currently spends between 5 and 10 percent of his or her time at work on these issues. Accordingly, the involvement of managers is required to facilitate the effort. Without their support, the health project does not work.

The main task of the health inspirers is to inspire and promote a healthier lifestyle at the grassroots level, on and off the job. The aim is for workers to participate to the best of their ability. Some workplaces organize such activities as morning exercise routines, and others arrange biking trips.

Erik Östlund, a carpenter in Stockholm, participates in an exercise session at the start of each workday. He notices a difference in his fitness and feels more supple. Also, absences due to illness in his work team have declined.

“Both the company and the employees benefit from this,” says Östlund.